

ANNUAL REPORT 2010

CORPORATE RESPONSIBILITY



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This is NH Hoteles' fifth Corporate Social Responsibility Report detailing the company's economic, environmental and social performance for the 2010 financial year. This report has been produced in accordance with the guidelines set out by the G3 Guide to the Global Reporting Initiative, being graded as **A+** and receiving the confirmation of this level of application from the GRI itself. 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.

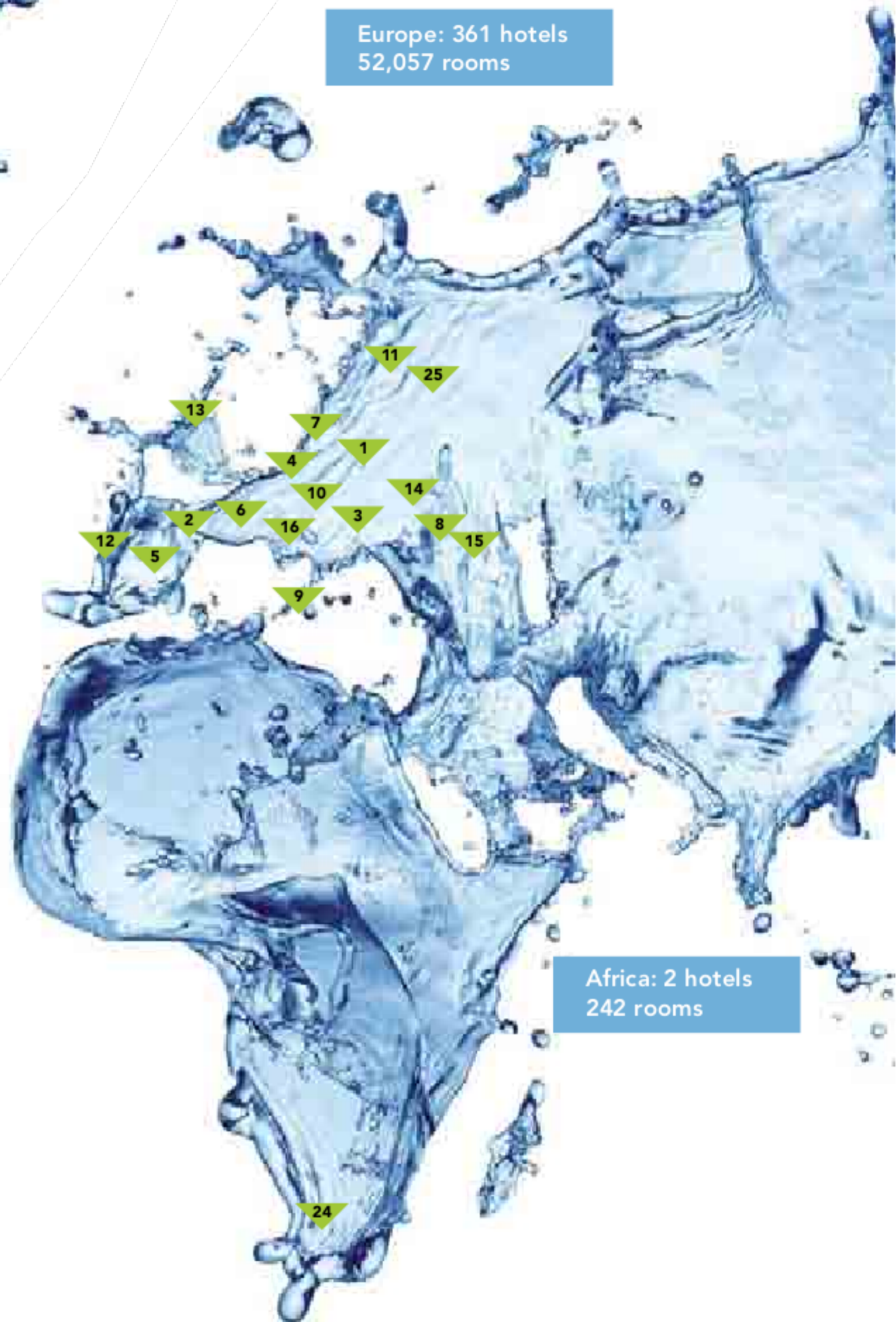
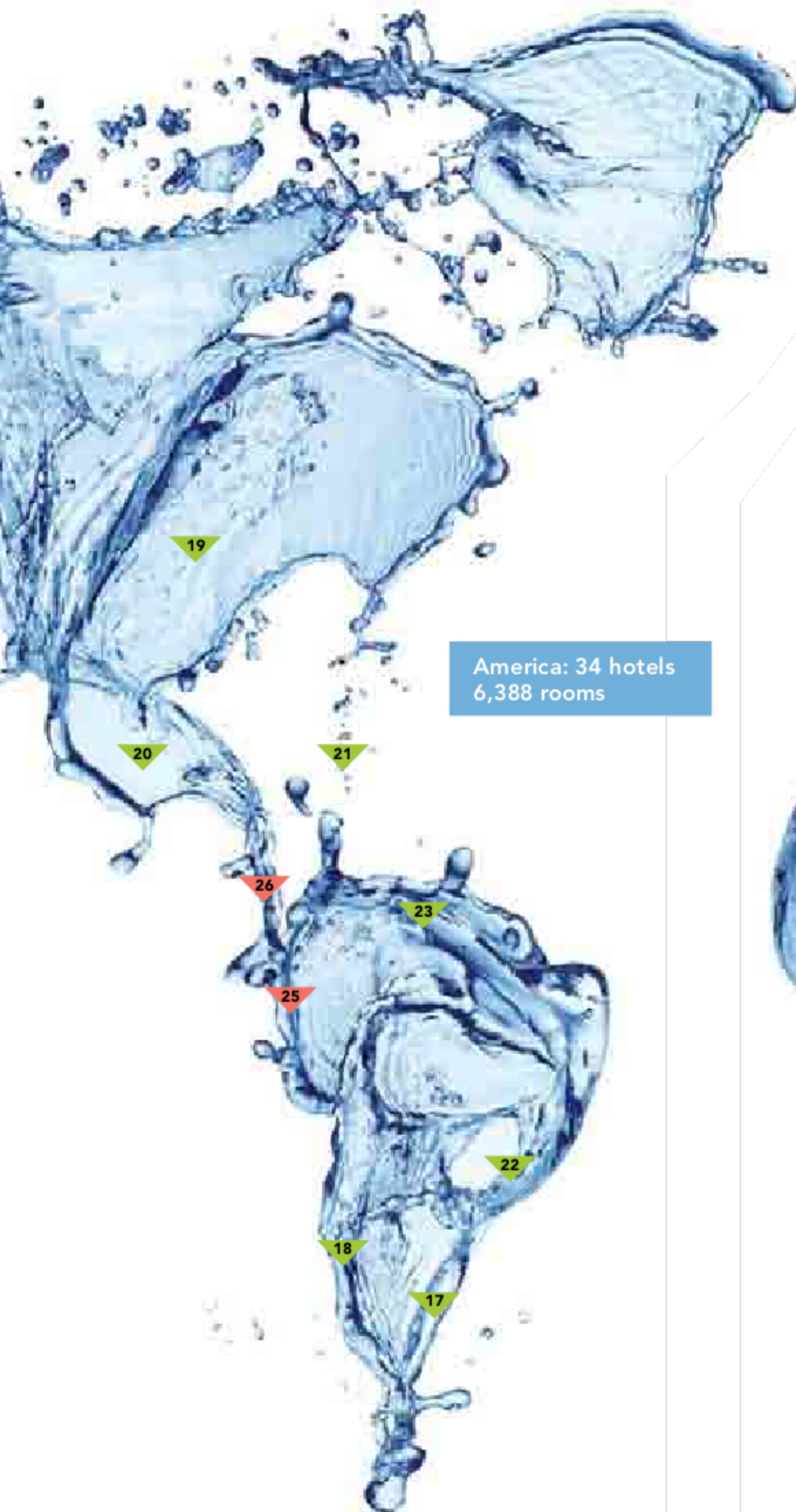
The table of reported indicators and our compliance are available on Page 62 of this Report.

 www.nh-hotels.com

Please send us your comments and opinion of this report by e-mail to
corporateresponsibility@nh-hotels.com
or using the form published on our website
<http://www.suopinioncuenta.es/formulario.html>

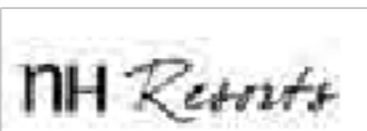
Our presence in the world

NH Hoteles in 2010: 397 hotels in 24 countries
58,687 rooms
18,294 employees
18 million customers



▲ Openings
▼ Next openings

- | | | | | |
|------------|--------------------|--------------------|------------------------|--------------|
| 1. Germany | 7. The Netherlands | 13. United Kingdom | 19. United States | 25. Colombia |
| 2. Andorra | 8. Hungary | 14. Czech Republic | 20. Mexico | 26. Panama |
| 3. Austria | 9. Italy | 15. Romania | 21. Dominican Republic | |
| 4. Belgium | 10. Luxembourg | 16. Switzerland | 22. Uruguay | |
| 5. Spain | 11. Poland | 17. Argentina | 23. Venezuela | |
| 6. France | 12. Portugal | 18. Chile | 24. South Africa | |



Agua de la Tierra

In 2010, we have progressed in our goal to position ourselves as a leading responsible company in our sector, thanks to our continued work on sustainable innovation.



Mariano Pérez Claver, Chairman of NH Hoteles

LETTER FROM THE CHAIRMAN OF NH HOTELES

The 2010 financial year was a year of substantial improvement for NH Hoteles' income statement after a 2009 marked by economic uncertainty and sharp employment and price cutbacks.

The reasons for these improvements are basically found in the increased employment and prices in all markets where the company operates, which has resulted in increased sales which consolidated at year end. Likewise, maintaining cost control and restraint programmes, restructuring the business, and reducing its financial debt throughout the year have also had an influence. In contrast, the chain has had to redefine its expansion and implement a disinvestment plan for non-strategic assets.

As such, the 2010 revenue reached €1.33 billion, 9.6% more than the previous year, and the operating profit, which shows the operational evolution of NH Hoteles, reflected the market recovery and an outstanding increase in productivity. The company generated an EBITDA of 147.8 million euros, more than double that of 2009, whilst the Group's net losses fell by 57.5%.

This enables us to position ourselves more solidly ahead of the significant challenges that we are facing in order to manage the business in a more sustainable way. The challenges posed by the context can only be overcome with innovative proposals based upon a responsible approach at all operational levels and a quality service adapted to suit new requirements and needs. Without a doubt, the tourism market is changing, both due to the demand and the types of offering, the channels and the loss of profitability, which forces us to review our business models.

In 2010, we have progressed in our goal to position ourselves as a leading responsible company in our sector, thanks to our continued work on sustainable innovation.

We have some excellent teams, which have a high sense of belonging and truly enviable profiles in terms of attitude and ability, which represents, without any doubt, an unbeatable asset for any responsible business organisation that is constantly looking to achieve excellence. In our social performance, we are making a big effort to find out what our people feel, manage diversity, carry out continual training, detect and support talent... as important elements for growing together.

We have managed to achieve most of the objectives contained in the strategic environmental plan two years ahead of time. As part of the aforementioned plan, the energy efficiency programmes implemented, as well as employee training, have enabled us to achieve a significant

reduction in consumption which translates into significant savings for the company. Between 2008 and 2010, the reduction in energy consumption has led to a financial saving of around 12 million euros and the lower water consumption has resulted in savings of around 1.8 million euros.

The phenomenon of Web 2.0 and social networks is a reality that the company is incorporating in its business model with innovative applications which facilitate new alternatives for customers. In 2010, the effort to boost direct sales via the web generated a 47.28% increase in online sales.

The centralisation of reservations has made it possible to manage twice as many customers compared to the previous year, with over 4,200 interactions with customers in 2010. This represents a 51% increase on the 2009 figures, achieving a larger number of contacts in a more personalised manner.

In line with our search for responsible innovation, the company generates special collaboration agreements with the most sustainable suppliers via the NH Sustainable Club, a pioneering initiative in the tourism sector. Working together with the suppliers, as well as helping to improve their products from a sustainability point of view, has contributed towards the chain's improved environmental results. The gradual recovery of hotel activity during 2010 has given rise to a growth in employment generated by NH Hoteles. This has a positive impact on the different countries in which we operate as well as enabling us to guarantee the best quality of service.

The future challenge is to make progress in developing our business in a sustainable fashion in order to adjust efficiently to the new demands and increase our levels of profitability. We have the firm conviction that the path to being leaders in sustainability in the places where we operate lies in innovation and reporting, as we are doing in this report.

Mariano Pérez Claver
Chairman of NH Hoteles

March, 2011



NH Palacio de Tepa, Madrid - Spain

OUR APPROACH

At NH Hoteles, we have a firm commitment to sustainable development that is aligned with the business and the generation of value in economic, social and environmental terms. In this respect, the focus of Corporate Social Responsibility, as a synonym of sustainability, is integrated in our operations and way of doing things.

In line with the vision, mission and values of the company, our strategy is to consolidate a culture of responsibility at all levels, which enables us to offer excellent sustainable services. As such, the relationship with and commitment to our stakeholders is key, promoting their involvement with the sustainability of the business and the inclusion of relevant matters which require attention and appropriate answers from us.

All with the aspiration of **leading the sector in the area of sustainability**, meeting the needs of all of our stakeholders and, as a responsible company, sharing our experience and good practices with others.

In 2010, we continued to achieve positive results through the projects and initiatives carried out in the context of our focus on sustainability. NH Hoteles' continual effort to fulfil its objectives, efficiency in environmental management and staff commitment, as well as innovation in customer service and alliance with suppliers have enabled us, in addition to saving costs, to increase the revenue which comes with the gradual recovery in the sector.

- ▼ **VISION**
To enhance the time that our customers spend with us by heightening their experience and contributing to a more sustainable world.
- ▼ **MISSION**
At NH Hoteles we are committed to offering sustainable, consistent and efficient hotel services for our customers, shareholders, partners, employees and for society in general. We aspire to lead the tourism sector in sustainable development and to inspire others.
- ▼ **VALUES**
 - ▼ **People Focus**
 - ▼ **Innovation**
 - ▼ **Environmentally Friendly**
 - ▼ **Business Sense**

RESPONSIBILITY MANAGEMENT SYSTEM

At the end of 2010, NH Hoteles approved the new **Corporate Responsibility Master Plan 2011-2013**, the principal objective of which is to give all of the actions and initiatives carried out in this area a global and transversal quality. These plans are agreed by the members of the Sustainability/Corporate Responsibility Committee and they are subject to approval by the NH Hoteles Steering Committee.

As a process of evolution, the former Corporate Social Responsibility Master Plan 2007-2009, looked deeply at sustainable commitment and its integration in the NH Hoteles business model, and the new Master Plan 2011-2013, put together in 2010, is based upon the maturity of responsible management and seeks to consolidate the culture of responsibility, communication and dialogue with all stakeholders.

Management milestones for Corporate Responsibility until 2010

- ▼ Implementation and achievement of the **CSR Master Plan 2007-2009**, including the stakeholder initiatives priority map.
- ▼ Publication of the **Corporate Social Responsibility Report** on an annual basis, detailing the economic, social and environmental performance and its evolution in order to keep the various stakeholders informed.
- ▼ Design of the **Corporate Social Responsibility Management System** and integration of indicators in managers' Management by Objectives (MBO).
- ▼ Creation of a **Culture of Sustainability and Responsibility** in the company which has led to an increase in employees' pride in belonging.
- ▼ **Launch of successful projects** such as the Strategic Environmental Plan, Sustainable NH Club, Equality Plan, initiatives such as Ecomeeting, among others.
- ▼ Invitation to participate in sustainability expert forums such as the **World Travel & Tourism Council** and the **International Tourism Partnership**, and to set out good practices at national and international conferences and seminars.
- ▼ Recognition of Justmeans, which ranks the **leading 1000 companies in Corporate Social Responsibility and Sustainability management worldwide** and in the most important business sectors. NH Hoteles ranked in position 524, occupying the 3rd position in the tourism sector and being the only Spanish hotel chain from the sector to feature in this ranking.
- ▼ Substantial improvement of the brand **reputation** according to different monitors (Reputation Institute and Merco 2010).

Strategic lines of the new Master Plan 2011-2013

- ▼ To give all of the actions in the area of CSR a **global and transversal** quality.
- ▼ To globally promote the **Social Action** that the NH Hoteles brand carries out as "Social Innovator".
- ▼ To make a commitment to **Corporate Volunteering** as a vehicle for social action and internal reputation.
- ▼ **Sustainable innovation** as a lever of brand differentiation and reputation strengthening.
- ▼ To reinforce **responsible and sustainable NH communication** with employees, customers and society in general.



NH Hoteles, a Responsible Company in the Tourism Industry

COMMITMENT TO OUR STAKEHOLDERS

A fundamental part of the sustainable and responsible management of NH Hoteles is to evolve in the dialogue with our stakeholders, in other words all those audiences with which we have a relationship and which form part of the valued "ecosystem" of our business. At NH Hoteles, we address this commitment both with our employees, customers, shareholders, suppliers and community and with the environment, it being a key player that we must take care of.

In 2010, we worked in line with the commitments that we set with each stakeholder and to give continuity to our focus upon each one of them, with the challenges and opportunities that this implies. In this regard, each stakeholder-based section of this Report addresses the key aspects of the relation and communication with stakeholders and how the Company responds to the principal aspects and reports on them.

Communication and active listening with stakeholders

The dialogue with each stakeholder enables us to listen to their expectations and needs in order to manage those aspects and to be able to respond appropriately, which consolidates the culture of responsibility at NH Hoteles for their participation and involvement.

Some of the tools and communication channels:

- ▼ **Shareholders:** Shareholder web portal, Shareholder Club, shareholder care, one-to-one meetings, sending information that is of interest to them. (Further information in Pg. 19 Shareholders).
- ▼ **Customers:** Satisfaction surveys with weekly analysis and new online tools to promote dialogue with customers, offer them new routes to find out about and speed up the service, NH World updates. Further information in Pg 21 Customers)
- ▼ **Suppliers:** annual internal customer satisfaction survey, meetings and events with members of the Sustainable NH Club, Coperama Platform. (Further information in Pg. 28 Suppliers).
- ▼ **Environment:** Environmental Strategic Plan 2008-2012, sustainable innovation, participation in acts and forums, meetings with environmentalist NGOs, training of employees and awareness-raising campaigns. (Further information in Pg. 232 Environmental Performance).
- ▼ **Employees:** Intranet, satisfaction surveys, employee mailbox, channel for complaints linked to the Code of Conduct, internal bulletins, NH Idea, among others. (Further information in Pg. 43 Employees).
- ▼ **Society:** Corporate website, forums on the CSR website, communication with local non-profit-making organisations and needs monitoring, "NH Amigo Solidario" rate. (Further information in Pg. 52 Society).

STAKEHOLDER INVOLVEMENT

In 2010, we worked in line with the commitments that we set with each stakeholder and to give continuity to our focus upon each one of them, with the challenges and opportunities that this implies.

| | Shareholders | Customers | Employees | Suppliers | Society | Environment |
|-----------------------------------------|--------------------|-----------|------------------------------|---------------------|------------------------------|----------------------------------------|
| CR Master Plan | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| CR web | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| Satisfaction Index | ▼ | ▼ | ▼ | ▼ | | |
| Meetings | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| Participation in CR's events and forums | | | | ▼ | ▼ | ▼ |
| Communication / Information Release | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| Specific Programs | Shareholders' Club | NH World | Employee Mailbox and Idea NH | NH Sustainable Club | NH Amigo Solidario Programme | 2008-2012 Environmental Strategic Plan |

OUR ETHICAL FRAMEWORK

During 2010, NH Hoteles began to review its **Code of Conduct** with the aim of making it part of the company's Corporate Social Responsibility philosophy and policies, emphasising all of those aspects which define ethical behaviour. Even though it is still being reviewed, we can underscore the main changes in progress:

- ▼ It considers all stakeholders and, in addition to the employees and officers, includes customers, suppliers and shareholders. It also sets commitments in the relationship with each one of them.
- ▼ It incorporates the **Principles of the World Pact** which NH Hoteles joined in 2006, with the objective of disseminating them and promoting them as well as reinforcing the company's own values.
- ▼ It details specifications linked to fraudulent practices, corruption and aspects such as prostitution and child exploitation.

The Global Compact

Since 2006, NH Hoteles had adhered to the United Nations' Global Compact and its 10 Principles serve as a frame of reference for the design and management of Corporate Responsibility. In 2010, as it does every year, NH Hoteles issued its Annual World Pact Progress Report by means of a public letter signed by the President of the company, detailing all of the year's outstanding initiatives and results.

GLOBAL COMPACT PRINCIPLES

- ▼ **Principle N° 1.** Support and respect the protection of human rights.
- ▼ **Principle N° 2.** Do not be complicit in human rights abuses.
- ▼ **Principle N° 3.** Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- ▼ **Principle N° 4.** Eliminate all forms of forced and compulsory labour.
- ▼ **Principle N° 5.** Uphold the effective abolition of child labour.
- ▼ **Principle N° 6.** Uphold the elimination of discrimination in respect of employment and occupation.
- ▼ **Principle N° 7.** Support a precautionary approach to environmental challenges.
- ▼ **Principle N° 8.** Promote greater environmental responsibility.
- ▼ **Principle N° 9.** Encourage the development and diffusion of environmentally friendly technologies.
- ▼ **Principle N° 10.** Businesses should work against corruption in all its forms, including extortion and bribery.

NH Hoteles continues working for the prevention and battle against the sexual exploitation of children in the tourism industry, in line with the signing in Mexico, under the auspices of **UNICEF**, of the **ECPAT** (International Network against Sexual Exploitation of Children) Code of Conduct. This agreement seeks to raise awareness among customers, employees and suppliers about the need to protect children's rights and to promote initiatives in order to fight against their breach.



GLOBAL STANDARDS

The company works to consolidate systems, processes and framework policies for the responsible and sustainable management of the business. In 2010, with the objective of extending the **standardisation of existing processes** throughout the Spain, Benelux and Germany Business Units, work began on defining the administrative and operational procedures in the Italy and Europe Resorts Business Units.

Following its completion, scheduled for the first half of 2011, the standardisation will cover 88% of Group hotels. Where the integration with Hesperia is concerned, following the analysis of the existing processes and best practices of both chains, the unification of processes from the Hesperia hotels was 70% at the end of 2010.

Evolution of the geographical implementation levels in 2010

| | 100% | In certain areas |
|--------------------------|------|------------------|
| Benelux | ✓ | ✓ |
| Germany | ✓ | ✓ |
| Spain | ✓ | ✓ |
| Italy | ✓ | ✓ |
| Europe Resorts | ✓ | ✓ |
| Central & Eastern Europe | | ✓ |
| Southamerica | | |
| Mexico & Caribbean | | |
| | 63% | 75% |

REVIEW OF RISKS MAP

In 2010, a review and update of the company's **Risks Map** was carried out along with an analysis of operational risks and the existing controls associated to the standard procedures implemented at NH Hoteles. Among the **specific actions**, it is worth highlighting:

- ▼ Identification of the principal operational and strategic risks
- ▼ Evaluation and classification of the principal controls which exist in the operational process: primary and secondary
- ▼ Nature of the controls: manual or automatic
- ▼ Objective of the control: preventive, detective or corrective
- ▼ Frequency of execution and effectiveness of controls
- ▼ Proposals for improvement in the existing internal control environment
- ▼ Definition of the action plans in order to effectively mitigate the risks

Further information at the Annual Corporate Governance Report (ACGR) 2010.

Global context

NH Hoteles, as an international company, carries out its business strictly adhering to the law in force in each country and in accordance with rigorous ethical standards.

It is fundamental for the company to act independently of any political or governmental power maintaining transparent and ethical relationships with the different public, governmental and administrative institutions.

Where the risks derived from managing the land as part of our business are concerned, NH Hoteles operates in accordance with the law, with a process for reviewing the classification of short-listed plots and the conformity of business licences, when signing new contracts.

▼ **Government relations:** In 2010, the Spain, Italy and South America Business Units have obtained **government subsidies**, principally for environmental improvements by adapting installations (relamping, changing boilers, accessibility) as well as allowances for on-the-job training. This year, the total awarded reached €641,162.

As of 31 December 2010, the area of **"capital subsidies"** basically includes the subsidies received for building hotels and golf courses, principally in Sotogrande and Donnafugata, to the value of €10,964,000. Further information in the ACGR 2010.

INTERNAL ORGANISATION

NH Hoteles management is totally committed to promoting and developing a culture of Corporate Social Responsibility in the company, which is why since 2010, the **Corporate Social Responsibility Department**, which is dependent on the General Secretary, reports directly to the presidency. The General Secretary is a member of the Steering Committee and the strategy which is defined on Corporate Social Responsibility is overseen by an Independent Director.

In order to ensure correct implementation and coordination in the different Business Units, there is a CSR manager in each one of them who heads up the management, and channels all of the information, doubts, ideas and initiatives which emerge in each region.

The **Sustainability/Corporate Social Responsibility Committee** brings together the different areas of the organisation including Project Management, Human Resources, Procurement, Environment & Engineering, Marketing, Sales, Quality and Processes, Institutional Relations and Communication.

Members of the NH Hoteles Sustainability Committee



1. **Francisco Zinser** (Chief Operating Officer)
2. **Nuria Iturriagoitia** (Independent Director)
3. **Ida Gutiérrez** (Institutional Relations & Communication Corporate Director)
4. **Leopoldo González-Echenique** (General Counsel & Corporate Governance)
5. **Javier Carazo** (Quality & Procedures Corporate Director)
6. **Iñigo Onieva** (Human Resources Corporate Director)
7. **Marta Martín** (Corporate Responsibility Director)
8. **Luis Ortega** (Environment & Engineering Corporate Director)
9. **Andreas Westerburg** (Sales Corporate Director)

Also in the Sustainability Committee:

- **Iñigo Capell** (Human Resources Corporate Director)
- **Santiago López** (Projects & Constructions Corporate Director) and
- **Pedro Martínez** (Purchasing Corporate Director)



NH Campo de Cartagena, Murcia - Spain



Fitur 2010

COMMUNICATION OF SUSTAINABILITY

Amongst the transversal initiatives of communication and disseminating sustainability positioning, the following stand out:

- ▼ The global communication campaign **"Wake Up To a Better World"** which, in 2010, became the express positioning of NH Hoteles as a company committed to sustainability. With the inclusion of this slogan on all communication and information, the aim is to generate optimism in the face of the challenges of sustainability.
- ▼ The **Annual Report and Corporate Social Responsibility Report** has been produced annually since 2006 and has evolved from a level C report in the context of the Global Reporting Initiative to a level A report since 2008, and established itself in 2010, with the maximum classification level of A+.

Furthermore, the Corporate Social Responsibility Report is presented in different formats in order to boost its circulation and understanding amongst the various stakeholders:

- ▼ A full online version available on the NH Hoteles website.
- ▼ The reduced format which is distributed amongst shareholders, universities, public authorities, NGOs and foundations, expert forums and socially responsible investment departments (SRI).
- ▼ A special reduced format for company employees, with an accessible and visual design translated into six languages (English, Spanish, Italian, German, French and Dutch).

The **CSR Newsletter** precedes the publication of the Corporate Social Responsibility Report and can be viewed both on the website and on the corporate Intranet and is sent to all employees by means of an internal communication.

In 2010, work started on the design of a specific **new corporate website** containing the relevant information concerning NH Hoteles' focus and performance. The objective is to provide a new space which gives stakeholders access to relevant data about the company's responsible managements.



FITUR

The main theme of NH Hoteles at the 2010 Tourism Fair was sustainability. The entire stand and all the information were aimed at communicating the company's responsible commitment to visitors and customers and the slogan used was **"Wake Up to a Better World"**.

Evolution of Corporate Social Responsibility Reporting



2010 MILESTONES

▼ **Renewal of the Corporate Responsibility strategy**

NH Hoteles devised and approved its new Corporate Social Responsibility Master Plan 2011-2013, the principal objective of which is to give all of the actions and initiatives carried out in this area a global and transversal quality.

▼ **Integration of Hesperia**

Successful integration of the Hesperia chain, including the standardization of systems and processes through an ambitious training plan for all its employees. Consolidation of Hesperia's economic, social and environmental information. Reporting of the CR indicators with data obtained from this chain.

▼ **Increase in sales on 2.0 platforms**

Increase in web sales of 47.28%, a 16% increase of the conversion rate and 16,500 downloads of its new reservations application for iPhone.

▼ **Evolution of quality and satisfaction**

New internal application for making a constant comparison between the quality surveys and real-time assessments made by customers on the web, with the resulting adjustments of the offering to meet customer needs and make big improvements to the quality of service. Weekly monitoring and continuous improvement have enabled the satisfaction of resident customers to increase by 8.03% in 2008 and by 8.41% in 2010, on a scale of 1 to 10.

▼ **New NH Sustainable Club meeting and bold solutions**

At the second edition of the international event of the NH Sustainable Club, held in Berlin, innovative sustainable solutions were presented for hotels, in addition to disseminating and debating the results of the last twelve months' work in R&D and joint efforts.

▼ **Growing curve of environmental compliance**

The effectiveness of the initiatives implemented in all of the chain's hotels in order to comply with the Strategic Environmental Plan 2008-2012 has generated highly satisfactory results. Thanks to the efforts carried out, in two years the environmental objectives which the chain had set for 2012, concerning water, CO₂ emissions and waste have been achieved in 2010.

▼ **Strategic Plan for People Management 2010-2012**

New Strategy for People Management based on three fundamental pillars which are Talent, Competitiveness and Performance Culture. This results in new strategic and policy lines for identifying and promoting talent, committing to people and developing the performance culture which is starting to be implemented throughout the company.

▼ **Diversity evaluation**

Analysis of the Diversity status in the different countries where the chain operates with important results for designing Action Plans and responsible people management. In 2010, the chain had employees of 134 nationalities, of which 13.6% work in countries other than their own. 49.7% of the entire staff are women, who occupy 49.3% of management positions, with a higher ratio in Spain of 50.2%.

▼ **Community investment maintained**

NH Hoteles has a commitment to help local development in the communities where it has its hotels. In 2010, the chain developed different programmes and social initiatives, including cultural promotion and employee collaboration through the Voucher Amigo and Employee Rates, the total community investment being more than €1.07 million.

INITIATIVES AND ALLIANCES

On the way to leading the tourism sector in sustainable development, we are relying on numerous partners who have become strategic alliances:

▼ **World Travel & Tourism Council**

NH Hoteles has formed part of this platform for three years, with the support of business presidents at the top one hundred companies in the tourism world.

▼ **International Tourism Partnership**

In 2010, four events have been held jointly with this international platform which brings together the leading players in sustainable conduct from the tourism sector.

▼ **Club de Excelencia en Sostenibilidad**

We joined at a national level in 2009 and in 2010 we started to participate in the working groups of this organisation, the aim of which is to promote sustainable development in the Spanish business sector.

AWARDS AND ACKNOWLEDGEMENTS

▼ **European Travelzoo Awards**

Awarded to the Hotel Hesperia Tower in 2010 for the best hotel offering of 2009 at the first edition of the European Travelzoo® Awards, also known as the Tzoos.

▼ **New Michelin Star for NH Hoteles**

The Vermeer restaurant at the NH Barbizon Palace hotel (Amsterdam) has been recognised in the new 2011 edition of the Michelin Red Guide for its quality, creativity and cleanliness.

▼ **2010 European Hotel Design Award**

Award in the Refurbishment of Existing Hotel Category given to NH Porta Rossa (Italy).

▼ **Construction of the Year 2010**

Following its opening in May 2010, the NH Olomouc Congress in the Czech Republic was awarded the prize for the "Construction of 2010" in recognition of its architectural performance, impact on the local environment, the high quality of the building, design, functionality and sustainability, as well as the costs and construction time.

▼ **Five Star Diamonds Awards**

NH Hoteles has been awarded three prizes by the American Academy of Hospitality Sciences: Best European Resort Development, Gran Hotel Convento di Amalfi and Donnafugata Golf, Resorts & Spa (Italy).

▼ **Eco-Luxury Certification**

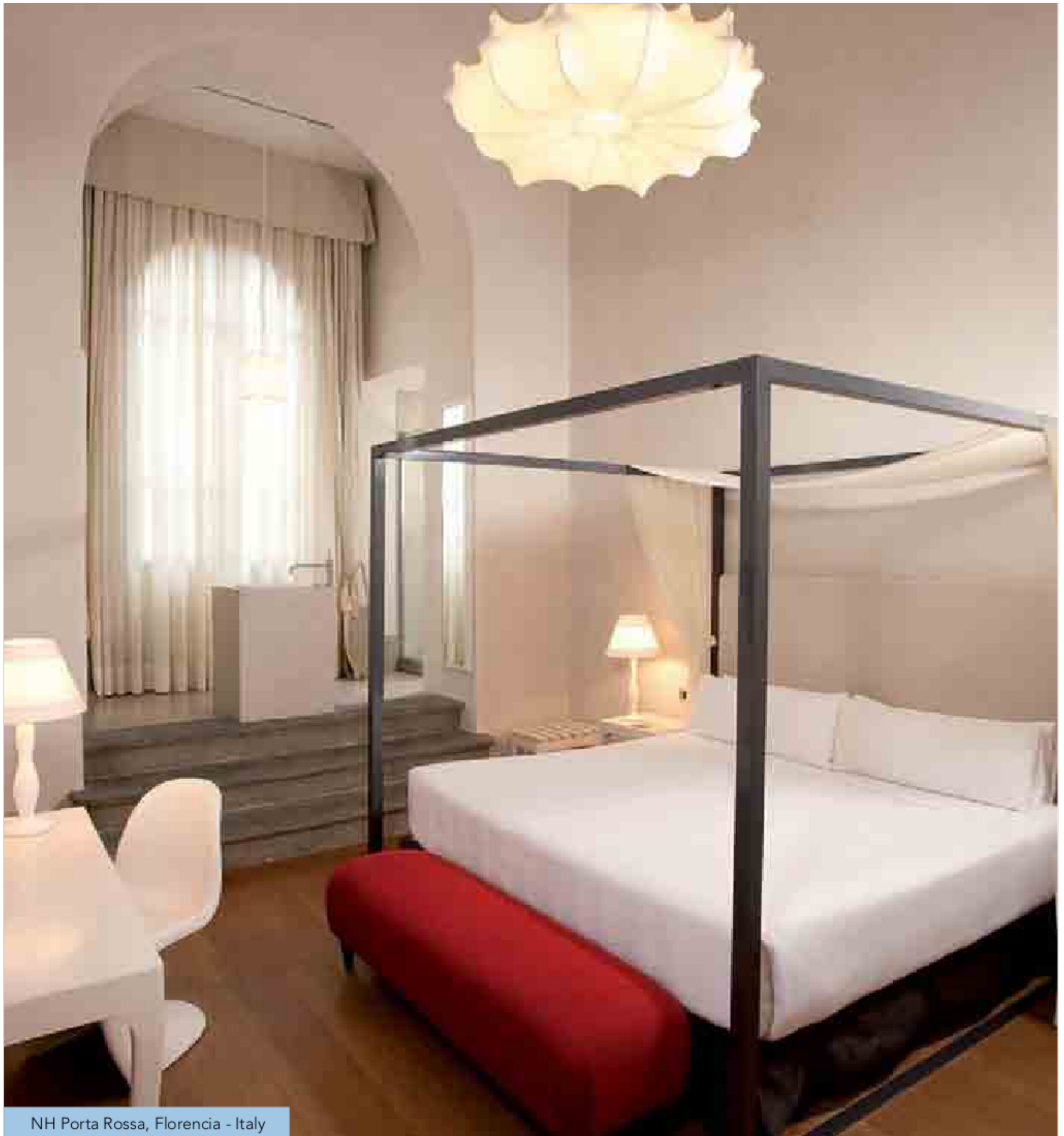
NH Hotels obtains this certificate for the resorts Donnafugata Golf SPA & Resort, in Sicily, and the Almenara Golf & Spa Hotel, in Cádiz. The recognition was awarded by The Leading Hotels of the World for the sustainable development in resorts.

▼ **Golden Apple Award**

The NH Royal Beach resort (Punta Cana, Dominican Republic), has received this award for its high levels of quality and service.

▼ **Sector leader in MERCOCOMPANIES 2010 (Corporate Reputation Monitor)**

NH Hoteles has again been recognised in 2010 as the Company with the Best Reputation in the Spanish Tourism Sector by the Corporate Reputation Monitor (Merco).



NH Porta Rossa, Florence - Italy

ECONOMIC PERFORMANCE

Efficiency and transparency are the pillars which direct our business management, as foundations for adhering to and respecting the legal framework in force, through ethical and responsible conduct wherever we operate. Through this focus we seek to meet the needs of our shareholders, we offer innovative, excellent services to our customers, and we establish alliances with our sustainable suppliers in a responsible value chain.

Who we are

NH Hoteles is a chain that offers hotel services in 24 countries in Europe, America and Africa. In 2010, our portfolio had 397 hotels, including urban and holiday establishments, with a total of 58,687 rooms.

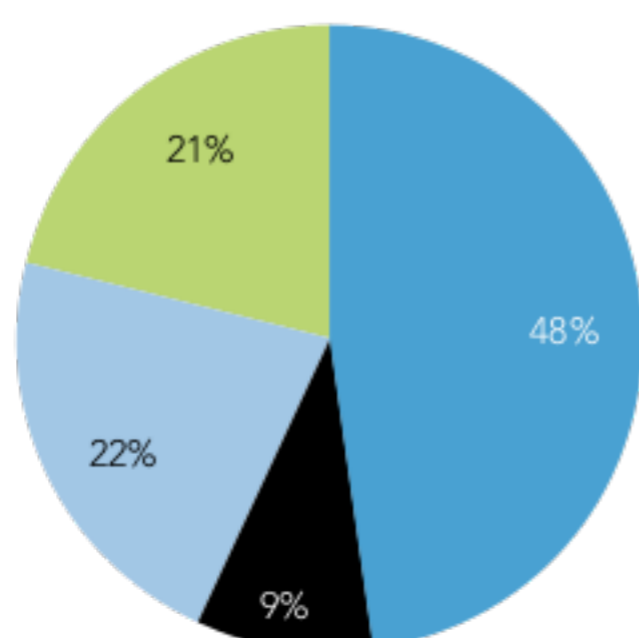
This year, for the first time, NH Hoteles was placed as the largest leading Spanish chain in Europe. Following the incorporation of the Hesperia establishments in the Group, the company operates 353 establishments with 50,057 rooms in 16 European countries, from Portugal to Romania.

| | TOTAL | | LEASED | | OWNED | | MANAGED | |
|------------------------------------------|------------|---------------|------------|---------------|-----------|---------------|-----------|---------------|
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| TOTAL NH HOTELES | 397 | 58,687 | 230 | 33,359 | 79 | 12,883 | 88 | 12,445 |
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| EUROPE | | | | | | | | |
| Spain | 175 | 20,977 | 94 | 10,647 | 15 | 2,218 | 66 | 8,112 |
| Germany | 60 | 10,704 | 60 | 10,704 | 0 | 0 | 0 | 0 |
| Italy | 53 | 8,276 | 33 | 5,348 | 16 | 2,449 | 4 | 479 |
| The Netherlands | 35 | 6,509 | 16 | 2,441 | 18 | 3,988 | 1 | 80 |
| Belgium | 11 | 1,632 | 2 | 434 | 9 | 1,198 | 0 | 0 |
| Austria | 6 | 1,180 | 6 | 1180 | 0 | 0 | 0 | 0 |
| Switzerland | 5 | 632 | 4 | 510 | 1 | 122 | 0 | 0 |
| United Kingdom | 3 | 533 | 1 | 121 | 0 | 0 | 2 | 412 |
| France | 3 | 556 | 2 | 397 | 1 | 159 | 0 | 0 |
| Czech Republic | 2 | 271 | 1 | 134 | 0 | 0 | 1 | 137 |
| Portugal | 2 | 165 | 2 | 165 | 0 | 0 | 0 | 0 |
| Romania | 2 | 161 | 1 | 83 | 0 | 0 | 1 | 78 |
| Hungary | 1 | 160 | 1 | 160 | 0 | 0 | 0 | 0 |
| Luxembourg | 1 | 148 | 1 | 148 | 0 | 0 | 0 | 0 |
| Poland | 1 | 93 | 0 | 0 | 0 | 0 | 1 | 93 |
| Andorra | 1 | 60 | 0 | 0 | 0 | 0 | 1 | 60 |
| TOTAL EUROPE | 361 | 52,057 | 224 | 32,472 | 60 | 10,134 | 77 | 9,451 |
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| LATIN AMERICA AND CARIBBEAN | | | | | | | | |
| Mexico | 13 | 2,040 | 5 | 689 | 4 | 681 | 4 | 670 |
| Argentina | 13 | 1,909 | 0 | 0 | 11 | 1,524 | 2 | 385 |
| Dominican Republic | 2 | 1,015 | 0 | 0 | 0 | 0 | 2 | 1,015 |
| Venezuela | 3 | 924 | 0 | 0 | 0 | 0 | 3 | 924 |
| Uruguay | 1 | 136 | 0 | 0 | 1 | 136 | 0 | 0 |
| Chile | 1 | 122 | 0 | 0 | 1 | 122 | 0 | 0 |
| TOTAL LATIN AMERICA AND CARIBBEAN | 33 | 6,146 | 5 | 689 | 17 | 2,463 | 11 | 2,994 |
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| AFRICA | | | | | | | | |
| South Africa | 2 | 242 | 1 | 198 | 1 | 44 | 0 | 0 |
| TOTAL AFRICA | 2 | 242 | 1 | 198 | 1 | 44 | 0 | 0 |
| | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms | Hotels | Rooms |
| UNITED STATES | | | | | | | | |
| United States | 1 | 242 | 0 | 0 | 1 | 242 | 0 | 0 |
| TOTAL UNITED STATES | 1 | 242 | 0 | 0 | 1 | 242 | 0 | 0 |

BREAKDOWN BY ROOMS

(December 31st 2012)

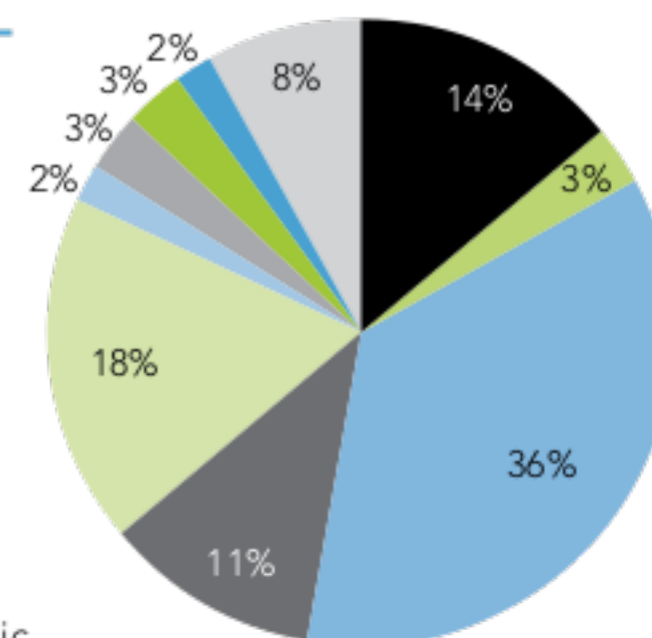
- 48% Leased
- 22% Owned
- 21% Managed
- 9% Leased with Call Option



BREAKDOWN OF ROOMS PER COUNTRY

(December 31st 2010)

- 36% Spain
- 18% Germany
- 14% Italy
- 11% The Netherlands
- 8% Others
- 3% Belgium
- 3% Mexico
- 3% Argentina
- 2% Austria
- 2% Dominican Republic





NH Olomouc Congress, Czech Republic



Hesperia Tower, Barcelona - Spain

OPENINGS

During 2010, 15 new hotels opened with 2101 rooms and two hotels were extended to add a further 64 rooms to the NH Hoteles portfolio.

HOTELS OPENED FROM 1ST JANUARY TO 31ST DECEMBER 2010

| Hotels | City | Rooms |
|-------------------------------|--------------------------|--------------|
| NH Porta Rossa | Florence, Italy | 72 |
| NH Ludwigsburg | Ludwigsburg, Germany | 130 |
| NH Capo dei Greci | Taormina (Sicily), Italy | 200 |
| NH Praha Radlicka | Prague, Czech Republic | 134 |
| NH Olomuc Congress | Olomouc, Czech Republic | 137 |
| NH Valle Dorado | Mexico D.F., Mexico | 130 |
| Donnafugata Golf Resort & Spa | Ragusa (Sicily), Italy | 202 |
| NH Dresden Atmarkt | Dresden, Germany | 240 |
| Hesperia WTC Valencia | Valencia, Venezuela | 32 |
| NH Palacio de Tropa | Madrid, Spain | 85 |
| NH Girona | Gerona, Spain | 115 |
| Nhow Berlin | Berlin, Germany | 304 |
| NH Queretaro | Queretaro, Mexico | 140 |
| NH Campo de Cartagena | Cartagena, Spain | 100 |
| NH Hotel Casino | Mar de Plata, Argentina | 80 |
| Total new openings | | 2,101 |

Amongst the hotels that the company incorporated in Italy, the opening of the third NH Hoteles hotel in Florence and the inclusion of the **NH Capo dei Greci** hotel resort in Taormina stand out, replacing the cancellation of two contracts which the Group previously had in the city.

Furthermore, NH Hoteles opened the five-star hotel, **Donnafugata Golf Resort and Spa**, in Sicily. The resort offers incomparable tourist trips and cultural entertainment, as well as being a paradise for golf lovers.

Meanwhile, NH Hoteles has pushed back its Central European borders by entering the **Czech Republic**, with two hotels in Prague and Olomouc. Both hotels combine their urban functionality with their tourist appeal in a balanced way, due to the rich cultural heritage surrounding the establishments.

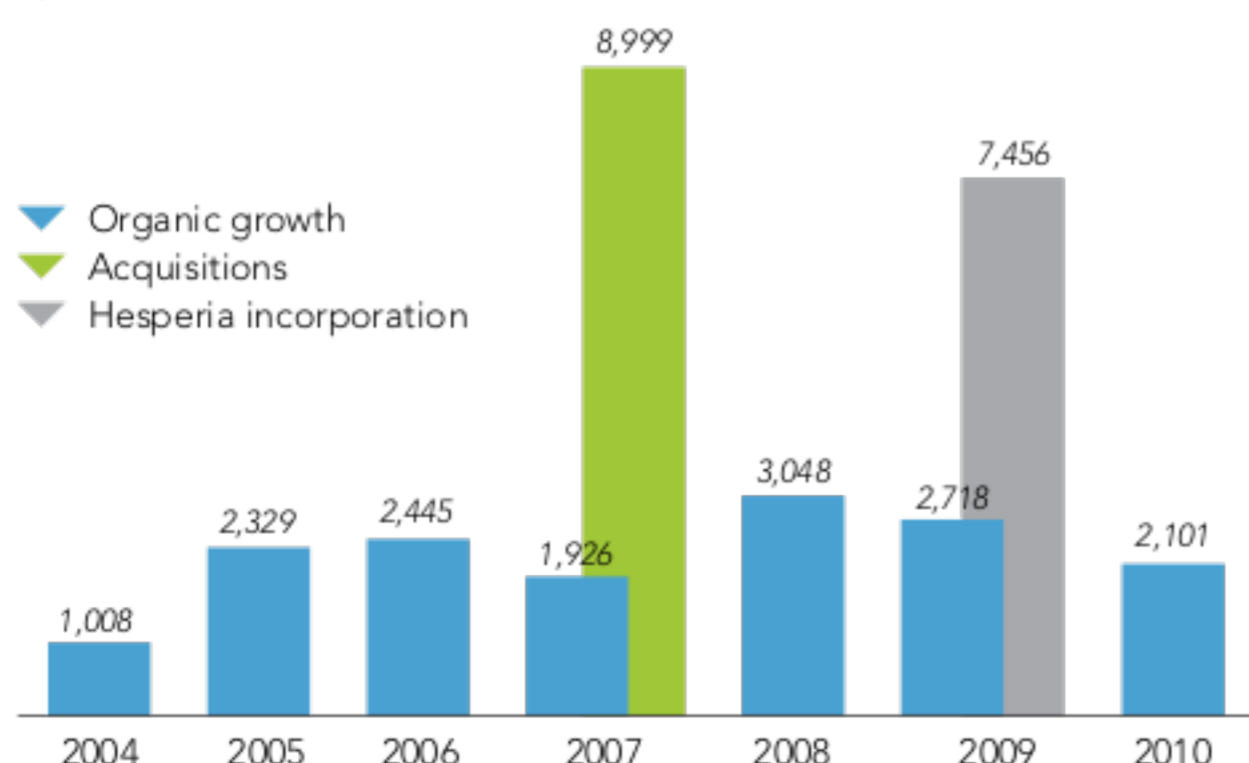
In the final quarter of the year, the opening of the second hotel under the '**nhow**' brand in the NH Hoteles German portfolio stands out. After Milan, Berlin is the second city selected by the Spanish chain for its most innovative line of hotels: creativity, dynamism and the urban lifestyle of the German capital are perfectly in tune with the '**nhow**' label.

In Spain, the company has opened an establishment in Madrid which stands out due to its location in the tourist district of Las Letras. This is the **NH Palacio de Tropa**, a classical building that has been totally renovated, surrounded by history and in an environment that is close to the city's main museums.

Finally, it is worth pointing out the opening of the first hotel which NH Hoteles is operating in the Catalonian city of **Girona** (Spain) and a new hotel in **Venezuela** which opened its doors with 32 rooms, although it plans to have a total of 323 rooms.

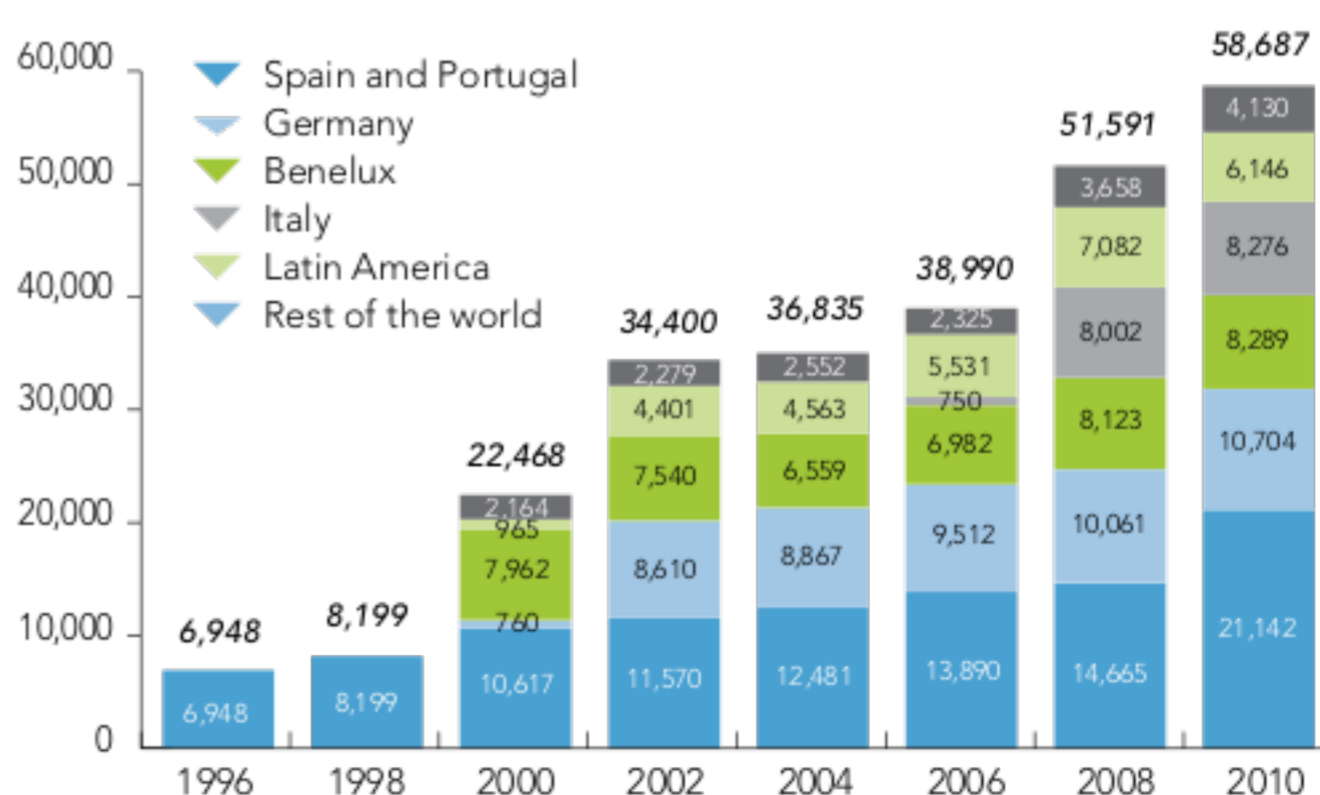
PERFORMANCE OF OPENINGS AND INCORPORATIONS

By number of rooms



NUMBER OF ROOMS 1996-2010

CAGR: 15%



ASSET MANAGEMENT

Amongst the initiatives related to the rationalisation and asset disinvestment plan launched by the company, it is worth pointing out the numerous agreements reached in this area in 2010.

In February, NH Hoteles signed a contract for the sale of three hotels which they owned and which were operated through franchise contracts with the Hilton brand: the Hilton Hotel Guadalajara, the Hilton Garden Inn Monterrey and the Hilton Garden Inn Ciudad Juárez. Furthermore, the agreement provided for the transfer of the management contracts of three other hotels which the company operated in Mexico: the NH Krystal Cancun, the NH Krystal Puerto Vallarta and the NH Krystal Ixtapa. The transaction, valued at 57 million dollars, includes the sale of the Krystal brand.

In April, the company agreed the sale of St Ermins hotel in London for 75 million euros. NH Hoteles considered it to be a non-strategic hotel for the Group given the high cost of the investment required to maintain the hotel at the standard offered by the chain, with the execution risk presented by the protected nature of the building. Furthermore, the chain has incorporated an establishment located in the same area as the Jolly St Ermins hotel to its hotel portfolio, as a result of the management agreement reached with the Hesperia hotel chain.

Meanwhile, in November 2010, the Group completed the sale of two hotels situated in Lucerne (Switzerland) and Ischia (Italy), for the sum of 51.4 million euros. Furthermore, before year end, the Group sold non-hotel assets to the value of 13 million euros.

HOTELS THAT LEFT THE NH GROUP FROM 1ST JANUARY TO 30TH DECEMBER 2010

| Hotels | Country | Rooms |
|---------------------------------|------------------------|--------------|
| Framon Gran Hotel Timeo | Taormina, Italy | 83 |
| Framon Villa Sant Andrea | Taormina, Italy | 79 |
| NH Riviera Cancun | Cancun, Mexico | 550 |
| Hilton Guadalajara | Guadalajara, Mexico | 450 |
| Hilton Garden Inn Monterrey | Monterrey, Mexico | 150 |
| Hilton Garden Inn Ciudad Juarez | Ciudad Juarez, Mexico | 120 |
| NH Krystal Ixtapa | Ixtapa, Mexico | 255 |
| NH Krystal Cancun | Cancun, Mexico | 453 |
| NH Carlton | Salzburgo, Austria | 40 |
| NH Jolly St. Ermin's | London, United Kingdom | 275 |
| Hesperia Balneario Guitiriz | Lugo, Spain | 107 |
| Schlosshotel Bühlerhöhe | Baden Baden, Germany | 90 |
| Hesperia Alicante Golf | Alicante, Spain | 156 |
| NH Ischia Thermal Spa Resort | Ischia, Italy | 194 |
| NH Alfonso IX | Lugo, Spain | 60 |
| NH Parque Central | La Habana, Cuba | 410 |
| NH Krystal L. Villas and Resort | Cayo Coco, Cuba | 690 |
| Total Leaves | | 4,842 |

2010 RESULTS

In 2010, the revenue of NH Hoteles reached €1.33 billion, 9.6% more, and the EBITDA, which reflects the operational evolution of NH Hoteles, showed the recovery of the market and a notable increase in productivity. The company generated an EBITDA of 147.8 million euros, more than double that of 2009, whilst the Group's net losses fell by 57.5%.

Revenue from recurrent hotel activity grew by 8.6%, as a consequence of increased occupation in all of the Group's Business Units. The 11.3% increase in occupation levels in comparable hotels led to a 10.3% increase in the RevPar (ratio which measures the revenue per available room). There was a significant increase in the average price during the last quarter of the year, which contributed positively to the increase of the RevPar.

The considerable increase in hotel activity is accompanied by a slight increase in costs of 4.9%, thanks to the restraint plan which the company maintained throughout 2010.

The initiatives that NH Hoteles promoted in order to reduce its costs include: its Reservation Desks centralisation in a single office in Europe, the group's non-profitable and non-strategic assets Divestment Plan, direct sales channels promotion such as the company website, the chain's purchasing centralisation in a single supplier management platform and energy saving thanks to the initiatives carried out as part of the Strategic Environmental Plan. It is worth pointing out that in 2010, NH Hoteles reduced its debt by €118.3 million, reaching €1.0 billion.

MAIN FIGURES OF THE NH HOTELES GROUP AS AT 31ST DECEMBER 2010

| NH HOTELES, S.A. AS OF DECEMBER 31 st 2010 P&L ACCOUNT | | | |
|-------------------------------------------------------------------|----------------|----------------|-----------------|
| (€ million) | 12M 2010 | 12M 2009 | 2010/2009 |
| Hotel Revenues | 1,294.1 | 1,191.4 | 8.6% |
| Real estate sales and other | 12.8 | 22.1 | (42.0%) |
| Non-recurring Revenues | 28.0 | 4.4 | - |
| TOTAL REVENUES | 1,334.8 | 1,217.9 | 9.6% |
| Real estate cost of sales | 3.0 | 8.0 | (61.8%) |
| Staff Cost | 478.3 | 458.9 | 4.2% |
| Operating expenses | 416.6 | 396.3 | 5.1% |
| Other Non-recurring expenses | 19.3 | 12.9 | 49.6 |
| GROSS OPERATING PROFIT | 417.6 | 341.8 | 22.2% |
| Lease payments and property taxes | 269.7 | 271.7 | (0.7%) |
| EBITDA | 147.8 | 70.1 | 111.0% |
| Impairment | 9.4 | 37.1 | (74.7%) |
| Depreciation | 123.2 | 124.8 | (1.3%) |
| EBIT | 15.2 | (91.9) | (116.5%) |
| Market value derivatives | (0.6) | (13.0) | (95.1%) |
| Interest expense | 42.7 | 49.9 | (14.3%) |
| Exchange rate difference | 24.2 | 0.0 | - |
| Income from minority equity interests | 1.5 | 6.6 | (78.0%) |
| EBT | (52.5) | (135.4) | (61.2%) |
| Corporate income tax | (5.1) | (20.3) | (74.8%) |
| NET INCOME before minorities | (47.4) | (115.1) | (58.8%) |
| Minority interests | (6.1) | (18.0) | (65.9%) |
| NET INCOME | (41.3) | (97.1) | (57.5%) |



Donnafugata Golf Resort & Spa

HIGHLIGHTS 2010

NH Hoteles reinforces its financial situation

In 2007, the company agreed a syndicated loan with 34 national and international banks to the value of €650m. The loan expires after five years and has a grace period of three years, repayment starting in 2010. During this financial year, NH Hoteles has obtained exemption from the banks for the 2010 financial year, from fulfilling two of the committed financial ratios.

The exemption refers to the Financial Debt/EBITDA and EBITDA/Financial expenses ratios. NH Hoteles does not have to again provide proof of their fulfillment until the Group's consolidated annual financial statements for 2011 are issued.

The clear improvement in this year's income statement led all the banks to agree to apply this exemption to NH Hoteles. The main reasons lie in the rise in occupancy levels and the prices in all markets where the company operates, which combined with the ongoing cost control schemes have permitted a strong improvement in its EBITDA, the advanced state of its non-strategic asset sale programme and the reduction of its financial borrowing throughout the financial year 2010.

Leaders in the European sector

In 2010, for the first time, NH Hoteles was placed as the largest Spanish chain in Europe, according to the annual **MKG Hospitality** ranking, produced by the leading tourism consultancy. In the sixteenth edition of this ranking, and after the Hesperia establishments were added to the Company's portfolio, NH Hoteles outperformed for Sol Meliá the first time, and ranked as the continent's fifth largest hotel group.

In 2009, NH Hoteles took on the management of Hesperia establishments, composed of 49 hotels in Spain, Andorra and the United Kingdom, as well as a further two in Venezuela. This agreement enabled the increase of the chain's European dimensions, with it rising one position in the global classification (from sixth to fifth) and amply exceeding the next competitor.

Procurement platform

Since the start of 2010, NH Hoteles and the HUSA chain have been managing their purchasing jointly thanks to the formalisation agreement signed in 2009. In 2010, the platform, in which NH Hoteles holds the majority share, generated a turnover to the value of 300 million euros, through the purchases that NH Hoteles and HUSA carried out at both hotel chains' 350+ Spanish establishments.



Likewise Sercotel Hotels a Spanish hotel chain that has more than 135 hotels in Spain, Portugal and Andorra, signed an agreement in October 2010, as a result of which it started to use the Coperama procurement platform. Since then, Sercotel has been able to manage its purchasing with over 600 suppliers.

With the addition of Sercotel, Coperama's volume is forecast to rise to €400 million. At present, Coperama's volume of purchases, combined with NH Hoteles's volume of purchases outside Spain, totals €900 million.

| | HOTELS | | REVENUE | | YOY % |
|------------------|--------|-------|---------|--------|-------|
| | 2010 | 2009 | 2010 | 2009 | |
| ACCOR | 2,304 | 2,218 | 39,054 | 34,783 | +15% |
| BEST WESTERN | 1,288 | 1,284 | 8,017 | 8,288 | -3% |
| HILTON | 504 | 548 | 8,084 | 8,844 | -9% |
| GRUPE DU LOUVRE | 490 | 455 | 7,144 | 8,890 | -20% |
| NH HOTELES | 383 | 304 | 5,777 | 4,388 | +32% |
| SOL MELIA | 300 | 304 | 4,990 | 4,083 | +22% |
| CARLSON/REZIDOR | 298 | 218 | 4,471 | 4,277 | +5% |
| ITM | 187 | 166 | 4,079 | 4,209 | -3% |
| HILTON WORLDWIDE | 183 | 182 | 3,913 | 3,878 | +1% |
| WHITBREAD | 879 | 872 | 2,142 | 2,008 | +6% |

SOTOGRADE

During the 2010 financial year, the property sector has been characterised by its poor performance on the national market, influenced by the difficult international economic situation, in general, and by the lack of access to mortgage loans, in particular.

At NH Hoteles, real estate activity has produced revenue of €12.8M in 2010, compared to the €22.4M produced during the same period of the previous year.

EBITDA was of -€1.9 mn, compared with the -€0.3mn reported in the same period of the previous year. The main reason for this drop was the smaller number of real estate sales, as well as the smaller margin applied to the products sold in 2010. The loss net in 2010 was -€6.2 mn, compared with the -€5.2 mn of the previous year.

As at 31 December 2010, Sotograde had yet to book €7.2 mn of confirmed sales, mainly from Ribera del Marlin, which had yet to be registered by the buyers (€3.3mn), and the rest of the Marina berths for the amount of €3.9 mn. The main reason for the drop in confirmed sales were the recorded sales of the Ribera del Marlin promotion from the time of their delivery at the end of 2008 to December 2010.

Even so, the Company's cost cutting plan is still in place and being effective, having served to partially offset the low level of real estate sales during the year. As announced at the end of the previous year, the Plan has focused on optimising the staffing structure and adjusting operating expenses.

- ▼ During the 2010 financial year, a total of eight apartments from the Ribera de Marlin development and two villas from the Las Cimas de Almenara development were registered, with average prices of €600,000 and €800,000 respectively; figures which corroborate customers' perception of quality with regard to the Sotograde brand.
- ▼ The extension of the Transfer Agreement between San Roque Borough Council and the Campo de Gibraltar Association of Municipalities has been approved, in order to manage the Administrative Concession of Sotograde, S.A., concerning Supply, Drainage and Treatment of Residual Water services in the Centre of National and Tourist Interest, Sotograde. Likewise, proceedings for supply, drainage and treatment rates have taken place and a fee has been set for improving hydraulic infrastructures.
- ▼ During 2010, NH Hoteles has reviewed and signed new commercial agreements with prestigious international agents, who will give Sotograde a greater presence on the international property circuit.
- ▼ In the last quarter of 2009, the company embarked on the new project "The Gran Reserva". Having made progress with its definitive design, commercialisation began during the second quarter of 2010. It is a gated community project with the highest standards of safety, service quality and infrastructure, plus a unique design. The project consists of 74 plots of land of between 3,000 m² and 12,000 m² surrounded by the two La Reserva golf courses with the best views of Sotograde.
- ▼ In the current financial year, some deficiencies in the construction of the Los Cortijos de La Reserva development came to light. The building process was corrected and the liability of the different participating construction agents was established via the courts.

Reserva de Sotograde

The La Reserva de Sotograde golf course has become one of the best in Europe. During 2010, the golf club featured at position 64 in the list of the top 100 courses in Europe, coming ninth in the national ranking.

PRESTIGIOUS SERVICES AND PROJECTS

Sotograde continues its activity as a company that provides services for prestigious projects to companies in the group and to third parties at different locations and with different customers, via Sotograde Global Services (SGS), specialising in three main areas: tourist residential projects, golf projects and sports marina projects.

Where the golf activity is concerned, it is worth highlighting the agreement with the La Moraleja Golf Club in Madrid, to manage the technical part of a construction project for two new golf courses designed by Jack Nicklaus. In addition to the contracts for providing advice on maintaining the Los Retamares and Señorío de Illescas golf courses, the company has managed to sign agreements with the Real Club de Golf Pineda in Seville.

Where providing advice on residential and sports marina projects is concerned, SGS is involved in the design and planning of the Sotolindo hotel complex in Mexico, which spans 614 hectares, and the Santa Barbara Golf resort in Burriana, Valencia, which spans 3,588,980 m² and is to include the biggest indoor sports marina in the Spanish Mediterranean, with 2691 moorings, a golf course, hotel, commercial area and 5289 high-quality properties, among others.



SOTOGRADE INTERNATIONAL PROJECTS

Sotograde at Cap Cana (Dominican Republic)

Located at the heart of Cap Cana and on the beachfront, Sotograde at Cap Cana Sotograde is responsible for the most important development in Cap Cana. Proof of this is that the President of the Dominican Republic attended both the "laying of the first stone" and the opening ceremony.

The completion of the first property sales began in November 2010, demonstrating the quality of the development as well as its exceptional Caribbean sea-front location. This is backed up by the fact that at the time of completing this report the sales process has been completed and payment received for 45 of the 77 pre-sales (out of a total of 122 in phase I of the project).

The rest of the phases will be marketed and built as the new residential units can be absorbed by the property market, and depending on the evolution of the national and international markets.

Sotolindo (Riviera Maya, Mexico)

With the objective of simplifying the company structure and the different assets owned by Sotogrande and other investors in Sotolindo, a full company reorganisation is in progress via a single property vehicle: Sotocaribe, S.L. At the present time, Sotogrande has the largest company share, with 35.5% of the capital.

Twenty minutes away from Cancun international airport, Sotolindo extends to the Blanca and Poniente 'islands', that feature over 45 kilometres of coastline washed by the Caribbean Sea and over 15 kilometres of beaches, covering a total area of approximately 614 hectares.

The project foresees an ambitious development and urbanization plan which features an important natural area which will be appropriately protected. Around it, a low-density residential project will be developed, with approximately 2,000 exclusive dwellings and, close to the residential area, a development of 5,000 hotel rooms. These dwellings and hotel complexes will be surrounded by an ecological marina and a golf course.

Aware of the importance of conserving the environment, the company Sotocaribe is working to adapt the development model to meet all of the requirements stipulated by the Mexican authorities on the subject of environmental impact.

Sotogrande Donnafugata Golf, Resorts & Spa (Sicily, Italy)

The group has developed the hotel-golf-spa Donnafugata resort, in Sicily, Italy. It is located on an estate spanning 284 hectares, which is situated in the southeast of the island, close to Ragusa and very close to the future Comiso airport and the sea.

The project was formally opened in July 2010, and consists of a new 5-star hotel with 170 rooms, 20 junior-suites and 10 senior-suites. Meanwhile, Donnafugata has two 18-hole golf courses designed by Gary Player and Franco Piras, and a first-rate spa.

Sotogrande wants to turn Donnafugata into a tourist holiday destination for Italian society and leader in the convention sector.

Furthermore, and in line with the development's tradition, Sotogrande hopes that Donnafugata will become a reference point for international golf. In fact, at the time of writing the current report, the 2011 Italian Golf Open was being held in Donnafugata, which brings together Europe's best professionals. This test at the highest level guarantees significant worldwide media coverage and confirms the excellent quality of the golf courses at our hotels.



Donnafugata Golf Resort & Spa

BOARD OF DIRECTORS, COMMITTEES AND STEERING COMMITTEE

**Change of Presidency*

On 18th February 2011, Mr. Gabriele Burgio notified the NH Hoteles board of directors of his decision to leave his role as member of the board, president and managing director of the company, stating that once the principal objectives of the Business Plan, approved in July 2009 in order to tackle the economic crisis were met, the company would be in an ideal position to make the most of the early signs of recovery.

Mr. Burgio's decision took effect on 1st March 2011, once the annual accounts for the 2010 financial year had been drawn up for the board.

At the proposal of the Commission of Appointments and Payment, the board of directors agreed the appointment of Mr. Mariano Pérez Claver as the new member of the board and Chairman of the Company, as of 1st March 2011.

▼ Board of Directors (31st December 2010)

Chairman and CEO: **Mr. Gabriele Burgio**

Directors: **Mr. Iñaki Arratibel Olaziregi**
Mrs. Rosalba Casiraghi
Mr. Roberto Cibeira Moreiras
Mr. Angel Córdoba Díaz (representing Sociedad de Promoción y Participación Empresarial Caja Madrid, S.A.)
Mr. José de Nadal Capará
Mr. Ignacio Ezquiaga Domínguez (representing Hoteles Participados, S.L.)
Mr. Francisco Javier Illa Ruiz
Ms. Nuria Iturriagoitia Ripoll
Mr. Aurelio Izquierdo Gómez (representing Caja de Ahorros de Valencia, Castellón y Alicante-Bancaja)
Mr. Juan Llopert Pérez
Mr. Miguel Rodríguez Domínguez
Mr. Juan Antonio Samaranch Salisachs
Grupo Inversor Hesperia, S.A. (Mr. José Antonio Castro Sousa)
Mr. Antonio Viana-Baptista

Secretary Non-Director: **Mr. José María Mas Millet**

Vice-Secretary (Non-Director): **Mr. Leopoldo González-Echenique Castellanos de Ubao**

▼ Audit and Control Committee

Chairman: **Mr. Antonio Viana-Baptista**

Directors: **Mr. Iñaki Arratibel Olaziregi**
Mr. Ignacio Ezquiaga Domínguez (representing Hoteles Participados, S.L.)
Mr. Juan Llopert Pérez

Secretary: **Mr. Roberto Chollet Ibarra**

▼ Executive Committee

Chairman: **D. Gabriele Burgio**

Directors: **Mr. Aurelio Izquierdo Gómez** (representing Caja de Ahorros de Valencia, Castellón y Alicante-Bancaja)
Mr. Angel Córdoba Díaz (representing Sociedad de Promoción y Participación Empresarial Caja Madrid, S.A.)

Secretary: **Mr. José María Mas Millet**

▼ Appointments and Compensation Committee

Chairman: **Ms. Nuria Iturriagoitia Ripoll**

Directors: **Mr. José de Nadal Capará**
Mr. Francisco Javier Illa Ruiz

Secretary: **Mr. José María Mas Millet**



Shareholders

Current and potential shareholders are one of the Company's most important sources of funding and growth. A fluid relationship with investors, based on complete and accurate information, contributes towards creating a professional and efficient link in the process of making investment decisions.

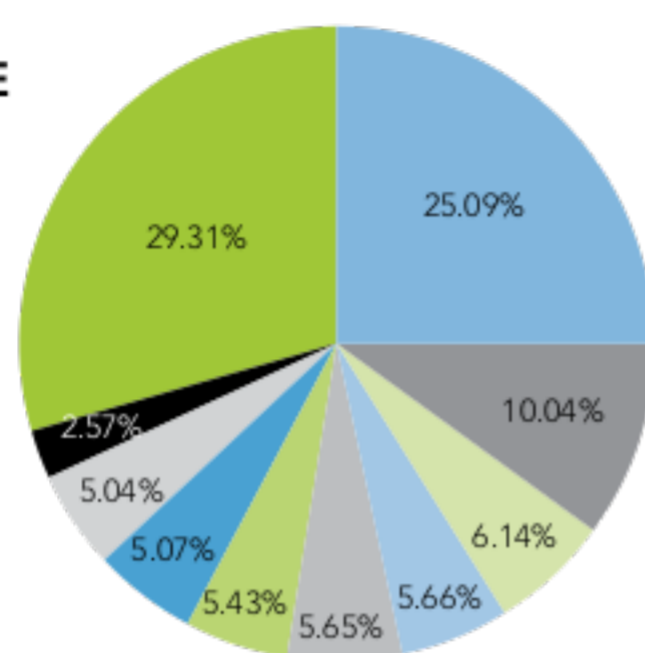
For the efficient management of these relationships NH Hoteles has an **Investor Relations Department** which forms part of the Corporate Investment Analysis Department and which also offers the Shareholder Care service.

SHAREHOLDING STRUCTURE

In 2010, NH Hoteles did not introduce significant changes in its share structure compared to the previous year.

SHAREHOLDING STRUCTURE

- ▼ 25.09% Grupo Inversor Hesperia
- ▼ 10.04% Caja Madrid
- ▼ 6.14% Kutxa
- ▼ 5.66% Bancaja
- ▼ 5.65% Banca Intesa
- ▼ 5.43% Hoteles Participados
- ▼ 5.07% Ponte Gadea
- ▼ 5.04% Ibercaja
- ▼ 2.57% NH Management Team & Employees
- ▼ 29.31% Rest of Capital



CHANGES TO THE ARTICLES OF ASSOCIATION

The articles of association were modified in 2010 with the aim of adapting them in line with the regulatory framework on the subject of payment. The general meeting of shareholders held on 24 June 2010, modified section 20 of the articles concerning the payment of administrators, in accordance with which the board of directors drew up an Annual Report on the Remuneration of Board Members and Senior Management. The basic content and submission of the said report to the general meeting of shareholders will be as stipulated in the laws and other applicable regulations in force.

Where the board of directors is concerned, two changes were recorded in the composition concerning the appointment of two new board members, following the resignation of two former members, joining the board on receipt of a favourable report. *Further information in the ACGR 2010.*

ANNUAL SHAREHOLDERS' MEETING

The 2010 annual meeting, approved the ratification, appointment and re-election of board members, following the prior proposal of the Commission of Appointments and Payment, in the case of independent board members, otherwise, in the case of the other board members, on receipt of a report from the said Commission, which has been presented to the board of directors. Also at the aforementioned annual meeting, a new Proprietary Director was appointed, exercising the right to proportional representation of the investment group Hesperia, S.A.

Where the composition of Commissions, Appointments and Payments, on the one hand, and of Auditing and Control, on the other are concerned, these loyally reflect the structure proposed by the Standard Code of Good Governance that is currently in force. The only change that occurred in 2010 in terms of the composition took place in the Appointments and Payments Commission, where one of the members became the President of the aforementioned Commission.

INVESTOR RELATIONS

"In 2010, the objectives of the Investor Relations Department have basically been to increase its contact with analysts and investors and to improve efficiency in response times. In this line, we highlight a significant increase in the number of meetings and road-shows organised. Meanwhile, to complement the information offered, in 2010, an interactive section was added to the website with stock price graphics and a summary of the most relevant data concerning NH Hoteles shares."

José María García, NH Hoteles Investor Relations Corporate Director

In 2010, several Roadshows were carried out involving the management team, in order to present the company to its shareholders and potential investors. Visits were made to the cities of London and Madrid, where one-to-one meetings were held with the principal European investors as well as with American investors. There was a significant increase in the number of meetings, which went from 32 in 2009 to 84 in 2010.

In terms of telephone care, in 2010, more than 832 requests for information were received via the shareholder line, whilst in 2009 913 calls were recorded.

The section of the corporate website devoted to the shareholder is one of the fundamental platforms for investor relations, which includes the publication of all of the relevant information and tools for shareholder care. With the objective of complementing the information offered, work began on restructuring the page and, in 2010, an interactive section was introduced which makes it possible to view graphics showing the share price for different periods as well as a summary of the most important data relating to NH Hoteles shares.

At the same time, the online **Shareholder Corner** offers a direct care service as well as the NH World for the Shareholder programme and updated news items.

In addition to the information published on the Web, the Investor Relations department sends quarterly results and other relevant data by e-mail to analysts, and institutional and individual investors.

SHAREHOLDER CLUB

This Club was created to reward shareholders with exclusive benefits via the **NH World card**. By accumulating a minimum of 6% in Credits for all invoiced items, the credits work in the same way as money, 1 credit = 1€, and they can be exchanged for hotel accommodation and for restaurant services.

Furthermore, the shareholders reservation line is an exclusive care service for managing your stays at NH Hoteles which includes direct reservations, extensive check-in times, superior rooms, exclusive offers, express check-in, NH World online, special equipment in the room... amongst other benefits.





Nhow Berlin, Berlin - Germany

INTERESTING REPORT FOR INVESTORS



For the third year, in line with our commitment to transparency and responsibility, we have reported information to **Siri Company** (Sustainable Investment Research International) and **Eiris** (Ethical Investment Research Services), both devoted to evaluating socially responsible investments and which analyse the environmental, social, ethical and governance performance of companies.

In 2010, NH Hoteles once again participated in the **Carbon Disclosure Project (CDP)** as part of the company's commitment to the battle against climate change, the objective of which is to inform investors of their evolution in this area.

In the 2010 edition of the CDP Report, coverage has increased by sending the questionnaire to a total of over 4700 companies around the world in more than twenty countries and geographical areas, and 534 institutional investors with assets to the value of over 64 billion dollars have supported the request for information concerning the Carbon Disclosure Project as signatories.

NH Hoteles is satisfied with being valued in category B as advanced followers (scale between A and D), included amongst the top ten Spanish companies. The report recognises NH Hoteles' good practices such as Ecomeeting and the electric car charging points at our hotels.



PRINCIPAL SHAREHOLDER AND INVESTOR INDICATORS

| | 2009 | 2010 |
|------------------------------------------------------------------------------------------|------|------|
| Nº of national entities that issue NH Hoteles coverage analysis reports in the year | 12 | 10 |
| Nº of international entities that issue NH Hoteles coverage analysis reports in the year | 16 | 11 |
| Nº of shareholders and investors telephone queries answered | 913 | 832 |
| Nº of meetings with shareholders and investors | 32 | 84 |
| Nº of analyst follow-up reports | 79 | 76 |

Customers

Customers are central to our business. Our principal objective is to always offer them the best quality and excellent service. In order to achieve this, we are constantly looking for increasingly sustainable and efficient products and services at all of our hotels.

QUALITY OF SERVICE

Our comprehensive quality of service management system, called **Quality Focus (QF)** is based upon a structure that is spread throughout 25 countries and its objective is to introduce the NH Hoteles quality culture to every hotel and every employee, based on the concept of Total Quality.

This system enables us to improve the perceived quality and to increase the satisfaction with the quality offered by NH Hoteles to our customers, as well as raising awareness throughout the entire organisation concerning the value of quality as a distinguishing factor in the market, by coordinating and implementing internal procedures, the required training and the tools for measuring quality.

Management System

In order to manage Quality Focus, NH Hoteles has a team composed of the Corporate Quality Department, which coordinates the team and centralises the creation of quality procedures and standards.

The Business Unit coordinators manage implementation and communication. We have with quality coordinators in 10 countries for 8 Business Units: Spain, The Netherlands, Germany, Italy, Austria, Argentina, Mexico, Switzerland, Hungary and another coordinator for the European Resorts.

Hotel supervisors are the ambassadors of the project at each establishment. A total of 400 quality supervisors ensure the perfect implementation of procedures and standards.

QF training pills

With the objective of facilitating the implementation of these procedures throughout the company, training pills have been developed called "QF in 5 minutes". They enable all employees to learn about procedures in a dynamic way and NH Hoteles to be faster in implementing and updating such systems.

Quality ranking

The "9 Steps to Quality" initiative was developed in 2010, the objective of which is to increase the motivation of all the departments involved in order to achieve the highest quality control scores, which imply a higher level of service for customers.

The project reviews procedures on a monthly basis. In 2010, prizes were awarded to the Company's best hotels in every section and department.

- ▼ **Check In** (May '10): NH Nürnberg City (Germany)
- ▼ **Room Tidiness** (June '10): NH Lyon Aéroport (France)
- ▼ **Room Amenities** (July '10): NH Music (The Netherlands)
- ▼ **Buffet Breakfast** (August '10): NH Danube City (Austria)
- ▼ **Customer Care** (September '10): NH Porta Rossa (Italia)
- ▼ **Check Out** (October '10): NH Brescia (Italy)
- ▼ **Tidiness of common areas** (November '10): NH Bergamo (Italy)
- ▼ **Facilities & Maintenance** (December '10): NH Canciller Ayala (Spain)



The internal report

There are various resources which facilitate and speed up the internal information on quality results:

- ▼ The **Quality Report** scoreboard reflects the level of implementation of procedures by hotel and Business Unit, as well as customer satisfaction. It includes all of the comments and requests made by customers at hotel level.
- The **CS Quick Report** is generated on a weekly basis, and makes it possible to monitor, at corporate and Business Unit level, the results obtained in customer surveys.
- The **Quality on-line** tool includes all of the survey scores and comments, summarising the comments from external web pages.



NH City & Tower, Buenos Aires - Argentina

EVOLUTION OF THE TOTAL QUALITY SYSTEM

Vertical social networks carry an increasing amount of weight in customers' purchasing decisions. In order to improve their offering and adapt it to the preferences of its audiences, NH Hoteles has developed its own application which enables it to learn about and evaluate all of the comments made by internet users about every one of the company's establishments in real time.

The **Quality online** web tool stores all of the assessments and comments from NH customer surveys and adds other sources of information such as external web pages on which customers leave their evaluations and comments. It is very useful for reporting on quality results and communicating areas for improvement, since it distributes all of the results automatically each week, to all of the management teams at each hotel. In 2010, taking into consideration the 100,000 assessments and comments made by customers on external web pages and obtained using the new Quality online tool, an average result of **7.8 out of 10** was obtained.

This system makes it possible to make a constant comparison between the company's quality surveys and the open Internet market and to analyse the competition at a local or individual level, by hotel. It enables the chain to adjust its offering to meet customer demands and to make important improvements since, in addition to the overall score, the tool allows the company to monitor customer satisfaction in specific aspects such as cleanliness, value for money, service, location, room, restaurant, etc.

"At NH Hoteles we sell "experiences". This is what distinguishes us from the competition. We respond to the quality culture based on continuous improvement. Our objective is to optimise the service provided, involving and training all of our employees when it comes to drawing up, disseminating and implementing certain procedures and action plans aimed at improving the degree of customer satisfaction day by day. In order to achieve this, there is an international quality team with a Business Unit Coordinator which, along with the Corporate Team, defines the procedures, coordinates the quality measurement actions and establishes the plans for improvement."

Javier Carazo, NH Hoteles Quality and Processes Corporate Director

CUSTOMER SURVEYS

In order to measure perceived quality, all of the customers who stay at NH Hoteles receive a satisfaction survey. These surveys are sent weekly with the objective of increasing the number of assessments received, thus achieving a more approximate report of our customers' satisfaction. This enables us work on implementing the continual system improvement.

| | 2008 | | 2009 | | 2010 | |
|------------------------|-------|-------------|-------|-------------|-------|-------------|
| | Score | Nº. Surveys | Score | Nº. Surveys | Score | Nº. Surveys |
| OVERALL SCORE | 8.03 | | 8.39 | | 8.41 | |
| VALUE FOR MONEY | - | 32,748 | 7.66 | 42,018 | 7.71 | 66,323 |

In 2010, more than 66,000 surveys were received, with 25,000 comments from customers. Over 12% of the comments received from customers (more than 3000 comments) contained congratulations on the service or appreciation for the treatment received.

CUSTOMER CARE

During the year, over **4200 interactions** with customers have been managed, which represents a 51% increase on the previous year's figures.

This increase is due to the concentration of the Reservation Desk section which enables more centralised customer contact. In order to increase the management of these customers in an efficient manner, an online management tool has been developed which enables a greater number of contacts in a more personalised way.

All the complaints and suggestions received are communicated to all hotel managers (Heads of the Business Units and hotel managers) are communicated to all hotel managers on a monthly basis with the aim of considering this data in the continuous improvement process.

CENTRALISED SERVICE

In 2009, NH Hoteles centralised its European Call Centres in Madrid, offering a 24-hour personalised service in more than 10 languages for the nine countries where the organization operates. Waiting times decreased and the ratio of service to incoming calls increased by up to 94%.

Customer satisfaction, in short, increased to the point of exceeding the average for Spanish hotels by almost four percentage points (69.61%); instead of the sector average of 65.81% - the tourist sector being the best qualified of all according to the Best Customer Experience (BCX) study carried out by IZO Systems. Customer care recorded 4246 complaints.

In 2010, the Reservations Desk received three awards for Customer Experience, a prize for the best standardised technology and another for the work of our agents.



MYSTERY GUEST

In order to measure technical quality, hotels are audited externally on more than **600 quality standards** which enable the evaluation of the implementation of corporate procedures, as well as the fulfillment of the action plans devised at the start of the year. In 2010, an additional 34 hotels were audited compared to 2009, with an average score of 7.03, lower than the score of the previous period. The objective for 2011 is to increase hotel visits by analysing possible areas for improvement, in order to maintain the high levels demanded by NH Hoteles in terms of quality and customer satisfaction.

| | 2009 | 2010 |
|-----------------------|------|------|
| HOTELS AUDITED | 156 | 189 |
| AVERAGE SCORE | 7.05 | 7.03 |

In line with the evaluation and management procedures for those products and services which have a possible impact on customer health and safety, our policy includes the general European guidelines which must be fulfilled in relation to food safety and hygiene. Each workplace adapts and customises the policy using a "Self-management Manual" depending on its requirements and subject to external verification. *Further information in the NH Hoteles Annual CR Report 2009.*

Our general hotel design guides and aforementioned specifications include guidelines for the accessibility of people with reduced mobility, and all implementation projects are supervised with the objective of guaranteeing compliance with these regulations at each new hotel.

INNOVATION 2.0

With innovative solutions for looking for and reserving the guaranteed best price, the 2010 figures for sales via the www.nh-hotels.com website were €104,819,721, a 40% increase on the previous year. The increase in the conversion rate was 16% and 16,500 downloads of innovative reservation applications such as that for the iPhone.

We believe that the NH Hoteles corporate website will be one of the features of the digital revolution and expect the 26 million visits (25,892,034) received in 2010 to further increase in 2011. The translation into new languages such as Russian (an important market for the chain) and the creation of new specific microsites for customers and products will help achieve this.

Multichannelness, in both B2C and B2B business, and mobility, are two important guidelines for the chain. NH Hoteles is developing its applications for smartphones, by translating the one already available for iPhone into seven languages, and launching applications for both Blackberry and Android. The new corporate website will have a version for iPad devices and the NH World and NH YourSpace web pages will be adapted for this device, as well as smartphones.

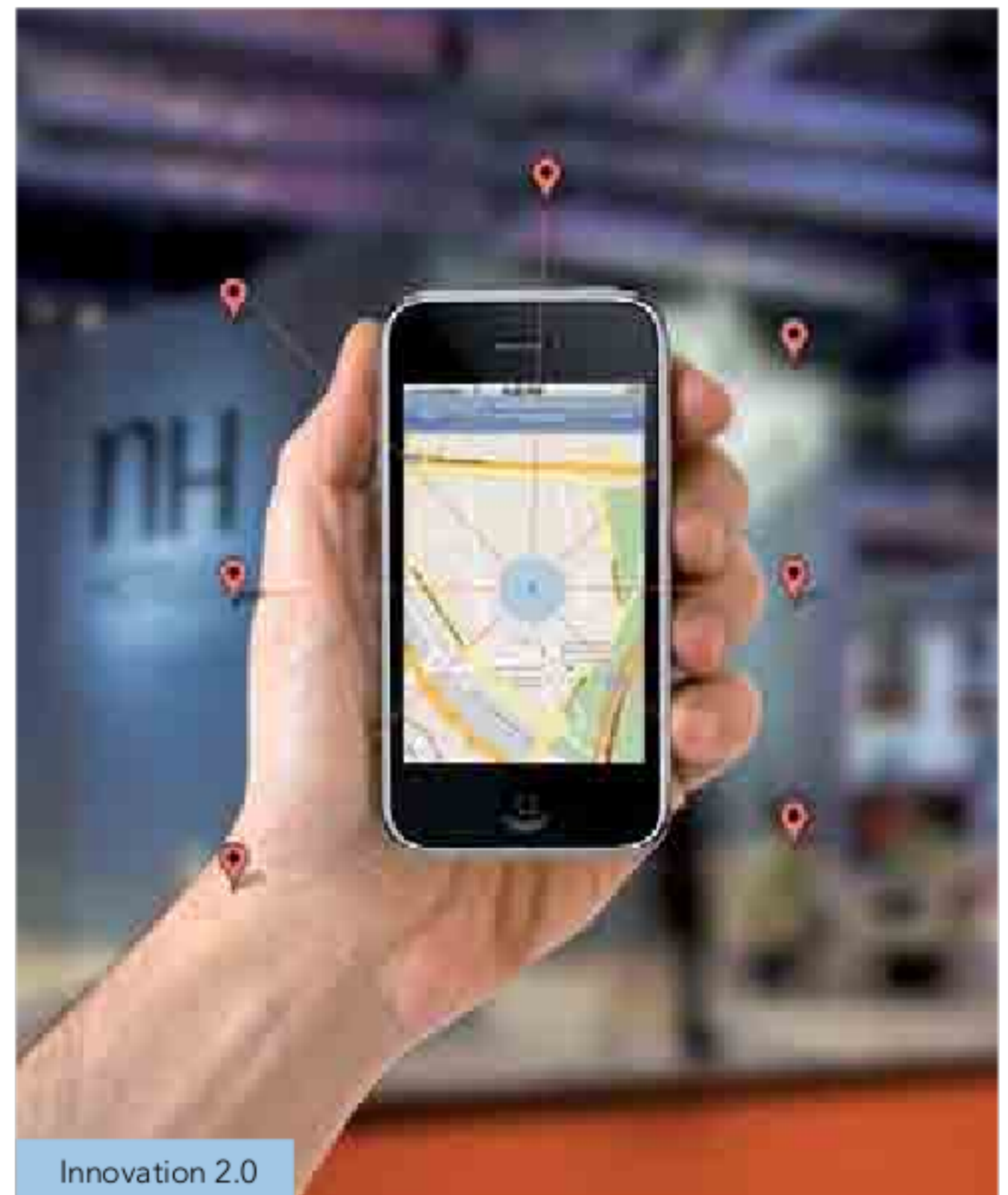
Likewise, radical renovation is one of the fundamental aspects for obtaining greater digital customer loyalty. Improvements to content, usability, transparency and visibility in terms of SEO positioning, as well as a growing presence on other search platforms and channels (in 2010, the chain maintained 10.7 million Google keywords) are the premises marking this online strategy.

Online dialogue

In 2010, NH Hoteles, in its constant desire to innovate and reach the greatest number of customers, started to have a presence on social networks in order to have better dialogue, be more dynamic and visible to our customers. We seek to add value to social networkers as well as listening to their experiences and meeting their needs.

2011 will be the year in which the chain will develop its communication strategy 2.0 with a global presence on Facebook, Twitter, Foursquare and other modern applications such as Instagram.

Comparte tu experiencia con NH World en tus redes sociales favoritas



Innovation 2.0

IPHONE APPLICATION

NH Hoteles is the first Spanish hotel chain to commit to the iPhone and in 2010 its new information and reservations application was available at the Apple Store. This enables iPhone users to look for hotels using a map or by selecting a city, to view those which are closest to their location, to make reservations online and to check their status, to find out about the latest offers and to receive detailed information about the hotels owned by the chain throughout the world.

It is also possible to enrol in the "NH World" loyalty programme using this quick and easy platform.



NEW SERVICES

With the objective of having new online tools to speed up the management of reservations and to make things easier for its different customers, NH Hoteles has launched new microsites, with better functionality, accessible and intuitive use, as well as customisation options.

NH&You

This B2B platform housed on the NH Hoteles website enables companies to organise their professional travel with the maximum ease of use and efficiency.

Personalisation, cost optimisation and speed of management are just some of the advantages of NH&You, a free service developed with NH technology.

The online tool associated with this concept, NH&YourSpace, was designed to deal particularly with the needs of small and medium-sized companies.

The "Best Rate Guaranteed" commitment implies that the chain always provides the lowest price for all online reservations, such that if better offers are found via other intermediaries or a direct sale, customers will obtain a further 10% discount. It was launched at the end of September 2010, and replaces the former Client Page.



NH Event Tools

It simplifies the organisation of events and conferences for the MICE sector (meetings, incentives, conferences and events). It enables the prior reservation of rooms and assigns rooming to delegates, optimising multi-hotel transactions and times in various cities and different countries.

NH Trade Pages

A priority customer segment are the travel agencies, tourism business associations and tour operators, for whom the company has specifically designed this site which enables them to manage tour operators business quickly and efficiently. With direct, real time access to all the information, without having to develop costly and complex integrations systems and interfaces, among other elements.

New NH Resorts Web

All the information on the NH Hoteles resorts. It offers special offers, photographs and the option to make reservations using the page.

CRS Meeting

In 2010, this corporate tool was deployed throughout Spain in order to manage function rooms and group reservations, substituting the current application, NH Meetings, worldwide. This service offers a centralised database with a unique hotel function room inventory which will enable cross-selling between different Business Units and facilitate the implementation of a common operational procedure throughout the organisation thanks to the Booking Files. At the end of 2010, all of the European hotels (except 15 hotels in Holland where the installation has not been completed due to its complexity), Reservations Desks and Group Desks (the latter only partially) now use the tool.





NEW 'NHOW' HOTEL IN BERLIN

With appealing interior decoration, the work of the renowned designer Karim Rashid and a striking architectural design, by the German architect Sergei Tchoban, it is a leading European hotel because of its sound and recording facilities, with a "Music Floor" that includes two recording and mixing studios featuring professional quality and cutting-edge technology, as well as a spacious Lounge for live performances. Sitting on the banks of the river Spree, the former natural dividing line between Eastern and Western Berlin, nhow Berlin is located in the heart of two of the liveliest, most ground-breaking neighbourhoods of the Berlin creative scene: the districts of Friedrichshain and Kreuzberg.

Furthermore, it has a dynamic calendar of events and a guitar room service for those customers who want the inspirational hotel atmosphere to rub off on them.





NH WORLD

The NH Hoteles customer loyalty programme presents its new image and shakes up its structure with new benefits for its cardholders, creating new categories for its most exclusive customers. With almost **1,700,000 members**, it offers a new look&feel, transparency in the credit accumulation system and no end of advantages which make it possible to establish a strong link between the chain and its most loyal customers.

In 2010, 398,246 customers joined the programme, with an eminently corporate profile, and almost a million reservations were processed via the website and reservations desk during the year. This programme, with an extensive international user base, has a user representation concentrated in Spain (30%), Germany (15%), Benelux (15%) and Italy (15%).

| Año | NH World Members |
|--------------|------------------|
| 2004 | 27,487 |
| 2005 | 115,055 |
| 2006 | 170,530 |
| 2007 | 211,519 |
| 2008 | 411,915 |
| 2009 | 358,208 |
| 2010 | 398,246 |
| TOTAL | 1,692,960 |

NH World members are invited to participate in World 2 with publications in the blog and Facebook updates. This interactive corner offers the opportunity to be connected, share and interact with the company and with other NH World members.

With the launch of its new site www.nh-world.com, which is also accessible from the chain's corporate website .nh-hoteles.es, NH Hoteles has paid special attention to the tools which make it possible to customise its customer's needs.

NH World Citizen

With the credit programme, cobranding offers and, via the CRM of this loyalty programme, a microsegmentation of the customer portfolio is carried out in order to offer them a tailor-made offering.

CAMPAIGNS AND PROMOTIONS

In 2010, promotional activity increased by 34%, always with the objective of adjusting the hotel offering to better suit each type of user, following the customer trend to look for offers which offer them a better overall experience.

The Organizers

This promotion appeals to a fiction series using the slogan "an organised group licensed to save", uses fresh language and different visual codes in order to promote all of the prepaid offers available each month, with discounts of up to 30% off the best available rate in hotels in Germany, and up to 15% off in the rest of the hotels, rewarding customers who book at least seven days early and who prepay directly. In 2010, there was a growth in sales of 33%.



Weekend Extender

Customers can enjoy value-added benefits on weekend reservations at all hotels in Spain and Latin America, from only €129. As such, customers can check out of the hotel on a Sunday at 5 p.m. instead of at midday. The Weekend Extender rate also includes the use of the room's minibar at no extra cost on all reservations made via the chain's website. It reported a significant increase in sales in 2010.

For your eyes only

Rate for employees and relatives, only useable via Internet. The price charged for a double room with breakfast in 2010, in more than 300 hotels of the NH chain, was €59 (excluding VAT).



COMMUNICATION OF SUSTAINABILITY

Copies of the latest company Corporate Social Responsibility Report are distributed at all of the hotels so that customers can look at them. In 2010, the NH World Newsletter also included a direct link to the latest CSR Report 2009 with the objective of ensuring that all corporate information reaches our customers. .

PERSONAL DATA PROCESSING

NH Hoteles handles personal data using compulsory standard processes which guarantee compliance with the pertinent security measures. In 2010, references to data protection were included in the new NH Hoteles Code of Conduct which stipulates that all Group employees must always respect the legislation on personal data protection when it comes to customer, supplier, shareholder or employee data. No complaints were lodged concerning this matter in the 2010 financial year.

AWARDS AND ACKNOWLEDGEMENTS

"Best Customer Experience 2010" Awards"

The Spanish Association of Experts in Customer Contact Centres (AEECCC) recognised NH Hoteles in two categories, both in the specific category for the tourism sector, and in the global category, as **"the Spanish company offering the best customer experience 2010"**.

Contact Center Award 2010

The NH Hoteles **European Reservations Desk**, recently centralised in Madrid, has received this prize, awarded by the Contact Centre magazine in the "Technological Development" category, for the Contact Centre On Demand (CCOD) service, along with the corporate Information Technology (IT) department).

Best Customer Experience 2010 in the Latin American Tourism Sector

Prize for **the Best Customer Experience 2010** in the Latin American Tourism Sector, awarded by the Latin American Company-Customer Relations Association (AIAREC) to NH Hoteles.

MAIN CUSTOMER INDICATORS

| | 2009 | 2010 |
|----------------------------------|-----------|-----------|
| Hotels assessed by Mystery Guest | 156 | 189 |
| Nº. customer surveys | 42,018 | 66,323 |
| Nº Customer Care Communications | 2800 | 4,246 |
| NH World cardholders | 1,554,543 | 1,692,960 |



Thinking about everyone

NH Hoteles has offers aimed at groups with different needs and ages. Thanks to the **Club+60**, many people above the age of 60 years old have been able to enjoy rooms at a significantly reduced rate. Furthermore, the **Sleep and Go** offer designed for young people between 18 and 30 years old looking for cheap accommodation (€53.50 per room, excluding breakfast) is available in hotels in Germany, Spain, Holland, Belgium, Italy, Luxembourg and Italy.



New **"antiOx breakfasts"**, a new concept of an antioxidant breakfast which helps to fight against the negative effects of free radicals. It includes healthy suggestions such as 100% natural fruit jellies, surprising combinations of antioxidant juices, organic yoghurt combined with all kinds of fruit, muesli and goji berries, amongst many other options. The chef Enrique Martínez, the chain's catering advisor, is responsible for designing the innovative menu.

Suppliers

At NH Hoteles we consider our suppliers to be key stakeholders for consolidating our commitment to sustainability. This means having responsible partners in a value chain that plays its role in sustainable and ethical development and which strives to develop innovative joint solutions.

PURCHASING INTEGRATION

In 2010, the integration of the Hesperia establishments to the purchasing function gave us the opportunity to manage the purchase of 397 hotels worldwide, applying the same criteria of responsibility and sustainability to our new partners.

"2010 has been the year of consolidation and expansion of big projects for the NH Hoteles Procurement Department. In addition to obtaining greater purchasing synergies, this has enabled us to achieve success through innovating in both products and in the way that we do business".

Pedro Martínez Campanero
NH Hoteles Procurement Corporate Director

The Purchasing Department's strategy in 2010 has been based on three linchpins:

Birth and consolidation of Coperama

The new Procurement Desk, lead by NH Hoteles and Husa, has consolidated during its first year of operation as Europe's second and Spain's first Procurement Desk, by business volume. In 2010, Coperama consolidated with the organisation of more than 50 tenders, comprising Food and Beverages, Services and Consumables. As a result, agreements have been signed with more than 100 local and national suppliers which have taken on board the social and environmental commitments promoted by NH Hoteles. In particular, the initiative has allowed a mean saving of 10% on its purchases in Spain, spotlighting the economies of scale.

Implementation of Click NH' Buy in Spain, integration with Hesperia

During 2010, the new supply management system, **Click NH'Buy** was implemented in 100% of the group's Spanish hotels. This system involves the integration and automation of the entire supply process from the order to payment, giving company costs greater transparency and ensuring that they are better managed. In parallel, the Hesperia hotels have been integrated into NH Hoteles policies, processes and management systems.

Growth of NH Sustainable Club and 2nd meeting in Berlin

2010, the **NH Sustainable Club** saw the participation of 40 suppliers with which we are working on over 25 projects in the environmental and Corporate Responsibility area. This initiative is moving forwards in its objectives with the active participation and interest of its member suppliers. The second meeting in Berlin further strengthened this commitment of being at the forefront, promoting the exchange of ideas as a source of innovative projects.



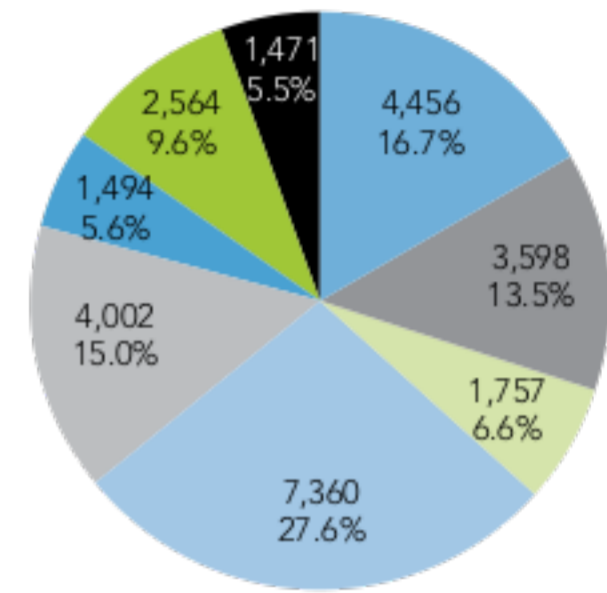
SUPPLIER MANAGEMENT

In 2010, NH Hoteles worked with a total of 26,702 national and international suppliers, which represents an annual purchasing volume (cost plus investment) of 466.5 million euros. 88% of this volume is concentrated in Spain, Italy, Germany and Benelux.

The degree of internationalisation continues to be high, only 27.6% of suppliers corresponds to Spanish companies, this figure being slightly higher than last year. Purchases from Spanish companies accounted for 29% of the total volume of purchases, in line with the 28% recorded the previous year.

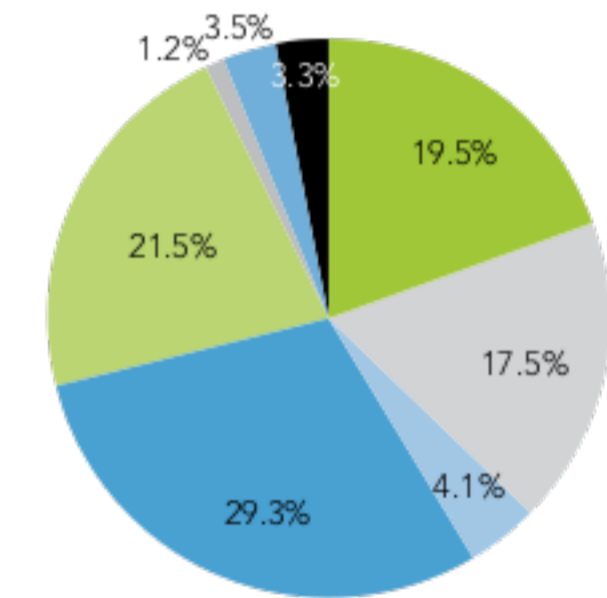
Suppliers by Country

- 7,360 Spain
- 4,456 Germany
- 4,002 Italy
- 3,598 Benelux
- 2,564 Mexico
- 1,757 Central Europe
- 1,494 Mercosur
- 1,471 Others



Turnover by Country

- 29.3% Spain
- 21.5% Italy
- 19.5% Germany
- 17.5% Benelux
- 4.1% Central Europe
- 3.5% Mexico
- 3.3% Others
- 1.2% Mercosur

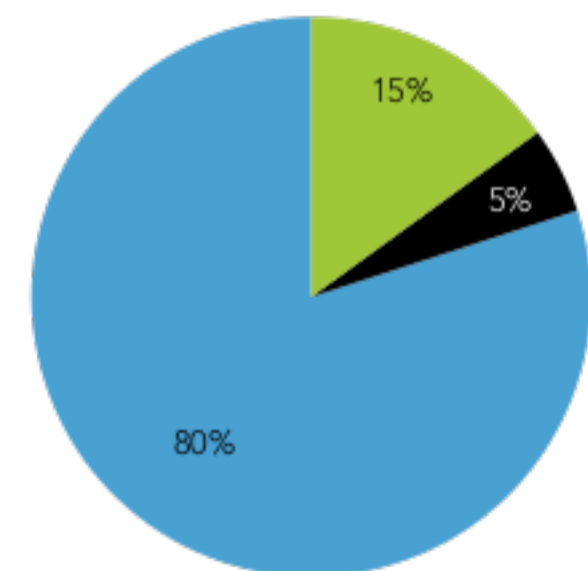


Following the principles of our **Corporate Procurement Policy**, at NH Hoteles we strive to offer equal opportunities and promote local purchasing in each region where we operate. In 2010, the local purchasing volume represented 93% of approved purchases.

By type of suppliers with which we work, 80% of the total fall under "Operating expenses and services" which, in addition to services, includes the supply of all the housekeeping and cleaning products, toiletries, and other services and represent, in volume of purchases, 57% of the total.

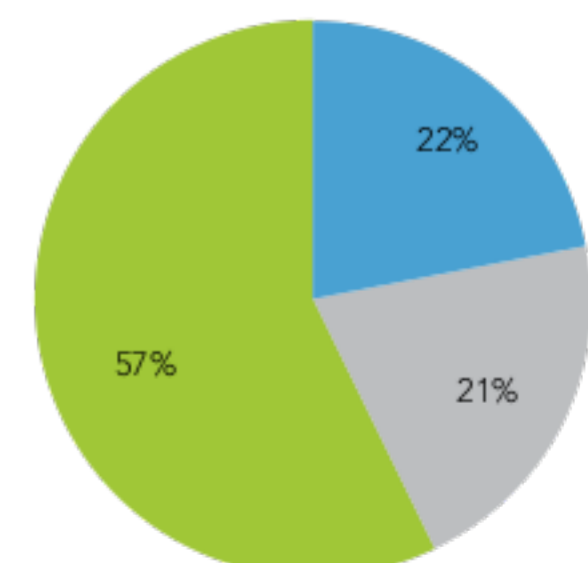
Supplier volume per family

- 15% Food and beverages
- 5% Furniture, Conditioning & Equipment
- 80% Operatio and Service Expenses



Purchase Volume by Supplier Type

- 22% Food and beverages
- 21% Furniture, Conditioning & Equipment
- 57% Operatio and Service Expenses



COMPREHENSIVE EVALUATION

For NH Hoteles, it is of vital importance to collaborate with suppliers which share our wish and determination to be responsible and sustainable companies which manage their own business following the same ethical principles that NH Hoteles supports, respects and fulfils.

With the framework of our solid **Procurement Policy**, NH Hoteles is making progress in implementing increasingly rigorous supplier evaluation and selection processes, with analysis based on environmental, social and ethical criteria.

In 2009, a system to evaluate supplier commitment and respect for the environment was implemented and throughout 2010, two big corporate tendering processes were carried out and 100% of the participating suppliers were assessed using this system.

This year it also includes the **Ecodesign questionnaire** and with its implementation, all suppliers are classified according to the degree of environmental impact and the associated control and management methodologies used, assessing each candidate using a similar system to the European energy grading label, Energy Star.

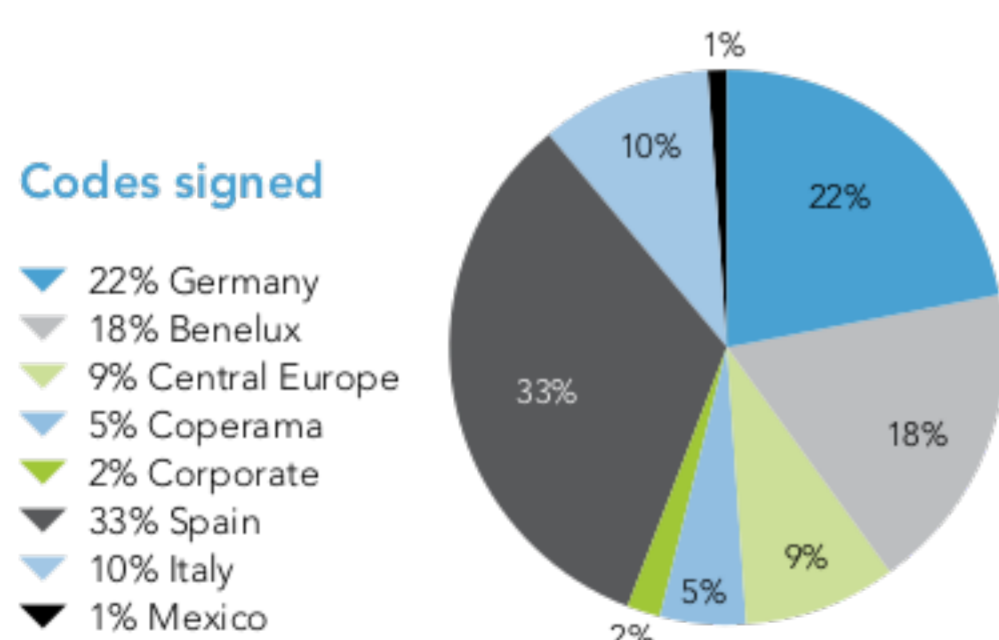
Since the incorporation of Ecodesign, the selection of successful tender bidders at corporate level coincided 100% with the recommendation of the Department of the Environment, responsible for assessing candidates according to this questionnaire. The objective for 2011 is to implement and incorporate this procedure in all of the tenders for all Business Units.

MEMBERSHIP OF THE CODE OF CONDUCT

In line with its social and ethical commitments, in 2009, NH Hoteles incorporated the **Code of Conduct** as an annex to the Approval Contract, with the aim of ensuring responsible behaviour in our supply chain. We consider the signature and compliance with our Code of Conduct as an express manifestation of a commitment to respect the legislation in force and human rights, and to implement the best employment and ethical business practices.

In 2010, all the suppliers that signed Certification Agreements in Germany, The Netherlands, Belgium, Luxembourg, United Kingdom, France, Austria, Hungary, Switzerland, Spain, Italy and Mexico, also signed the Code of Conduct.

In 2010, 171 new codes have been signed, which represents a 24% increase on the previous year, and takes the number of codes signed to date to 896.



The turnover achieved in 2010 by these suppliers was as much as 212,180,878 euros, which represents 45% of the total NH Hoteles group worldwide turnover. The impact on the turnover of suppliers who have signed the code increased by 5%.

Our objective for 2011 is to maintain the signature policy for new agreements as well as recommending that existing suppliers who have not already done so, join the Code of Conduct.

COMMUNICATION WITH SUPPLIERS

In an increasingly dynamic and globalised environment, the close, direct and accessible relationship with our suppliers is necessary in order to build solid long-term relationships. As such, we work to optimise resources and to implement tools for greater transparency and efficiency in communication, by automating the supply cycle, from the generation of the order until the invoice payment.

In 2010, the implementation of the Suppliers' Portal was consolidated, ClickNH'Buy, and **electronic invoicing in 100% of the group's Spanish hotels** including the incorporations from Hesperia. Furthermore, implementation began in Italy.

The number of participants has increased by 25%, reaching 38 suppliers and 22,092 invoices in 2010, which represents 12% of all invoices received by suppliers. The objective in 2011 is for this percentage to represent at least 20% of the total.

| | 2009 | 2010 |
|------------------------|-------|--------|
| E-invoicing suppliers | 32 | 38 |
| N° Electronic invoices | 2,929 | 22,092 |

Likewise, in line with the objective of promoting communication and as a process of continual improvement of our tools, NH Hoteles holds regular meetings with its suppliers and offers specific support to them via the channel dedicated to this purpose at proveedores@nh-hotels.com.

Meanwhile, as members of the AECOC (Spanish Association of Commercial Coding) Electronic Invoicing Committee, we actively collaborate in the definition of better criteria and practices in terms of efficiency, including electronic invoicing within the hotel, restaurant and catering channel.

SATISFACTION OF INTERNAL CUSTOMERS

For the third year running, in December 2010 the Purchasing area conducted the **International Internal Customer Satisfaction Survey** to obtain feedback on the service provided by the Purchasing Department and on our suppliers' performance.

The 2010 survey has included employees from Spain, Germany, Italy, Benelux and Central Europe, who use our tools and get support from the Department. The results show that over 90% of the users consider the management of the purchasing department to be good, satisfactory or very satisfactory.

The overall score for the department continues to improve, with a 2010 score of 3.36 out of 5 points. Higher scoring parameters include kindness and courtesy of staff (4.20 points out of 5) and the willingness to help resolve incidents (3.92 points out of 5).



NH Praha Radlicka, Prague - Czech Republic

NH SUSTAINABLE CLUB

In its third year of existence, the NH Sustainable Club boasts **40 national and international members**, compared to 29 members in 2009. The joint effort made by suppliers and the Company brings about innovative and sustainable solutions for the hotel industry. Our teams work intensely to execute projects which enable us to optimise our energy, water and electricity consumption, as well as reducing the emission of waste, in line with the objectives set out by our Environmental Plan 2008-2012.

This collaboration is based on the importance given by NH Hoteles to innovation as a means to optimise resources and improve environmental competitiveness.

2ND NH SUSTAINABLE CLUB MEETING

In June 2010, the 2nd NH Sustainable Club Meeting was held in Berlin with 100 participants from several countries and industries, including suppliers, NH Hotel directors and important players in the field of sustainability. The aim of this annual event is to encourage communication between the Company and its strategic suppliers, to disseminate information on the most relevant projects in which it is actively involved and to present goals achieved.



| SUPPLIER | MAIN ACTIVITY | SUPPLIER | MAIN ACTIVITY |
|-----------------------|-------------------------------------|---------------------------|-----------------------------------------|
| AMENITIES PACK | Amenities | MARTÍNEZ OTERO | Furniture |
| AMORIM (WICANDERS) | Cork Coverings | OTIS | Elevators and Maintenance |
| BERLYS | F&B | PEDERSOLI | Laundry Italy |
| BLYCOLIN | Laundry North Europe | PERMAFLEX | Mattresses Italy |
| BUNZIL | Logistics Platform North Europe | PHILIPS | Televisions |
| CARLO LAMPERTI | Laundry | PRODUCTOS DEL CAFÉ | Coffee |
| COMO | F&B Platform Germany | SALONI | Ceramics |
| DELI XL | F&B Logistics Platform North Europe | SCA | Cellulose |
| DIVERSEY | Cleaning chemicals | SCHNEIDER ELECTRIC ESPAÑA | Plugs |
| E. ON ENERGÍA | Energy | STANDARD TEXTILE | Lingerie |
| FLEX | Mattresses Spain | STYB | NH Pens |
| FLISA (GRUPO FUNDOSA) | Laundry Spain | SYMPHONY PLASTICS | Additives for oxobiodegradable products |
| FONTVELLA | Water | TCH | Coutines |
| HEINEKEN | Beer | TELFÓNICA | Telecoms |
| INDEL B S.P.A. | Minibars | TIPOGRAFÍA DANZO S.N.C. | Printing Italy |
| J.J. DARBOVEN | Coffee Germany | TRINKS | Drinks |
| LEDS C4 | Lighting | VILLEROY&BOCH | Equipment |
| MAHOU SAN MIGUEL | Beer | WINTERHALTER | Dishwashers |
| MARR | Logistics Platform Italy | | |



NH Ciudad de Cuenca, Cuenca - Spain

The initiatives that have been generated within the Club obtain measurable results with great success. These include:

- ▼ **Use of LED technology**, low energy lamps and other eco-efficient electrical appliances.
- ▼ **Replacement in 2010 of 400 absorption minibar refrigerators** for new compression ones, with a 36% energy savings, equivalent to 36,500 kWh a year.
- ▼ **Replacement of traditional plastic material** with biodegradable plastics that have allowed us to reduce the degradation times in the following amounts of plastic wastes in 2010:
 - Laundry Bags: 11.5 tons of plastic
 - Amenities: 145 tons of plastic
 - Ballpoint pens: 22.7 tons of plastic
- ▼ **Encouragement of use of the electric car**, with the installation of recharge points along the main routes of life maintenance of hotels in Madrid, with a reduction of indirect CO₂ emissions of 3.600 Kg per annum.
- ▼ **Implementation of innovative WC systems** resulting in a 25% water savings, implying more than 640.000 litres saved a year per hotel.
- ▼ **Recycling and reuse project** of bottle corks in our hotels at a European level, Cork2Cork by NH Hoteles, which will enable the recycling of one million corks transforming them in wall coverings for our hotels.
- ▼ **Agreements for the use of more sustainable cellulose**, enabling us to save over 75,000 kilometres of paper a year.
- ▼ **Obtention of Oekotek and Ecolabel** certifications in our towels.
- ▼ **Certification of Green Energy** (from renewable energies) in 2010 in Spain.

We also continue to work with our suppliers on more than 25 projects including:

- ▼ **Optimisation of our partners' transport** routes for the purposes of reducing indirect CO₂ emissions.
- ▼ **Application of innovative technologies** in the manufacture of our towels, using less water and electricity in their laundering.
- ▼ **Design of lifts** generating energy that can be used to recharge electric cars.
- ▼ **Research** in the reuse of grey waters.
- ▼ **Awareness campaigns** about water consumption and planting trees in protected environments, as well as promoting the use of recycled materials.
- ▼ **Sustainability measures** in new technologies such as e-meetings and mobile telephones as well as a programme for reusing recycled components in televisions.



Oxobiodegradable Amenities



Cork2Cork project by NH Hoteles

AWARDS AND ACKNOWLEDGEMENTS

- ▼ **Diamond Prize in Purchasing**
In 2010 the Purchasing Department of NH Hoteles, together with other companies, received the "Diamond in Purchasing" award from the Professional Association of Spanish Purchasing, Contracting and Supplying Services (AERCE) in **recognition of the most sustainable project in "Purchasing Management"** and second prize in the **"Most innovative project"** category.
- ▼ **Prize from the 'Fundación Corresponsables'**
The "NH Sustainable Club" has been awarded the Prize from the Fundación Corresponsables to Innovation in the Large Corporate category.
- ▼ **3S Awards Prize 2010**
Recognition granted by The Global Sourcing Council to the NH Sustainable Club as **the best initiative in global provisioning** and sustainable and socially responsible supply system.

MAIN SUPPLIER INDICATORS

| | 2009 | 2010 |
|-------------------------------------------------------------------------|---------------|---------------|
| Volume of suppliers managed | 27.492 | 26.702 |
| Nº suppliers who have signed the Code of Ethics | 693 | 896 |
| Level of supplier satisfaction suppliers | N/A | N/A |
| Level of internal customer satisfaction | 3,3 | 3,3 |
| Sales of suppliers who have signed the Code of Ethics | 191.109.395 € | 212.180.878 € |
| Percentage of sales of the suppliers who have signed the Code of Ethics | 40% | 45% |
| Nº Suppliers of NH Sustainable Club | 29 | 40 |

**A SUSTAINABLE
BUILDING**

Condensation boiler

Not only do they consume and contaminate less, but they also produce more, reaching an efficiency of 108%

Free cooling air conditioning

It uses the external temperature to help in the cooling process. Air conditioning represents up to 40% of the electricity consumption of a hotel so reducing consumption in this area is capital

Thermic and photovoltaic solar panels

4,396 m² of this panels have been installed. The energy they generate could supply electricity to 900 homes a year

Solar filters for windows

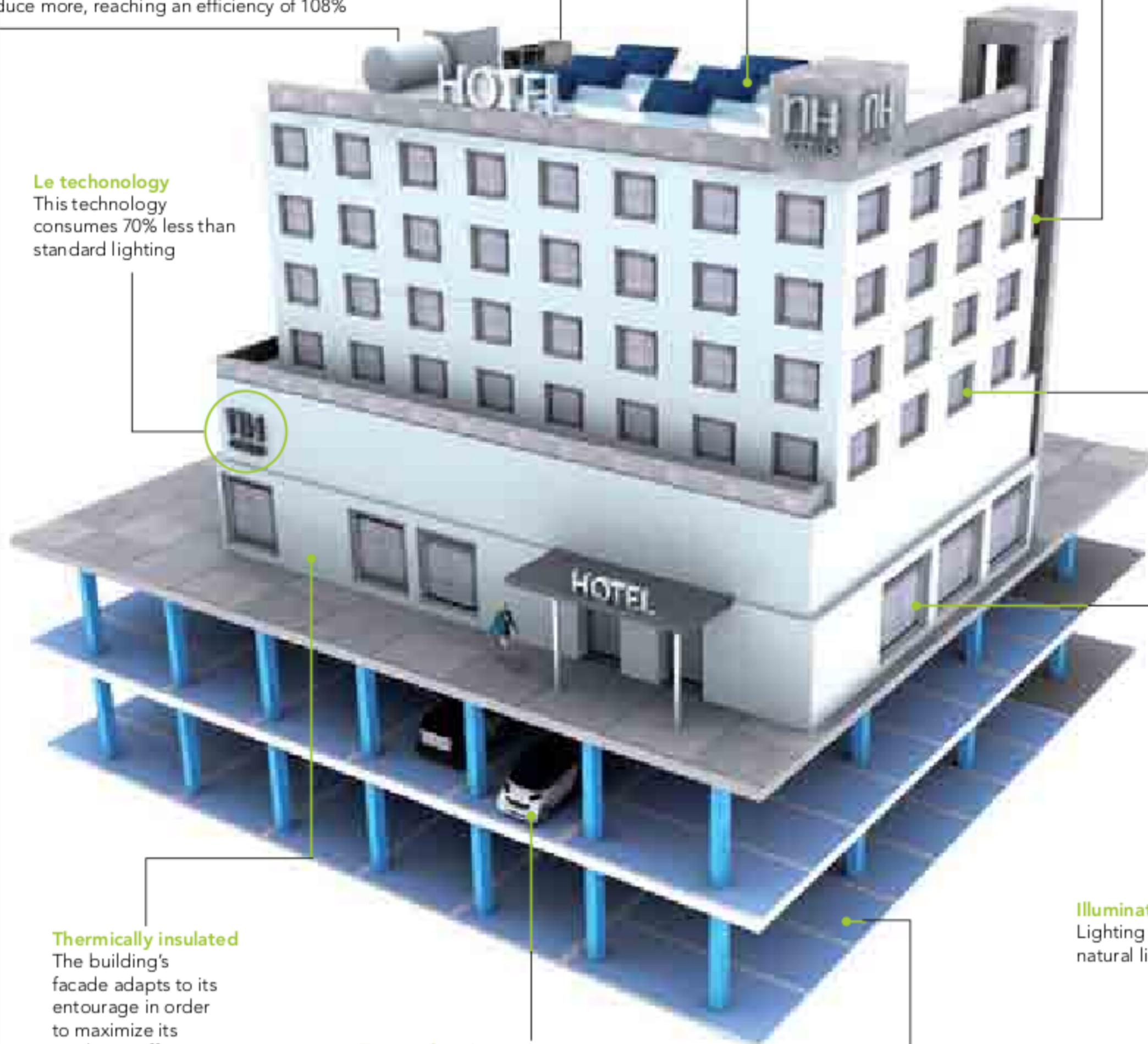
Windows are equipped with high solar and thermic protection, adapted to climate zone

Eco-efficient lifts

The use of more energy efficient engines for lifts has made it possible to save 3,600 kg. in CO₂ emissions by saving up to 4,200 kWh/year

Le technology

This technology consumes 70% less than standard lighting



Thermally insulated

The building's facade adapts to its entourage in order to maximize its insulating efficiency

Free recharging points

We've installed up to 43 recharging points in 21 European cities for clients with an electric car

Sustainable parking

The eco-efficient lifts of the hotel provide the free recharging points with the energy necessary for driving 30,000 km.

Illumination timetable

Lighting automatically adapts to natural light and to hotel's occupation

ENVIRONMENTAL PERFORMANCE

The efficient management of environmental resources is a key aspect for NH Hoteles as we are well aware and conscious of how the hotel business impacts the environment. The Strategic Environmental Plan of the Company was created in 2008 in order to reduce these impacts, having invested over 3 million euros of which 61% has been in the implementation of sustainable and highly efficient installations. The objectives established for 2012 have been reached and, in most cases, exceeded two years in advance of expectations. Together with the ongoing awareness-raising and coaching of our employees, successful results have been reaped since 2008:

- ▼ Reduction in the energy consumption ratio per guest/night of 15.83%
- ▼ Reduction in the generation of CO₂ emissions ratio per guest/night of 31.03%.
- ▼ Reduction in the ratio of water generation ratio per guest/night of 28.20%
- ▼ Reduction in the generation of waste ratio per guest/night of 26.83%

In 2010 it is worth highlighting the important R&D efforts made in the Environmental area, the technical teams of NH Hoteles and, in many cases, with our suppliers. We have found highly efficient solutions that let us implement the market's most innovative solutions in our hotels, which are now benchmarks for the industry.

Management System

Environmental strategy management at NH Hoteles is in the hands of the Corporate Department of the Environment and Engineering which reports to the Chief Operating Officer. In order to increase the participation of the NH Hoteles Board of Directors in environmental management, one of the Independent Directors is in charge of guiding and monitoring environmental initiatives

NH Hoteles has an Environment Committee that is a consultative body that operates as a working party. All areas of NH Hoteles with a potential environmental involvement form part of this body.

MONITORING AND MEASUREMENT OF CONSUMPTION

For measurement and comparative reports, a standard measure is used for the entire chain: consumption rates per night per guest. Further information in the NH Hoteles Annual CR Report 2009.

Likewise, hotels which have a business structure and standard internal organisation in line with that established at NH Hoteles are identified as "comparable urban hotels":

- ▼ They have data concerning energy and water consumption for at least two full financial years.
- ▼ During the period, they have not undergone any substantial building renovations or increased the number of rooms or altered the sales area, in any way that directly affects the hotel occupation.
- ▼ It is not a hotel with seasonal opening periods which prevent a comparison between similar periods.
- ▼ It is not a resort hotel. These are to be considered as a unique category, given their singularity, and the handling of related data shall be performed separately.

| | Hotels | % Comparable data n° hotels |
|----------------------------|--------|-----------------------------|
| NH HOTELES | 397 | |
| WATER | 319 | 80% |
| ENERGY AND CO ₂ | 325 | 82% |
| WASTES | 295 | 74% |

At NH Hoteles, 90 environmental audits have been carried out since the launch of the 2008 Strategic Environmental Plan which has enabled us to identify opportunities for improvement at our facilities which have translated into action plans with a significant increase in energy efficiency in recent years.

CONTROL SYSTEM

NH Hoteles has established a system for the monitoring and control of environmental indicators whereby all the data from the hotels in the Group are compiled on a monthly basis. Such data are analysed every quarter in order to assess the degree of compliance with environmental objectives and to identify possible improvement opportunities. A report is also prepared on the key indicators, sent to all managers of the Business Units and hotel managers. Consequently, each manager has the key information environmental about his or her hotel.

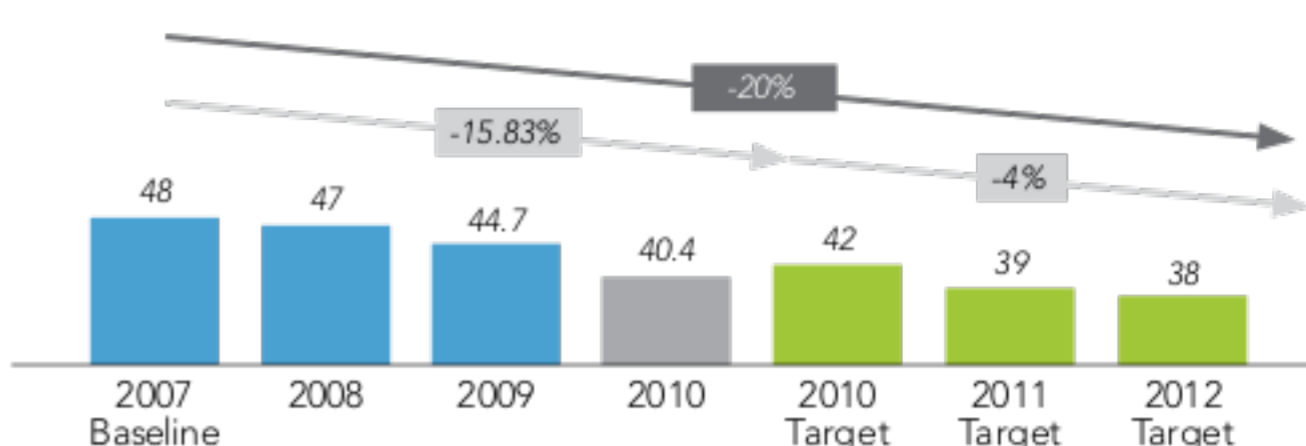
Each financial year, the respective indicators are calculated and then they are recalculated for the previous year in terms of the new comparability, thereby guaranteeing the same scope. That is why there are variations in the 2009 figures.

Advances in the Environmental Strategic Plan 2008-2012

The environmental performance of NH Hoteles in 2010 has reached very satisfactory levels with a positive evolution in the reduction of four key indicators from the Strategic Plan, as in previous years. In some cases, it is even exceeding the reduction objective set for 2012 early.

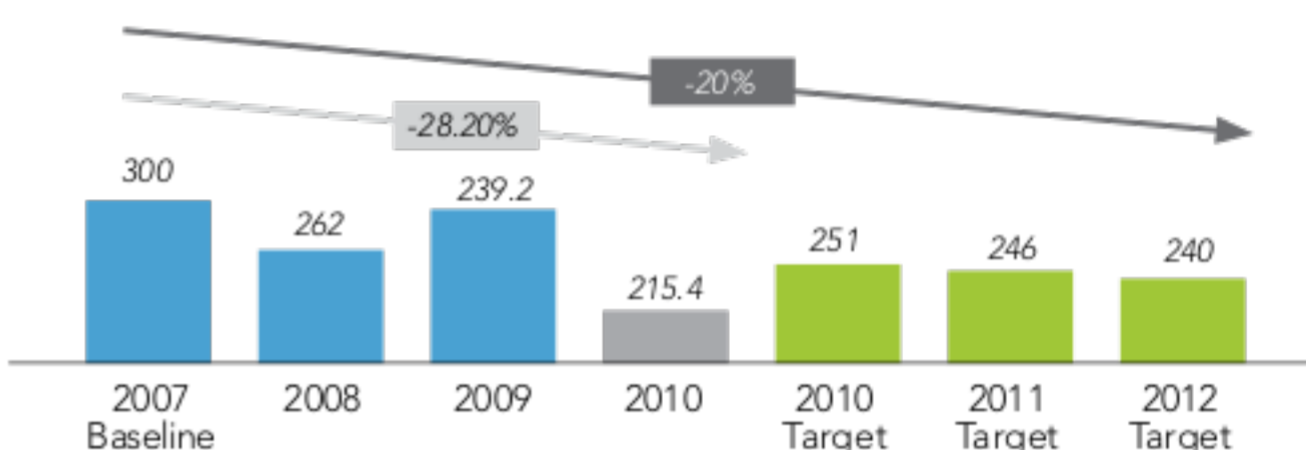
Energy consumption per guest/night (kWh)

Reduction of the ratio of electricity per guest/night: **3.81%** higher than forecast.



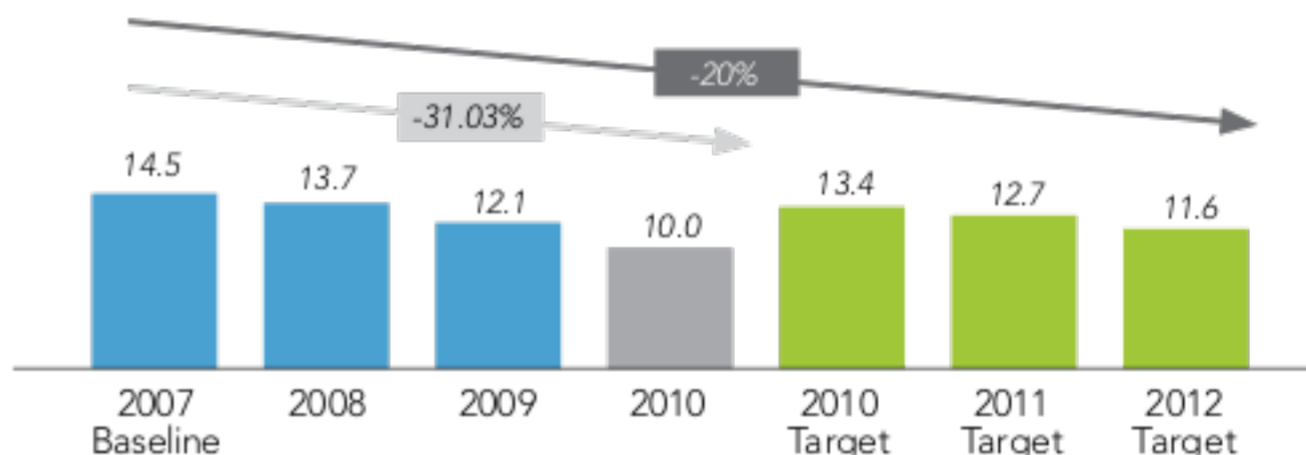
Water consumption per guest/night (l)

Reduction of the ratio of water usage per guest/night: **14.18%** higher than forecast.



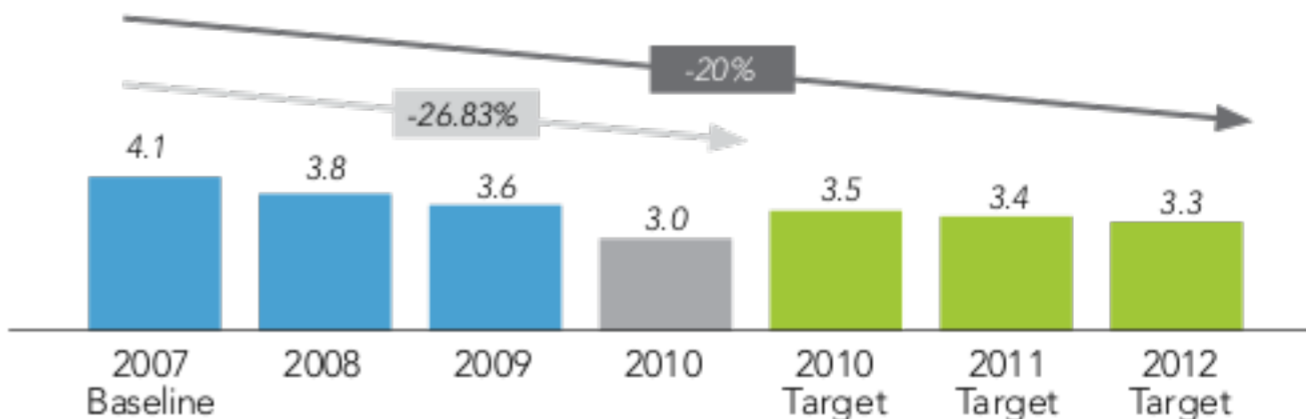
CO₂ emissions per guest/night (kg)

Reduction of the ratio of CO₂ emission generation per guest/night: **25.37%** higher than forecast.



Waste generation per guest/night (kg)

Reduction of the ratio of waste generation per guest/night: **14.29%** higher than forecast.



2010 RESULTS

The Consumption Monitoring system defined at NH Hoteles based upon the annual comparability of hotels leads to the results submitted in previous periods being updated. Each year the corresponding indicators are calculated and the indicators for the previous year are recalculated, according to the new comparability. This ensures that the indicators are always compared based on the same range. As such, the 2009 data presented in the 2010 report varies compared to that presented in the 2009 report.



NH Valle Dorado, Mexico D.F. - Mexico

ENERGY

The measures implemented in 2010 for the reduction of electricity consumption per customer/night have resulted in a **9.7% reduction** in the usage ratio over that of 2009, and a total reduction of 15.83% since the inception of the Environmental Strategic Plan in 2008.

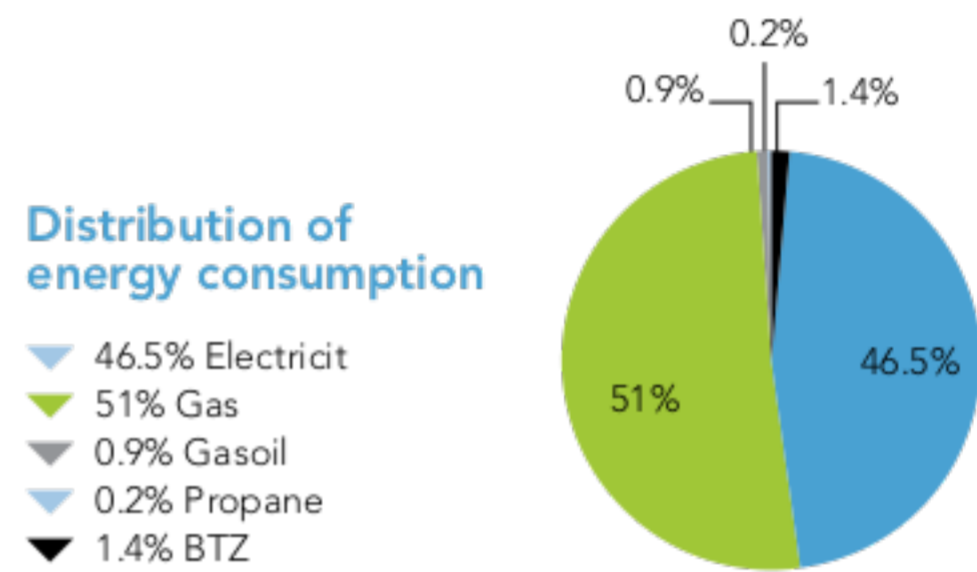
Significant inroads in the reduction of consumption in 2010 have been achieved thanks to the various projects under way:

- ▼ 84% of our hotels have efficient lighting
- ▼ 51% of NH Hoteles's employees were trained in Environmental programs
- ▼ The strict control and monitoring of all energy parameters in our hotels

All these measures have succeeded in increasing the efficiency of NH Hoteles, having achieved **savings of € 7.9 M** in energy over 2009

which has translated into over €15.5 million since the beginning of the plan in 2008.

The distribution of energy consumption includes all items pertaining to electricity, gas, diesel, propane gas and BTZ.



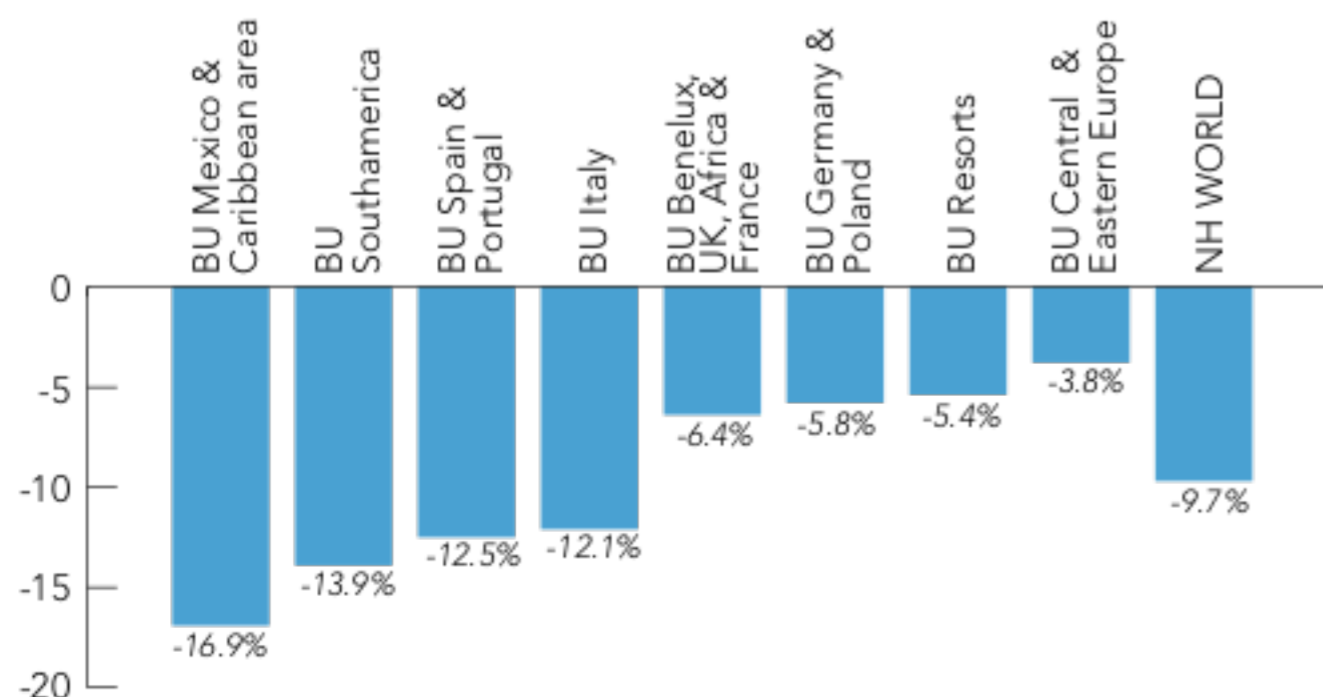
| URBAN HOTELS | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
|---------------------------------|--------------------|--------------------|-------------|-------------------|-------------|--------------|
| Business Unit | kWh | | | kWh / guest night | | |
| NH WORLD | 609,074,104 | 623,105,228 | 2.30 | 44.73 | 40.4 | -9.72 |
| BU Benelux, UK, Africa & France | 157,035,278 | 162,120,529 | 3.24 | 54.77 | 51.3 | -6.35 |
| BU Central & Eastern Europe | 25,152,485 | 26,194,070 | 4.14 | 33.14 | 31.9 | -3.80 |
| BU Germany & Poland | 113,562,542 | 116,513,893 | 2.60 | 40.49 | 38.2 | -5.75 |
| BU Italy | 92,739,849 | 90,077,805 | -2.87 | 50.95 | 44.8 | -12.07 |
| BU Southamerica | 18,994,143 | 19,470,065 | 2.51 | 41.43 | 35.7 | -13.91 |
| BU Mexico & Caribbean area | 19,515,377 | 18,908,938 | -3.11 | 68.11 | 56.6 | -16.85 |
| BU Spain & Portugal | 182,074,430 | 189,819,929 | 4.25 | 39.40 | 34.5 | -12.48 |

| RESORTS | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
|---------|--------------------|--------------------|-------------|-------------------|-------------|--------------|
| | kWh | | | kWh / guest night | | |
| | 609,074,104 | 623,105,228 | 2.30 | 44.73 | 40.4 | -9.72 |
| | 157,035,278 | 162,120,529 | 3.24 | 54.77 | 51.3 | -6.35 |

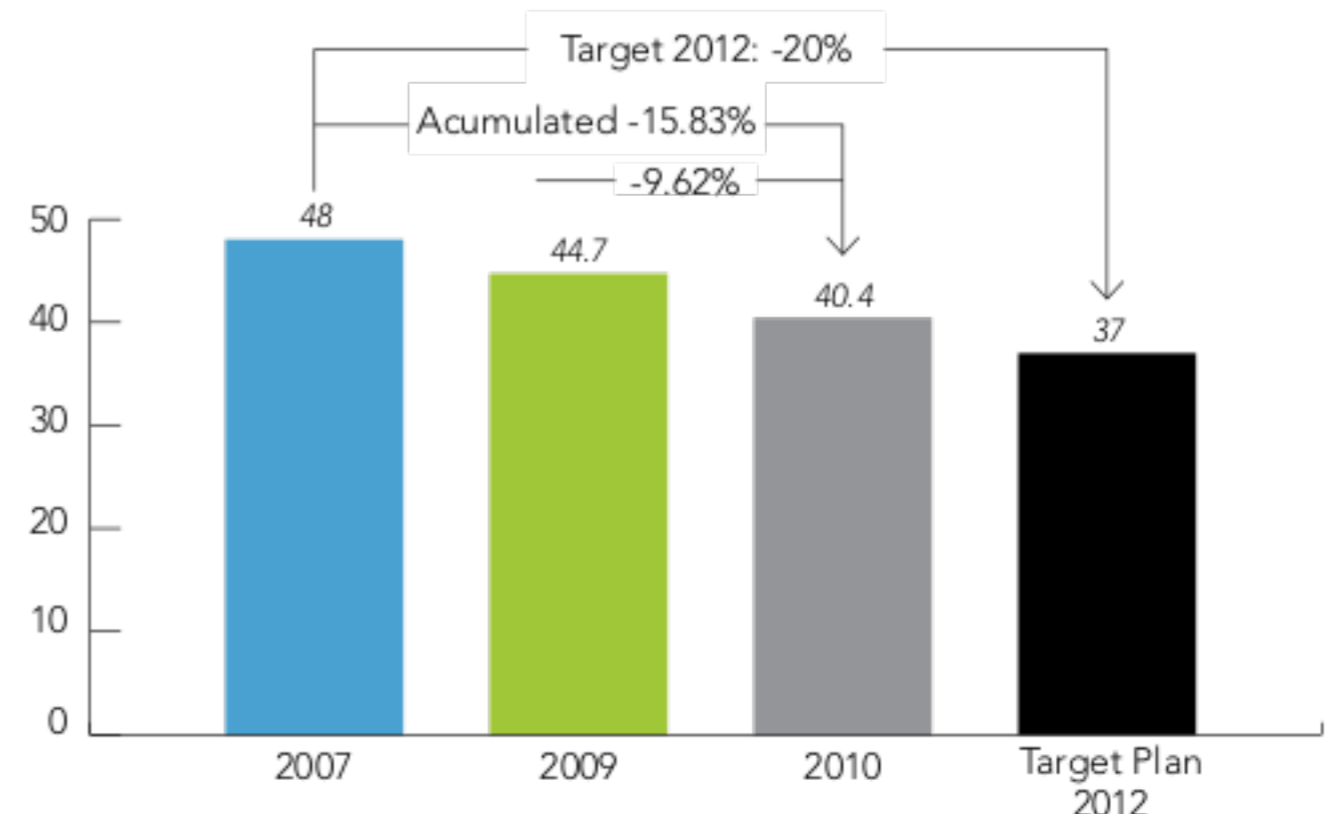
N.B.: Resorts are regarded as a separate category on account of their unique nature and their data is processed independently. Managed hotels are excluded from the comparison. The hotel company used in the benchmark analysis is rated best-in-class in environmental performance worldwide.

* The ratio of comparable hotels in Energy - CO₂ is 82%.

Energy consumption reduction (kWh / guest night)



Consumption ratio (kWh / guest night)





Donnafugata Golf Resort & Spa, Ragusa - Italy

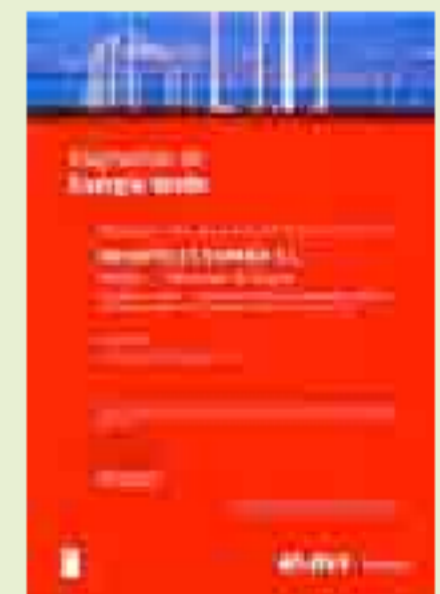
EMISSIONS

NH Hoteles has an internal procedure to calculate the carbon footprint, based on the GHG Protocol methodology for scopes 1 and 2. In 2010 we have made a change in the carbon footprint calculation in order to keep it in line with the **GHG Protocol** guidelines. CO₂ emissions for previous years have been recalculated using this new methodology.

The extent of the carbon footprint spans all comparable hotels in the group, which are either owned or managed by the chain. In 2010, the carbon footprint of NH Hoteles fell by 17.2% compared to the previous period and by 31.03% since the launch of the 2008 Strategic Environmental Plan.

Thanks to all of the improvement measures carried out in order to reduce CO₂ emissions and replace diesel oil or BTZ fuel boilers with natural gas boilers, and to the agreement reached with EON Spain.

The agreement with E.ON certifies that 100% of the electricity supplied in over 74% of our hotels in Spain is exclusively generated from renewable sources. This added value has led to a significant reduction in the indirect emissions generated by our activities.



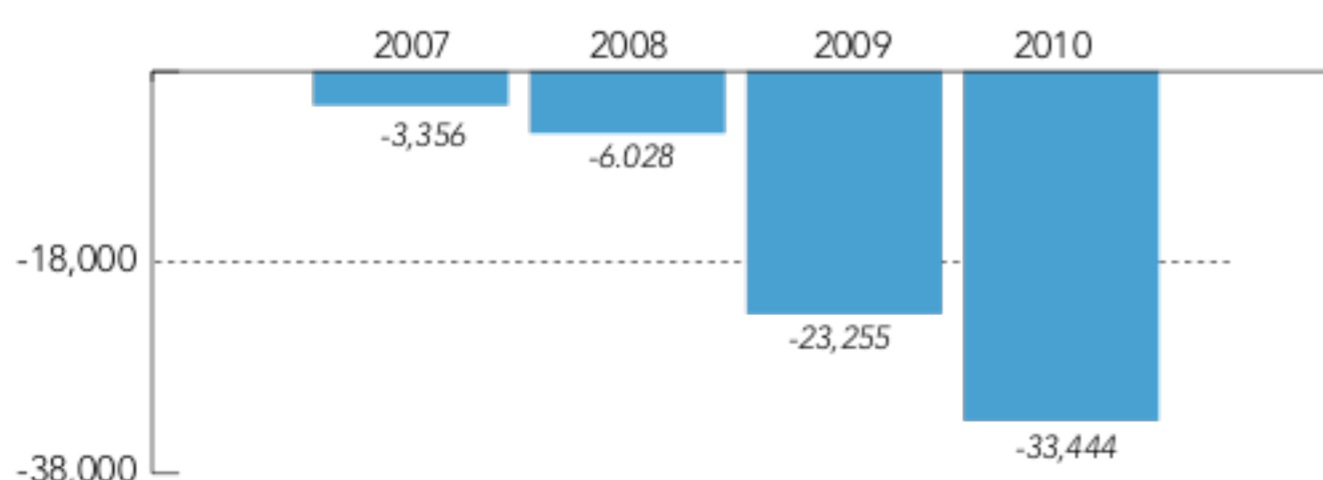
Throughout 2010, the tonnes of CO₂ emitted have been reduced by 6%, with a 17.23% reduction in the ratio per guest/night.

| URBAN HOTELS | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
|---------------------------------|----------------|----------------|-----------------|-------------------------|-------------|-----------------|
| Business Unit | ton | | | kg / guest night | | |
| NH WORLD | 164,288 | 154,207 | -6.14 | 12.1 | 10.0 | -17.2 |
| BU Benelux, UK, Africa & France | 44,302 | 46,351 | 4.63 | 15.5 | 14.7 | -5.1 |
| BU Central & Eastern Europe | 4,880 | 5,130 | 5.12 | 6.4 | 6.2 | -2.9 |
| BU Germany & Poland | 33,263 | 33,582 | 0.96 | 11.9 | 11.0 | -7.3 |
| BU Italy | 30,707 | 29,341 | -4.45 | 16.9 | 14.6 | -13.5 |
| BU Southamerica | 4,983 | 5,047 | 1.27 | 10.9 | 9.2 | -14.9 |
| BU Mexico & Caribbean area | 7,025 | 6,962 | -0.89 | 24.5 | 20.9 | -14.9 |
| BU Spain & Portugal | 39,129 | 27,794 | -28.97 | 8.5 | 5.0 | -40.4 |
| RESORTS | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
| | ton | | | kg / guest night | | |
| | 17,580 | 14,554 | -17.21 | 10.6 | 8.7 | -17.92 |

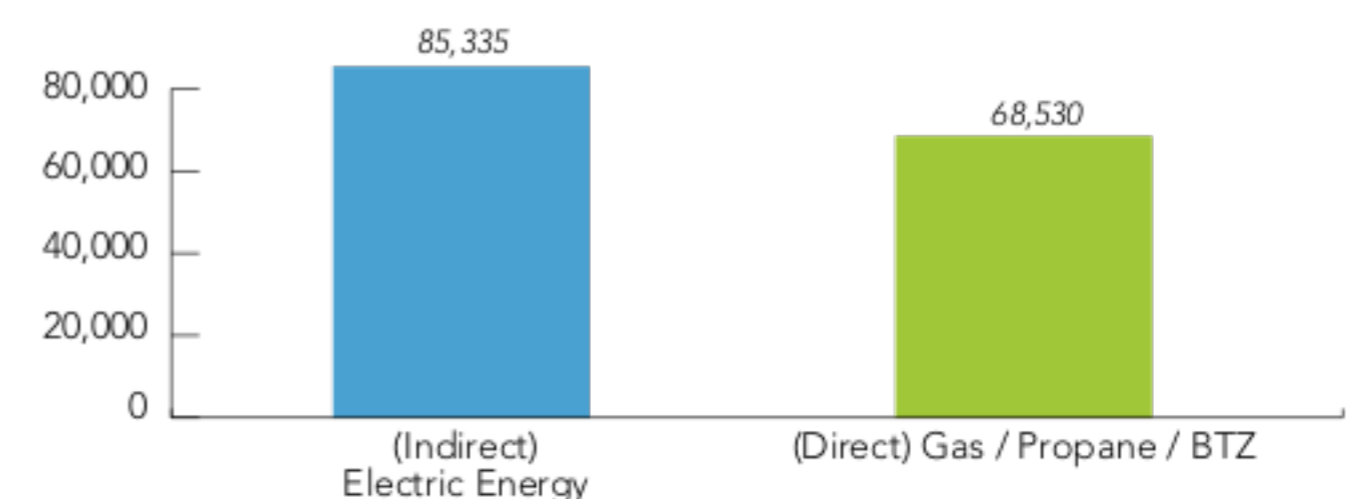
N.B.: Resorts are regarded as a separate category on account of their unique nature and their data is processed independently. Managed hotels are excluded from the comparison. The hotel company used in the benchmark analysis is rated best-in-class in environmental performance worldwide.

* The ratio of comparable hotels in Energy - CO₂ is 82%.

Accumulated CO₂ Emissions (ton)



CO₂ Emissions (ton)





Hesperia Tower, Barcelona - Spain

WATER

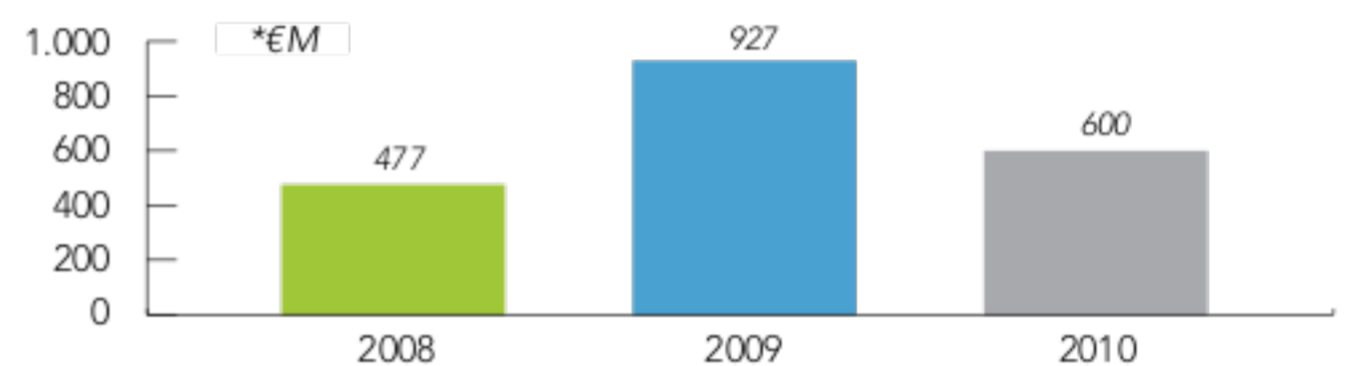
Thanks to the efficiency measures implemented in rooms such as aerators and devices to reduce the water consumption in cisterns; the installation of the most innovative systems for recovering and reusing water; training and raising staff awareness; and reviewing the everyday guidelines and operational actions for kitchens and flats, it has been possible to reduce water consumption in 2010.

All of these measures have led to an increase in the efficiency of NH Hoteles, permitting a 0.6 million euro saving in water consumption in 2010.

The water usage per customer ratio was reduced by 9.95% in 2010, and by 28.20% since the beginning of the Environmental Strategic Plan, having achieved the goals set for 2012 two years in advance.

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

Water consumption reduction savings*

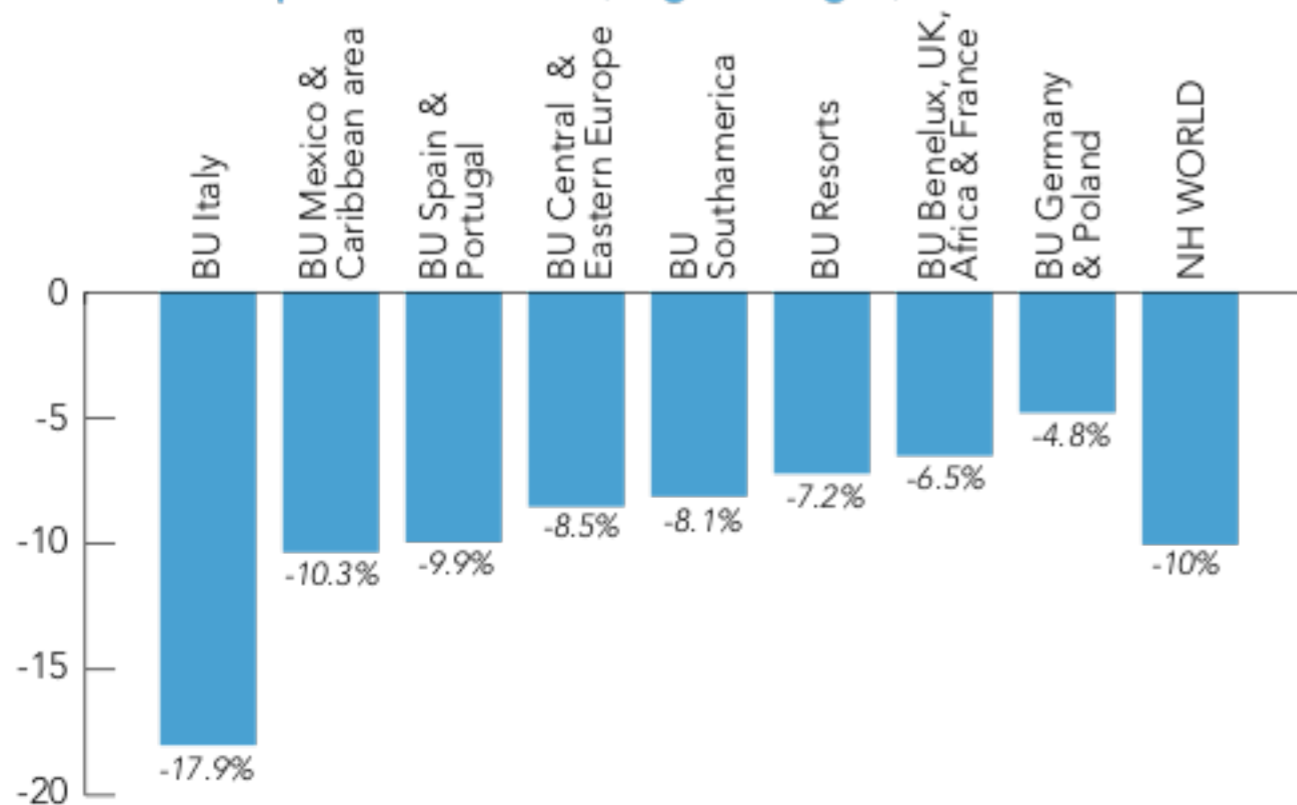


| URBAN HOTELS | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
|---------------------------------|----------------------|------------------|-----------------|-----------------------------|--------------|-----------------|
| Business Unit | m³ | | | litres / guest night | | |
| NH WORLD | 3,236,713 | 3,294,068 | 1.77 | 239.24 | 215.4 | -9.95 |
| BU Benelux, UK, Africa & France | 661,045 | 680,635 | 2.96 | 231.22 | 216.2 | -6.48 |
| BU Central & Eastern Europe | 162,738 | 161,221 | -0.93 | 214.44 | 196.2 | -8.48 |
| BU Germany & Poland | 517,231 | 535,800 | 3.59 | 184.42 | 175.5 | -4.84 |
| BU Italy | 654,184 | 592,914 | -9.37 | 359.38 | 294.9 | -17.95 |
| BU Southamerica | 104,394 | 113,953 | 9.16 | 305.78 | 281.1 | -8.08 |
| BU Mexico & Caribbean area | 136,126 | 138,695 | 1.89 | 343.13 | 307.9 | -10.26 |
| BU Spain & Portugal | 1,000,996 | 1,070,850 | 6.98 | 220.10 | 198.3 | -9.92 |
| RESORTS | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
| | m³ | | | litres / guest night | | |
| | 694,004 | 655,360 | -5.57 | 460.0 | 427.0 | -7.17 |

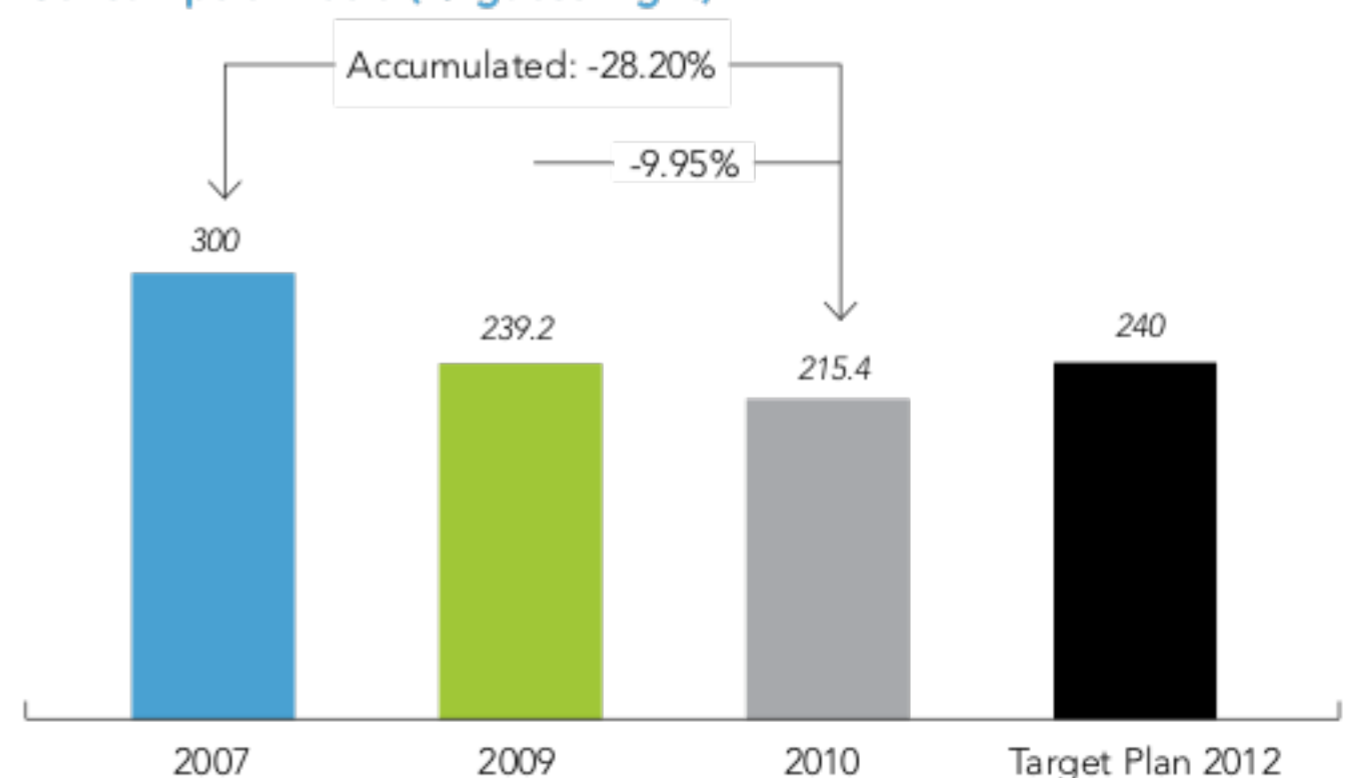
N.B.: Resorts are regarded as a separate category on account of their unique nature and their data is processed independently. Managed hotels are excluded from the comparison. The hotel company used in the benchmark analysis is rated best-in-class in environmental performance worldwide.

* The ratio of comparable hotels in Water is 80%.

Water consumption reduction (l / guest night)



Consumption ratio (l / guest night)





Waste management

WASTE

The sustainable innovation which the company has performed on many of our products and services has influenced the quantity and type of raw materials used and as such, the waste generated at our hotels.

Waste production has fallen during 2010 in line with the objectives set by the Strategic Plan and has enabled the reduction, by more than in 2009, of overall waste generation as well as of the kilogram guest/night ratio.

| URBAN HOTELS | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
|---------------------------------|-------------------|-------------------|---------------|------------------|------------|--------------|
| Business Unit | kg | | | kg / guest night | | |
| NH WORLD | 48,167,522 | 43,019,872 | -10.69 | 3.5 | 3.0 | -14.4 |
| BU Benelux, UK, Africa & France | 3,975,399 | 2,298,140 | -42.19 | 1.3 | 1.1 | -18.8 |
| BU Central & Eastern Europe | 2,703,879 | 1,969,674 | -27.15 | 3.5 | 2.5 | -29.2 |
| BU Germany & Poland | 8,940,140 | 7,374,370 | -17.51 | 3.1 | 2.9 | -6.4 |
| BU Italy | 9,248,132 | 7,776,365 | -15.91 | 4.0 | 3.5 | -12.6 |
| BU Southamerica | 3,013,578 | 1,536,551 | -49.01 | 6.3 | 2.8 | -55.3 |
| BU Mexico & Caribbean area | 1,780,718 | 1,149,822 | -35.43 | 4.4 | 2.6 | -42.0 |
| BU Spain & Portugal | 18,505,677 | 20,914,950 | 13.02 | 4.7 | 3.7 | -20.9 |

| RESORTS* | 2009 | 2010 | Dif. (%) | 2009 | 2010 | Dif. (%) |
|----------|---------|-----------|----------|------------------|------|----------|
| | kg | | | kg / guest night | | |
| | 753,648 | 1,210,015 | 60.5 | 6.30 | 2.5 | -60.3 |

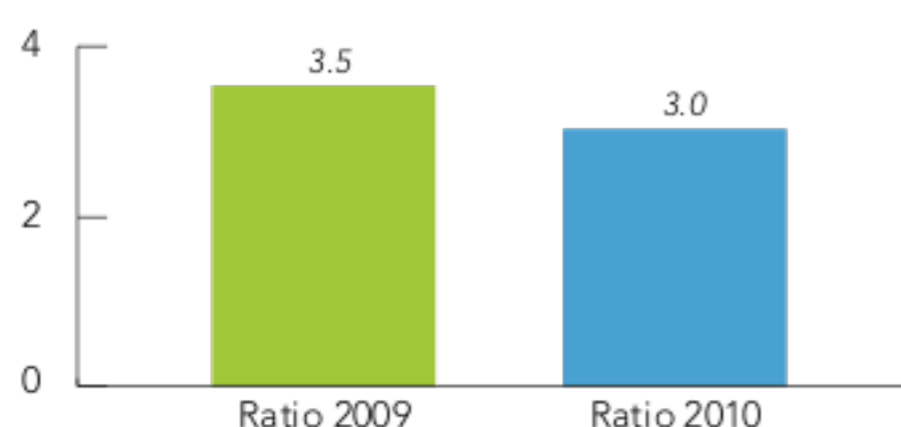
N.B.: Resorts are regarded as a separate category on account of their unique nature and their data is processed independently. Managed hotels are excluded from the comparison.

* The ratio of comparable hotels in Waste is 74%.

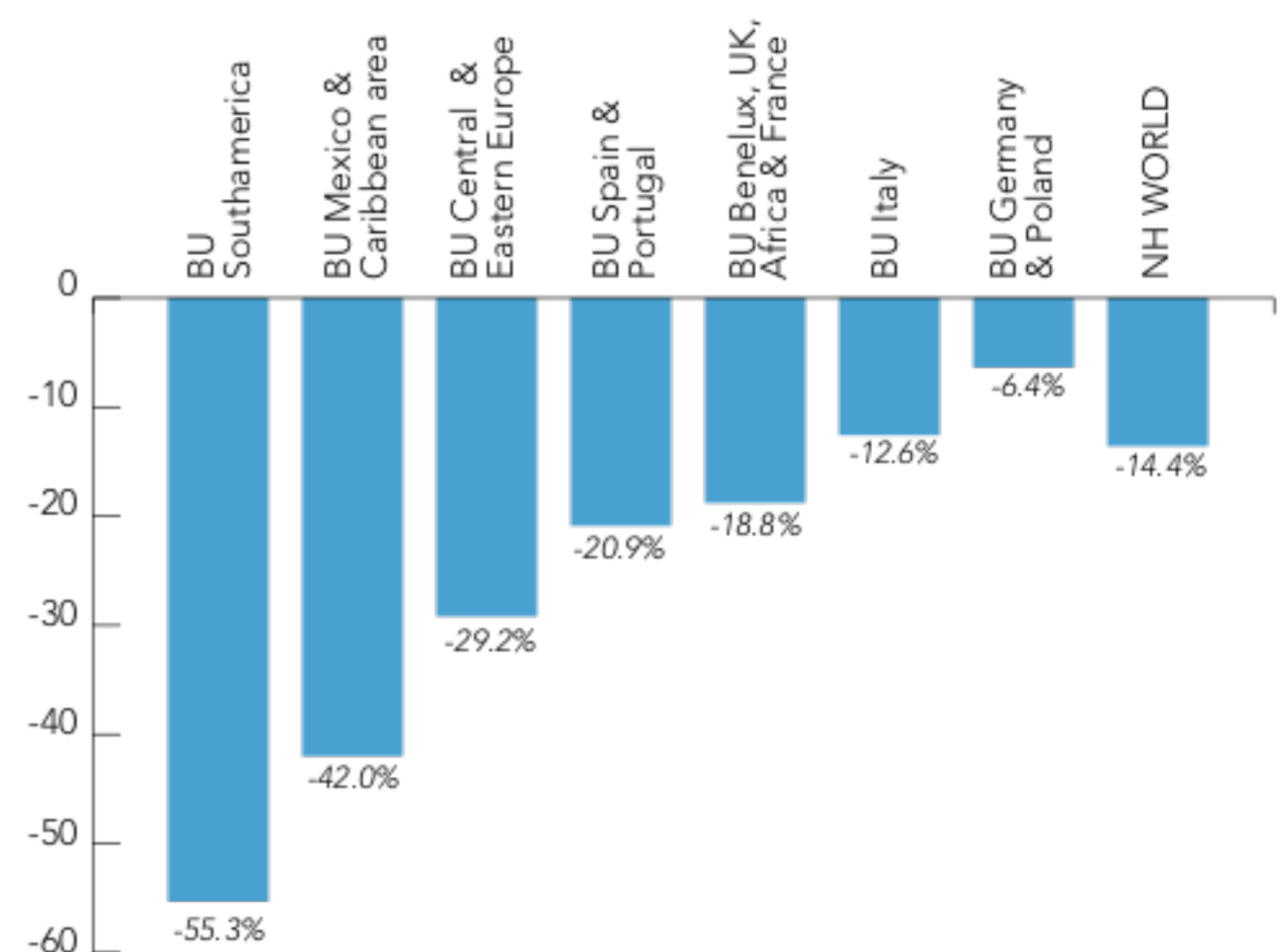
* Comparability criteria are not applicable to the comparison of data 2009-2010 given that recalculation of the estimate of generation of kilograms of waste in these hotels has not been possible.

The introduction of IV and V range products (regarding foodstuff preservation technology) has enabled us to create synergies in the effectiveness of our activities and in our environmental footprint, reducing the amount of packaging and organic waste generated in our kitchens. The introduction of the new "NH Express" model eliminates restaurant types which are prone to generating large amounts of kitchen waste.

Waste global generation (kg / guest night)



Waste generation reduction (kg / guest night)



PAPER

In 2010, 481 tonnes of paper were used at our hotels and offices. NH Hoteles is implementing different practices to reduce paper consumption, including:

- ▼ **Electronic invoicing:** the Corporate Purchasing Department has incorporated 34 suppliers, thus ceasing to issue 22,092 paper invoices, broadly exceeding the 2929 invoices which ceased to be printed in 2009. The number of invoices issued electronically was 374,994, more than double the 2009 figure and representing 31 companies.
- ▼ **"Paperless Office" project:** in progress in the group's corporate head offices in Madrid, where the desks do not have waste paper baskets as a way of raising awareness and promoting the reduction in paper consumption where this is not necessary.
- ▼ **Monitoring of printing processes:** via the use of "pay per print" systems, technologically advanced and energy efficient systems were installed which feature the Energy Star label and allow you to save ink and paper. All of the waste paper generated at the head offices is subjected to a recycling process.

"Our aim is that all services offered to our customers provide maximum satisfaction with a minimum environmental impact. In our hotels we have installed efficiency devices measuring the use of water and electricity and we are working towards a situation whereby the items the customer finds in the room are sourced from environmentally certified suppliers"

**Luis Ortega, NH Hoteles Environment & Engineering
Corporate Director**

INNOVATION AND INTEGRATION

Efficiency in all consumption ratios has been achieved thanks to two main factors in the business model of NH Hoteles.

- ▼ **Sustainable innovation:** In 2010 6 pilot trials have been developed as more sustainable alternatives of environmental efficiency, where new products have been tested and changes have been made in supplier services. Some of these projects are of considerable technical complexity, such as the optimised energy management software installed in the Business Unit in Germany and others are extremely simple, such as the device for waste segregation installed in the room cleaning trolleys.
- ▼ **Integration:** one of NH Hoteles' success factors that has been applied to the implementation of the environmental measures. Once the most efficient equipment or device has been identified, this is then implemented following a fast process that is managed by the Corporate Purchasing Department, whereby the solution is standardised and disseminated to all Business Units so that it is added to their processes.

INNOVATION IN THE TREATMENT OF RESIDUAL WATER

The residual water treatment plant "Donnafugata" uses the latest MBR (Membrane Bio-Reactor) technology, which is an active mud system instead of traditional gravitational sedimentation. The use of this technology enables residual water to be reused for watering golf courses, whilst limiting the pumping of water from aquifers. The plant has a nominal treatment capacity equivalent to a population of 1000 inhabitants. The design volume is 240 cubic metres per day of recovered water to be used for watering.

RECYCLING SCHEME

In 2010, waste generation dropped 14.4% thanks to the training and measures to raise awareness offered to all employees and to the continuation of the measures launched in order to adopt alternatives which minimise the use of packaging. Specific programmes have also been developed to reduce the generation of waste and increase recycling:

- ▼ Installation of gel dispensers to replace the soap in the chain's German hotels.
- ▼ Recycling of over 110,000 tonnes of oil during 2009 and 2010 in Spain.
- ▼ Carton recycling programme in 2010 at the NH Danube City hotel.

COMMITMENT TO PREVENTING CLIMATE CHANGE

The 2010 financial year was a key year in the progress made on NH Hoteles' commitment to preventing Climate Change.

NH Hoteles launched a worldwide carbon calculator, which may be accessed via the NH Hoteles web page using the link http://www.carbon-clear.com/apps/NH/eicalculator.php?lang=es_ES&idc=1

By means of this carbon calculator, available in Spanish, English and German, NH informs its customers of the environmental impact of their trip, with the objective of raising awareness and involving them in the fight against Climate Change. The calculator facilitates collaboration in any of our environmental projects, enabling people to offset the emissions generated during their journey and hotel stay.

Thanks to the development of Ecomeeting, NH Hoteles central services have calculated the carbon footprint of 106 events, in which 6,773 people have participated, and which have been carbon neutral events. Approximately 2000 tonnes of CO₂ have been offset.

NH Hoteles has offset close to 2,000 tonnes of CO₂ derived from the carbon footprint for events organised in 2010.

The compensation has been paid using Voluntary Carbon Standard carbon credits which have been verified by Det Nortske Veritas. The project that the chain has participated in is a mini hydroelectricity station situated in the state of Rondônia in Brazil on the river Pimienta Bueno.

Furthermore, during 2010, NH Hoteles participated in working groups specialised in Climate Change, offering its experience in the sector. The groups in which it has participated include Madrid City Council's Pro Clima Forum and the Climate Change working group of the Excellence in Sustainability Club. At the heart of this group, NH Hoteles was the co-author of the publication "Study to promote domestic projects to reduce CO₂ emissions in Spain".

Work has also taken place to transmit the relevance of Climate Change and the care of the environment to corporate customers. On the occasion of the IMEX Fair (Worldwide exhibition for incentive travel, meetings and events) held in Frankfurt (Germany), in May 2010, 3500 trees were planted in collaboration with the international organisation Small Group & Tree Planting (TIST).

In 2010, NH Hoteles reported for the **Carbon Disclosure Project** and was classified in the group of companies that is advanced in terms of Climate Change management. *Further information in Shareholders.*



**GREEN
ROOMS**

Green laundry

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

FSC certified wood

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



HVAC independent equipment

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

Led technology

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

Controlled consumption

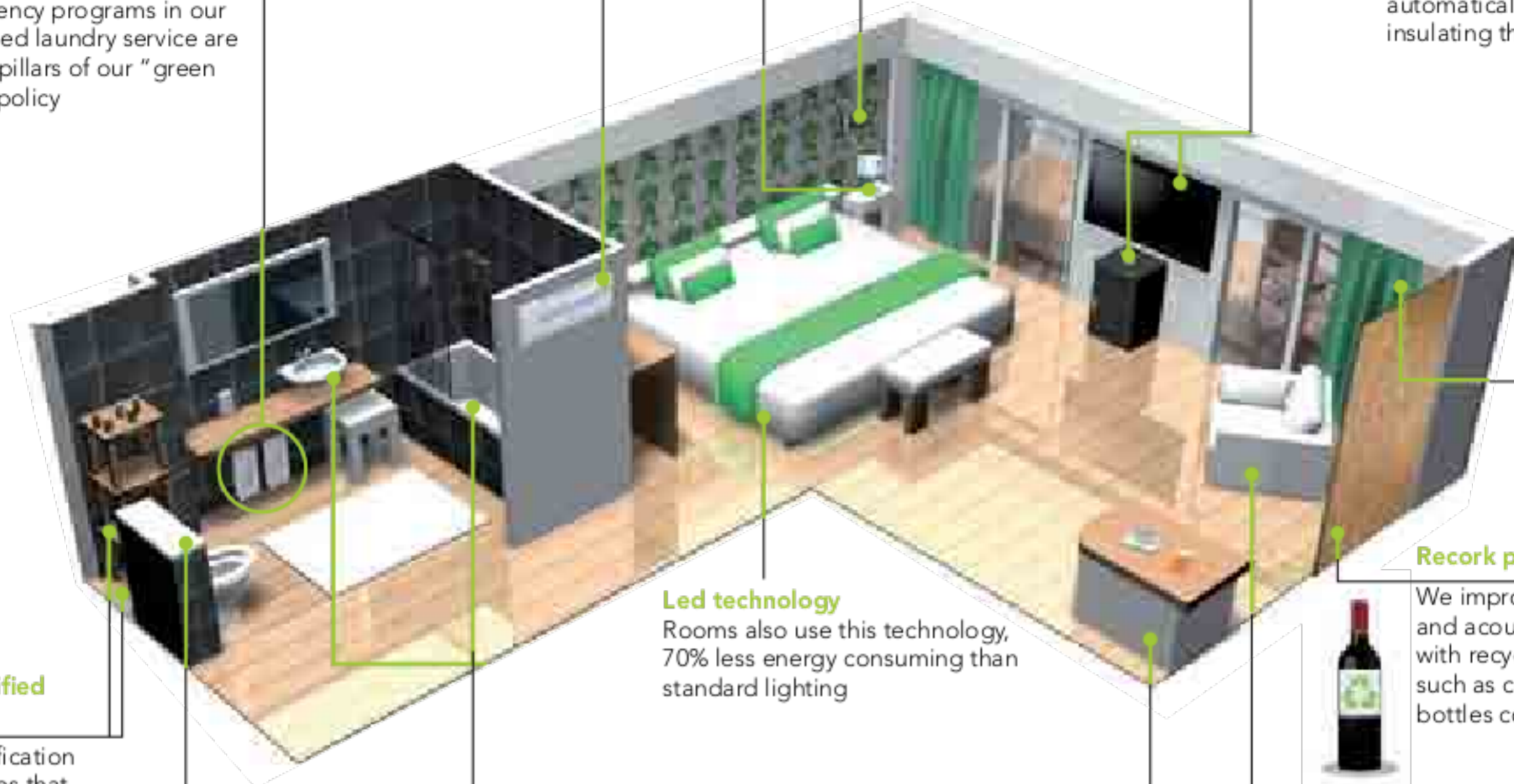
Each room is connected to the reservation, some services like air conditioning won't be able to be switched on. This also allows for tighter control over spendings

TV and mini-bar

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

Automatic curtains

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



Led technology

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

Faucet aerators

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

Recork project

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



Tested furniture

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

Ecological paint

The paint used in our hotels is environmentally friendly

Greywater recycling

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

KEY INITIATIVES

In 2010 worked went ahead on outstanding initiatives in 5 key projects:

Green Certification Project

This project kicked off in 2010, its goal being to raise the chain environmental number of hotels with **environmental certifications**. NH Hoteles has already had 70 hotels certified and aims to reach the 100 mark by 2012.

| Business Unit | Certificate | N° Hotels |
|-----------------|----------------------------------|-----------|
| Italy | ISO 14001 | 4 |
| Spain | CATALONIAN ENVIRONMENTAL LICENCE | 19 |
| | ISO 14001 | 1 |
| Austria | ÖKOBUSINESSPLAN | 5 |
| The Netherlands | GREENKEY GOLD | 25 |
| | GREENKEY SILVER | 10 |
| Mexico | SINGLE ENVIRONMENTAL LICENCE | 4 |
| | ENVIRONMENTAL CERTIFICATE | 2 |

More than 8900 rooms have some type of environmental certification and we intend to gradually increase this figure over the coming years, thanks to progress in the "Green Certification" project.

In 2010, we have worked on design a Certification Plan. Some progresses already made in 2009 are the jobs in the certification Eco-Luxury resorts in our symbolic resorts: NH Almenara and NH Donnafugata Golf Resort & Spa.

In 2010, all of this progress has enabled NH Hoteles to receive **Greenlight** recognition for the entire hotel chain, and the **GreenBuilding** label for five of our hotels. Participation in these programmes as a partner, guarantees, amongst other issues, that there has been a 25% reduction in energy consumption.

The **NH Príncipe de la Paz** hotel (Aranjuez, Madrid) received the European **GreenBuilding** award as the most replicable project.

TECHNICAL SPECIFICATIONS

NH Hoteles prohibits the use of equipment that contains and/or uses chlorofluorocarbon substances and are capable of releasing them into the atmosphere. These technical specifications, in force since 2000, apply to all the new hotel developments and to equipment reformations or replacements. The new equipment and refills use R-407c or R-134a.

SUSTAINABLE INNOVATION

At NH Hoteles we have vast experience in Sustainable Innovation. With the objective of increasing synergies and promoting environmental initiatives at our hotels, in 2009, we grouped all of the lines of work under the "Sustainable Innovation" project.

In our 400 hotels worldwide, we have implemented a large variety of eco-efficient solutions which enable us to position our rooms as the most innovative rooms on the market from an environmental point of view.



▼ Ecomeeting

A new form of organising events, congresses and conventions based on sustainability criteria and that represents eco-friendly use of energy resources, as well as the use of low environmental impact products from fair trade sources. Ecomeeting arrived in 2009 and was available to our customers at 9 hotels. In 2010, this concept has spread throughout our entire hotel network and is offered in 315 hotels in 18 countries. This year, 106 events held in our hotels, in which 6773 people participated, were carbon-neutral events.

▼ Smart room

Capable of monitoring the water, light and energy consumption of a room used regularly. This pilot project is underway at the NH Eurobuilding hotel (Madrid), and the results will provide solutions for our new prototype rooms.

▼ Innovation with suppliers

The NH Sustainable Club as a laboratory for more efficient sustainable ideas and solutions for implementing in our hotels. *Further information in Suppliers.*

▼ Use of woods with environmental certifications

sourced from sustainable forestry. Our new hotel NHow Berlin has more than 10,300 m² of PEFC (Program for Endorsement of Forest Certification) certified wood.

▼ Carbon Footprint Calculator

You can access it via the NH Hoteles website. This carbon calculator enabled the Company to inform its customers of the environmental impact of their trip and stay, seeking to raise awareness and to implicate them in the campaign against climate change, giving them a chance to offset emissions.

Reduction in impact of consumer elements

| Project name | Description |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Changing plastic materials for oxobiodegradable plastics | The plastic material from shampoo, shower gel and soap bottles, and wall dispensers is replaced with oxobiodegradable plastic which degrades within a period of between two and seven years, without generating toxic waste. Pens and laundry bags in rooms are also made from this biodegradable material. With this initiative, NH Hoteles, has prevented the generation of 145 tonnes of plastic waste. |
| Collection and recycling of corks for coverings | Wine corks are collected and recycled in order to produce coverings for the hotels. |
| Substitution of minibars for others which are more energy efficient | Replacement of minibars with energy-efficient alternatives (class A), which consume 16% less energy. |
| Elimination of plastic in the supply of laundry products | The plastic bags containing the products supplied by the laundry service are replaced by reusable cloth bags. |
| Saving toilet paper and paper towels | The new dispensers and new toilet rolls achieve a significant saving in material consumed. |
| Towels with a lower cotton density | Substitution of towels by others with a lower raw material consumption. |
| WC with efficient water consumption | Replacement of traditional taps with aerators which control the water flow of taps in 77% of hotels and 85% of showers. Dual flush devices for cisterns in 79% of hotels. Together with the water saving systems for washbasins and showers, water consumption in rooms has fallen 40%. |
| Efficient lifts | More efficient lifts in energy use for movement and lighting which generate electricity. |
| Relamping | Use of low consumption light bulbs in 84% of the chain's hotels, which have reduced electricity consumption on lighting by 71%, with average consumption dropping from 740 w to 210 w. |
| Presence detection systems | Management and control systems that detect the presence of an occupant and deactivate energy consumption elements in their absence. |
| Standardisation of temperature | Room temperature is kept at between 21°C and 24°C to optimise energy management and reduce the carbon footprint. |

COMMUNICATION OF ENVIRONMENTAL SUSTAINABILITY

The aim of these initiatives is to communicate to our stakeholders actions being carried out by NH Hoteles to promote sustainability and get them involved in this.

▼ With employees

Environmental training and awareness at two levels, one at a general level for all employees, and the other more specific for employees with maintenance and efficiency responsibility in hotel facilities. In total, 51% of NH Hoteles' employees have received environmental training.

An important action is environmental performance which is a criteria for evaluating employee performance each year

ENERGY AMBASSADOR

This concept has been created in the Mexico and the Caribbean Business Unit to promote energy reduction in the unit and optimise ratios. Directly supported by each hotel's Manager, the energy ambassador is responsible for reducing electricity, water and gas usage by all operating and administrative divisions, with the aim of promoting and establishing a new energy savings culture, and positively contributing to the better use of resources in every hotel.

▼ With suppliers

Working sessions are continuously held via the **NH Sustainable Club** for the exchange of knowledge in sustainable management in the hospitality industry. Relevant events are regularly organised to encourage contact between suppliers who are members of the Club, the management team of NH Hoteles and relevant players in the area of sustainability.

▼ With shareholders

Given that environmental commitment is part of the business strategy of NH Hoteles, the communication of the main results of the Company to shareholders includes progress made in the implementation of the Strategic Environmental Plan and the consequent improvements in certain financial ratios due to the reduction of the business' operating expenses.

▼ With Society

We are actively involved in work groups and technical sessions that enable us to share our experience. Moreover, we support sustainable initiatives such as the "Hour of the Planet" campaign, promoted by WWF. In 2010, 290 hotels in 188 cities of 24 countries took part in this initiative. Thanks to this, we avoided emitting CO₂ to the atmosphere and contributed to informing our customers about the importance of environmental protection.

NH Hoteles is also a member of sustainability promotion organisations such as the International Tourism Partnership (ITP), the Sustainability Excellence Club of Spain and the Hotel Technology Institute (ITH).

BLUE EFFICIENCY PROJECT

In NH Hoteles we strive to achieve maximum energy efficiency in our facilities. For this we focus on maintenance and innovation to help optimise existing facilities and invest in new ones that have the most innovative market technology available. We are also committed to using alternative energy for both supply and self generation.

USE OF RENEWABLE ENERGIES

74% of the electricity supply in the hotels in Spain has the "**Source Warranty**" certification, which guarantees that the source of the energy supplied comes from renewable energy sources.

In 2010, 61% of the European NH Hoteles have some form of renewable energy supply in accordance with Directive 2009/28/EC on the promotion of the use of energy from renewable sources within the European Union.

Hotels in Europe that use renewable energy

| | 2009 | 2010 |
|------------------|--------------|------------|
| Germany | 41.4% | 44.6% |
| Benelux | 21.4% | 90.6% |
| Italy | 14.6% | 17.0% |
| Spain | 8.6% | 74.0% |
| CE&E | 20.0% | 21.4% |
| NH Europe | 17.6% | 61% |

Solar power

We have a total of around 4,500 m² of solar panels, the equivalent to almost 4 million kWh in a total of 36 hotels. In 2010, the total area of panels installed increased by 146% and generation by 117%.

Although most urban and centrally located hotels have little space for installing these systems, we managed to introduce this technology in 9% of our establishments. In hotels in the Netherlands we have cogeneration facilities with an installed capacity of 1,220 kWh.

COLLABORATIONS

Water Technology Institute (ITA) and the Polytechnic University of Valencia.

During 2010, and as part of a collaboration agreement between NH Hoteles and the Polytechnic University of Valencia through the ITA (Water Technology Institute), a pioneer study was carried out on how hotel guests use water in their rooms, with an analysis of the actual efficiency of water saving devices currently installed in our hotels. The study monitored both cold water and hot water in 8 rooms continuously.

The main result was that water consumption in showers made up half of total consumption. This use was followed by consumption in cisterns with values of 25%, split between total, partial and dual cisterns respectively. 15% of consumption was divided equally between the use of hot water washbasins and cold water wash basins. This information will be used in NH Hoteles to optimise water use efficiency systems in our rooms.



BIODIVERSITY MANAGEMENT

Although NH Hoteles' core business is mainly city hotels, not working in protected areas or areas of high ecological value or with endangered species, we have carried out some actions of note in the Sotogrande area.

The water management of Sotogrande enables the maintenance of the irrigation and sprinker distribution system resulting in a reduction in water consumption in this respect and in the water purification system and removal of silt from the lake bottom, helping to increase the water storage level in facilities.

A tree transplanting programme has been introduced for new trees able to be transplanted to completed holes ready for planting. Work also continues on the catalogue of existing flora and transplanted trees.

In addition, the NH Riviera Cancun is collaborating on an initiative with the Association of Hotels of the Riviera Maya (AHRM), Friends of Sian Ka'an, International Conservation and CORAL Reef Alliance, which has been working since 2006 in Quintana Roo, implementing good environmental practices in the tourist sector and promoting the planning, design and sustainable construction of future urban developments in the state, amongst other activities. The aim is to preserve the Mesoamerican Reef, safeguarding the Mexican Caribbean's natural heritage, its biodiversity and show that human development can coexist harmoniously with nature.

ENERGY EFFICIENCY INVESTMENT

In NH Hoteles we implement all technological advances that help us combine energy efficiency with customer comfort. In 2010 we invested more than 3 million euros in funding environmental actions, of which 61% were in investments that now provide us with sustainable, highly efficient facilities.

| Business Unit | Expense | Investment | Total |
|----------------|------------------|------------------|------------------|
| Spain | 328,899 | 284,247 | 613,146 |
| Benelux | 0 | 343,234 | 343,234 |
| Eastern Europe | 140,753 | 0 | 140,753 |
| Germany | 0 | 384,891 | 384,891 |
| Italy | 217,532 | 776,192 | 993,725 |
| South America | 37,886 | 34,095 | 71,981 |
| Mexico | 0 | 16,552 | 16,552 |
| Corporation | 436,997 | | 436,997 |
| Total € | 1,162,068 | 1,839,211 | 3,001,279 |

AWARDS AND ACKNOWLEDGEMENTS

In addition to the European Union's GreenBuilding and Greenlight award, NH Hoteles has received the following acknowledgements in 2010:

2009 Environmental Award

2009 Environment Award awarded to the Hesperia Hermosilla hotel by the Madrid Regional Ministry of the Environment (Spain), the Chamber of Commerce and the CEiM (Madrid Business Confederation).

Construction of the Year 2010

The NH Olomouc Congress in the Czech Republic received shortly after its opening in May 2010 the "Construction of 2010" award. The hotel received this award because of its architectural performance, impact on the local environment, high quality of the building, design, functionality, sustainability, and its construction costs and deadline.

MAIN ENVIRONMENTAL INDICATORS

| | 2009 | 2010 |
|----------------------------------------------------|-----------------------------|--------------|
| Energy | kWh / guest night | |
| Urban hotels | | |
| Global | 44.13 | 40.4 |
| Benelux, United Kingdom, AF, F | 54.77 | 51.3 |
| Central and Eastern Europe | 33.14 | 31.9 |
| Germany and Poland | 40.49 | 38.2 |
| Italy | 50.95 | 44.8 |
| South America | 41.43 | 35.7 |
| Mexico and Caribbean area | 68.11 | 56.6 |
| Spain and Portugal | 39.40 | 34.5 |
| Water | litres / guest night | |
| Urban hotels | | |
| Global | 239.24 | 215.4 |
| Benelux, United Kingdom, AF, F | 231.22 | 216.2 |
| Central and Eastern Europe | 214.44 | 196.2 |
| Germany and Poland | 184.42 | 175.5 |
| Italy | 359.38 | 294.9 |
| South America | 305.78 | 281.1 |
| Mexico and Caribbean area | 343.13 | 307.9 |
| Spain and Portugal | 220.10 | 198.3 |
| Waste | kg/guest night | |
| Urban hotels | | |
| Global | 3.5 | 3.0 |
| Benelux, United Kingdom, AF, F | 1.3 | 1.1 |
| Central and Eastern Europe | 3.5 | 2.5 |
| Germany and Poland | 3.1 | 2.9 |
| Italy | 4.0 | 3.5 |
| South America | 6.3 | 2.8 |
| Mexico and Caribbean area | 4.4 | 2.6 |
| Spain and Portugal | 4.7 | 3.7 |
| CO₂ emissions | kg/guest night | |
| Urban hotels | | |
| Global | 12.0 | 10.0 |
| Benelux, United Kingdom, AF, F | 15.5 | 14.7 |
| Central and Eastern Europe | 6.4 | 6.2 |
| Germany and Poland | 11.9 | 11.0 |
| Italy | 16.9 | 14.6 |
| South America | 10.9 | 9.2 |
| Mexico and Caribbean area | 24.5 | 20.9 |
| Spain and Portugal | 8.4 | 5.0 |
| CO ₂ emission reduction per guest/night | -9.95% | |
| Solar power | Diff. 2009 / 2010 | |
| Urban hotels | | |
| Solar panels (m²) | +146% | |
| Energy generated | +117% | |



NH Girona, Girona - Spain

SOCIAL PERFORMANCE



In NH Hoteles employee management is a part of the social aspect of our business. Thanks to our employees we can develop our activities sustainably, offering them a good place in which to work and develop. This social approach governs our actions in the local environment where our business is present and provides the community with economic and social development.

Employees

Our employees are the most important value for NH Hoteles, as they express our responsibility culture and we work together with them to provide a positive working environment, with training and professional growth opportunities which address cultural diversity, respect and equality, with zero tolerance of any kind of discrimination.

NH HOTELES' STAFF

The gradual recovery of the hospitality sector in 2010 has led to a staff increase in line with the rise in business, so as to keep on offering the best service quality. In 2010 all the hotels and Central Services of the Hesperia Hotels chain was added to the group, resulting in the addition of 20 new hotels and over 2,000 people to NH Hoteles. This integration has been fast and fluid, having brought together people, culture and procedures in a very short period of time.

In 2010 the number of full time employees is **18,294 people**, 5.9% more than the previous year. The increase has mainly occurred in Spain and South America, with the addition of the Hesperia hotels. The main staff cuts have happened in Mexico and the Caribbean, where the departure of 8 hotels from the portfolio has led to a drop of up to 33.64% of the total staff in that Business Unit.

Employees per Business Unit

| | 2009 | 2010 | Diff. (%) |
|-------------------------------------------|---------------|---------------|------------|
| Spain, Portugal, headquarters, Sotogrande | 5,169 | 6,639 | 24.4 |
| Germany | 2,783 | 2,869 | 3.1 |
| Benelux, United Kingdom, Africa | 3,010 | 3,025 | 0.5 |
| Mexico & Caribbean | 2,419 | 1,572 | -33.64 |
| Central and Eastern Europe | 692 | 766 | 10.7 |
| South America | 524 | 825 | 57.4 |
| Italy | 2,671 | 2,598 | -2.7 |
| Total | 17,268 | 18,294 | 5.9 |

Data obtained from FTEs (Full Time Equivalent) for all kinds of contracts (open-ended, part-time, extras, temporary employment agencies). Considering comparable, non-comparable and managed hotels. Includes the employees of Hesperia S.A.

| | | | |
|----------------------------------|-------------|---------------|--------------|
| Open-ended contracts 2010 | FTEs | 10,692 | 58.4% |
|----------------------------------|-------------|---------------|--------------|

The current economic situation has meant that the company's staff turnover rates fell by more than 5%, from 9.3% in 2009 to 3.9% in 2010. Of this percentage, voluntary turnover accounted for only 0.7% while 3.2% was non-voluntary.

DIVERSITY MANAGEMENT

We have a diverse staff made up of 15,350 employees (permanent and temporary employment) of **134 different nationalities**, where 13.6% works in countries other than their home countries. 49.7% of the staff are women, who occupy 49.3% of managerial posts; in Spain this percentage of women managers has reached 50.2%.

| | N° Employees | % Immigrants | % Women | N° Nationalities | Most frequent immigrant nationality |
|--------------------|---------------|--------------|--------------|------------------|-------------------------------------|
| GERMANY | 1,558 | 9.8% | 55.5% | 57 | Italian |
| ARGENTINA | 466 | 5.2% | 45.4% | 12 | Uruguayan |
| AUSTRIA | 309 | 45.7% | 52.7% | 42 | German |
| BELGIUM | 370 | 46.3% | 53.9% | 55 | Moroccan |
| CHILE | 32 | 0.0% | 56.9% | 1 | - |
| SPAIN | 5,216 | 10.6% | 57.6% | 73 | Ecuadorean |
| USA | 84 | 73.8% | 47.7% | 2 | Puerto Rico |
| FRANCE | 82 | 42.0% | 40.8% | 29 | Italian |
| THE NETHERLANDS | 1,760 | 20.3% | 49.7% | 74 | Polish |
| HUNGARY | 32 | 10.5% | 60.5% | 4 | Rumanian |
| ITALY | 1,864 | 7.6% | 42.5% | 52 | Rumanian |
| MEXICO | 877 | 0.6% | 42.8% | 4 | Uruguayan |
| HEADQUARTERS | 343 | 39.8% | 62.0% | 22 | German |
| POLAND | 35 | 0.0% | 57.1% | 1 | - |
| PORTUGAL | 41 | 17.8% | 72.6% | 5 | Angolan |
| UK | 89 | 78.6% | 37.4% | 40 | Spanish |
| CZECH REPUBLIC | 48 | 7.4% | 51.1% | 4 | Slovak |
| DOMINICAN REPUBLIC | 821 | 3.0% | 31.1% | 13 | Mexican |
| RUMANIA | 55 | 0.0% | 52.6% | 1 | - |
| SOTOGRADE | 417 | 4.7% | 41.5% | 14 | Peruvian |
| SWITZERLAND | 160 | 76.5% | 51.6% | 39 | French |
| URUGUAY | 43 | 0.0% | 44.0% | 1 | - |
| VENEZUELA | 648 | 2.6% | 34.4% | 2 | - |
| | 15,350 | 13.6% | 49.7% | | |

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

Percentage of women in management positions

At NH Hoteles we pride ourselves in having an overall presence of female managers (49.3%) above the average for the industry and very much in line with female presence in the Company (49.7%).

| | Number of Men and Women in management positions | | Number of Women in management positions | | % 2009 | % 2010 | % Diff. |
|--------|-------------------------------------------------|-------|-----------------------------------------|-------|--------|--------|---------|
| | 2009 | 2010 | 2009 | 2010 | | | |
| Global | 2,882 | 3,164 | 1,412 | 1,559 | 49.0 | 49.3 | 0.6% |

Age pyramid

Around 50.4% of staff are situated in the 25 to 40 year old age group. The under 25 age group was 14.3% in 2010, down from 2009. The percentage of people over 40 went up slightly compared to the previous year, rising from 33.1% to 35.3%.

| Age | 2009 (%) | 2010 (%) |
|--------------------|----------|----------|
| Under 25 years old | 18.98 | 14.3 |
| 25 - 40 years old | 47.89 | 50.4 |
| Over 40 years old | 33.13 | 35.3 |

As a global company we operate with an ethical brand, defined in our Code of Conduct, committed to respecting human rights and the principles of the Global Compact, always in compliance with international and local laws in each country where we are present. We do not permit the use of child labour or any kind of forced or non-consented work.

In 2010, we began reviewing and broadening the scope of our Code of Conduct; the new version considers the creation of quality employment in an environment committed to training, professional development and the promotion of a cross-section of cultures and nationalities, all with equal conditions and rights.

The hiring of disabled people in Spain in 2010 meant this group makes up 5.16% of our workforce, with special employment centres supplying different services, in particular FLISA and Icaria which shone for their social commitment.

Evaluation of diversity

In 2010, aware of the relevance of diversity management in a global structure, NH Hoteles carried out a study on gender and diversity in the various countries in which the chain is present. The main conclusions reached by this evaluation were:

- ▼ 51% of the staff of NH Hoteles is under the age of 35, and over 75% of employees are under the age of 45.
- ▼ Seniority is prevalent in the 1 to 3 year range (43% of staff). Percentages drop after 4 years. 15% of the staff has a seniority over 15 years.
- ▼ As for the working day, men have a lower percentage of permanent contracts (71%) than women (73%). Men have a higher full time employment percentage (91%) compared to 85% of women.

Based on these conclusions, we have begun to define Action Plans in the various Business Units to be implemented in 2011. Among the actions defined in the Diversity Plans in the different countries we highlight:

- ▼ Awareness and training in Equality.
- ▼ The keys for selecting on an equality basis included in the Employment Kit.
- ▼ Certification of Equality.
- ▼ Training and insertion of the disabled and young people at risk of social exclusion as part of the **Up! for Opportunities** programme.
- ▼ Annual follow-up of defined diversity indicators



Signing of the Equality Plan in Spain

In 2010, NH Hoteles signed an Equality Plan with the **representatives of the trade unions UGT and CCOO**, becoming the first hotel chain to officially declare its commitment to gender equality.

Before preparing this plan, the hotel chain carried out an exhaustive diagnosis of the situation and position of women and men in NH Hoteles in Spain. There is a high presence of women (57.6%), exceeding the sector's average, plus a high percentage of female managers (50.4%) in NH Hoteles in Spain.

This positive initial evaluation led to the creation of a 5 year **action plan**, establishing **100 measures** in areas of access to the company, hiring, promotion, training, salaries, work life balance, occupational health, communication and awareness which will help eliminate or correct inequalities in these areas. All these measures have a person responsible for implementing them and timeframe for completion.

The document also establishes a series of measures to guarantee the protection of women who are victims of gender violence: prioritise their hiring, monitor cases of gender violence and measures adopted, and inform staff of women's rights in these situations.

The next step was to create a **Monitoring and Evaluation Committee** to interpret the plan's content and evaluate to what extent the plan itself, goals set and actions programmed are completed. This Committee is made up of representatives from both the company and signatory unions.

The Committee's main functions are monitoring of the measures set out in the plan, advice on how to adopt the measures and assessment through preparation of an annual report.



Employees of NH Hoteles

NH UNIVERSITY

Our corporate university introduces new training programmes each year for all employees, with special focus on cultural integration, technical knowledge, quality excellence, alignment of processes and skills training.

In 2010, **€646,800** were invested in training with a total of 1,255 training sessions held as part of 252 different programmes. Classroom training has been reduced (19% less than the year before) as online training has been encouraged in order to reduce travel.

At its **8 campuses** during the year, NH University has trained 14,091 participants in a classroom modality and 42,507 participants via e-learning, accounting for 175,948 hours of training. This means that the number of hours of e-learning based training has risen steadily over the last two years, and in 2010 represented 75% of the total hours of training, versus 2% in 2008.

Overall, **285 instructors** gave a total of 81,717 hours training, accounting for 46% of the total number of training hours given in 2010 (compared with 17% of hours of external courses).

| NHU | Business Unit | N° hours | N° participants |
|-------------------------|---------------------------------------|----------------|-----------------|
| Classroom | BU Benelux, UK, France & South Africa | 15,888 | 2,620 |
| | BU Germany & Poland | 19,511 | 2,310 |
| | Headquarters | 2,877 | 105 |
| | BU Italy | 19,796 | 1,417 |
| | BU South America | 3,136 | 602 |
| | BU Mexico | 7,650 | 3,071 |
| | BU Sotogrande | 1,309 | 142 |
| | BU Spain, Portugal & Andorra | 37,968 | 3,399 |
| | BU Central & Eastern Europe | 3,686 | 425 |
| Total Classroom | | 111,821 | 14,091 |
| E-learning | BU Benelux, UK, France & South Africa | 4,098 | 4,697 |
| | BU Germany & Poland | 6,727 | 6,505 |
| | Headquarters | 1,572 | 894 |
| | BU Italy | 4,581 | 2,783 |
| | BU South America | 2,927 | 1,898 |
| | BU Mexico | 5,730 | 4,073 |
| | BU Sotogrande | 1,680 | 1,127 |
| | BU Spain & Portugal | 34,084 | 18,050 |
| | BU Central & Eastern Europe | 2,728 | 2,480 |
| Total E-learning | | 64,127 | 42,507 |
| Total | | 175,948 | 56,598 |

| | | |
|-----------------------------|------------------------------------|-------------|
| N° hours / Trained employee | Hours per participant (classroom) | 7.94 |
| | Hours per participant (e-learning) | 1.51 |
| | Hours per FTE | 9.62 |

HIGHLIGHTS 2010

NH Knowledge Management

The preparation and training of NH's professionals is one of the chain's competitive advantages. Preparation and training comprises the exchange of experiences and knowledge between employees from different business units and participation in forums, collaboration with other corporate universities and the application of good practices to improve processes.

In 2010, NH University began the **NH Knowledge Management programme**, aiming to strengthen the culture of disseminating knowledge within the Company. It is based on the implementation of training in all business units in technical behaviour and skills, developed by a group of in-house instructors and specialists and based on our strengths in order to benefit from the know-how of the NH World.



To be or not to Betrainned

Throughout the second semester of 2010, NH University has worked on a new 2.0 web learning platform to meet the training standards and expectations of our employees. Concept teaching has changed radically since the arrival of social media such as blogs, wikis and podcasts.

With NHU Betrainned, NH University gathers all social media in its course material within a **2.0 web environment**, offering the employees a change to obtain an even more valuable experience and to optimise new professional approaches. From now, they can link up with their classmates, listen to podcasts, score their best training item, improve the existing courses with their new ideas and create their own social network in NH Hoteles.

Integration of Hesperia

With the addition of 20 new hotels worldwide during 2010, NH University in Spain launched an ambitious integration project. The objective was to concentrate the most important parts of their training programmes to ensure that more than 2000 new employees from **Hoteles Hesperia** received preparation in NH Hoteles' values and training in specific skills in systems and processes. A total of more than 29,200 hours of training, divided into 302 sessions and the use of 67 in-house instructors, have led to the successful integration of all the new employees of Hesperia into the NH World.

NH Spirit Induction Programme

The NH Spirit welcome programme is one of the most important cornerstones of the NHU integration itinerary. An approximate total of 12,480 hours of training have been provided by in-house instructors, generating passion and enthusiasm among the 2,873 new employees.

In-house instructors covering geographic areas

In 2010, 285 in-house instructors have collaborated in the various training programmes, having been able to offer training in the various languages and adapted to the different cultures of our employees. All of this has played a key role in making it easier for our employees to successfully apply what they have learned to their daily tasks.

NH Talenht Coaching

In order to promote the current and future potential, a new talent coaching programme has been created. This programme is a new pillar in the development of human resources and innovative professional advancement, with the aim of developing and improving the performance and skills of our young leaders. NH Talenht Coaching has been launched in Central Europe and will be rolled out in other Business Units throughout 2011.

Training plan for external employees

Seeking to maintain our high quality standards in terms of customer service, NH University continues to market its professional training and courses to companies who supply our hotels with external personnel. In 2010, NH University Italy has achieved great benefits from facilitating these training courses.

Youth Career Initiative Programme

Since 2010, part of NH University's training courses have been included in the Youth Career Initiative (YCI), an educational development programme with global partnerships with hotels, the government and non-governmental organisations. NH University Mexico and its internal trainers have played an important role in providing skills training on Environmental Responsibility and Service Quality to YCI participants.

Sustainable Development Training

A total of 4,022 participants attended 1,355 hours of training in Corporate Social Responsibility via e-learning in 2010. Likewise, a total of 7,585 participants received 3,520 hours on online training in matters of environmental awareness.

Project One

Hesperia hotels in Spain were given:

- ▼ 6 training programmes to 27 internal trainers (all division heads) from the hotel's different areas (Management, Sales, Reception, Function Rooms, Rooms and Maintenance), with a total of 450 training hours.
- ▼ The internal trainers trained their counterparts from Hesperia hotels through 18 additional programmes, investing a total of 1,824 training hours in 165 division heads.

Both the 27 internal trainers and the 165 division heads subsequently trained their teams in the most important aspects of Project One. The implementation of Project One planned for the Italy Business Unit has been postponed until 2011.



NH Lyon Aeroport, Lyon - France

HR STRATEGIC PLAN 2010-2013

"In 2010 we have defined a new People Management Strategy based on talent, competitiveness and performance culture. Along those lines, we design ambitious projects that have already started being implemented throughout the Company. What's more, in view of our business in which we serve on different local markets, diversity is a key aspect to be managed and our strategy concentrates on promoting gender perspective and maintaining the variety of nationalities that characterises our staff and which makes such a great contribution in terms of cultural diversity"

Iñigo Capell, NH Hoteles Human Resources Corporate Director

2010 saw the definition of a new **People Management Strategy** the main objectives of which are to identify the best, to help grow talent, to increase people's commitment, to improve efficiency and technology and develop performance culture, boosting ambitious projects that have already started being implemented throughout the Company.

Talent Development

Over the past seven years, the evaluation and training of future managers with talent has been the biggest evaluation programme carried out amongst NH Hoteles employees with major ambitions for internal professional growth. Alongside the current Internal Development Programmes (PDI) for potential senior managers and middle managers, and the Junior Management Programme (JUMP), geared towards potential Department administrators, a new talent development programme was announced for 2011, **Global Track Management**, whereby a small and select group of the best and most relevant hotel managers with unconditional world geographic mobility will take place in an international training programme to prepare them to take on a more operational role in the most strategic business lines of the Company.

In 2010, after participating in the Development Centres organized in the different Business Units, they identified a total of 87 employees with potential for promotion to managerial posts and forming part of the career development programmes.

Sign_In PDI

For the first time, the Internal Development Programme (IDP) was offered and opened to foreign students and students with high potential. This career development programme, lasting 2 years and on a rotation basis, offers them the opportunity to work and receive transversal training in the different departments, a solid knowledge of the industry and management skills for a career in NH Hoteles.



PERFORMANCE MANAGEMENT

For NH Hoteles, the human team is what makes it possible to maintain leadership and achieve excellence in customer service. This is the principle underpinning the performance management system, as tool for communication and for the professional development of each person in the company.

The number of employees who have participated in this annual **Performance Management** process has increased by 6% over that of 2009, with a total of 13,040 employees assessed in 2010.

Out of these assessment processes, 2,034 have been classified as "High Performance", of which 56% are women.

Worthy of mention in 2010 was the **Quality Management** project which is a major strategic commitment by NH Hoteles to develop the organisation's managers based primarily on a 360° feedback process. This is a tool that gathers through an anonymous questionnaire the evaluation of various managers, colleagues and co-workers of 20 characteristics analysed in each manager.

109 Executives from throughout the Company and the Business Unit Steering Committees were assessed to ascertain their strengths and areas with room for improvement. The current milestone consists in outlining an individual action plan based on the feedback obtained in the questionnaires.

MANAGEMENT BY OBJECTIVES (MBO)

The variable remuneration system enables employee performance to be monitored, ensuring that individual, departmental and Business Unit objectives are in line with corporate aims. Simultaneously, it measures the contribution and effort made by each employee in achieving such objectives.

INTERNAL PROMOTION AND SELECTION

In line with our principle of internal promotion, vacant positions are announced in the **NH CAREERS** section of the Intranet, so that employees may access professional growth opportunities with absolute priority in the NH World. Moreover, the tool helps to promote international mobility among employees of different countries, an element that is highly valuable both for the country of origin and for the destination country and also for the organization as a whole.

In terms of hiring new personnel, our key objectives are transparency and flexibility to manage the selection processes. For this, we have the NH JOBS website which publishes vacancies available to external candidates. Alignment with the Operations Area was one of the main objectives in 2010 in the hiring of personnel. Special access has therefore been developed to **NH JOBS** so that the hotel's directors can manage vacancies in their respective work centres.

INTERNAL COMMUNICATION

In-house communication is fundamental for NH Hoteles in terms of the relationship with employees and dissemination of all relevant novelties. Via the various channels, the Company manages to enjoy two-way communications with its employees, thus generating value for all parties concerned.

The Department of Internal Communication handles the content and internal channels of communication in 400 Workplaces.

One of the strategic lines of internal communication in 2010 was to decentralize, in the Business Units, different channels of communication to have a closer relationship with the employee (NH Idea or Employee Mailbox, etc.) Work has gone into standardizing the area in terms of defining action lines (procedures) and design (templates, formats, etc).

▼ Corporate Intranet

The Intranet is a consolidated platform for continuous information, interaction and direct access to internal contents and websites (NH University Learning Lounge, NH Careers, Corporate Social Responsibility Web, etc.). In 2010, with the aim of rendering it more attractive, it has been refreshed with new graphics and dynamic banners.

There has also been direct, public recognition of employees through banners with images of them and the winning hotel of the **Quality Focus Championship 2010**.

Direct access has also been provided to the NH World Directory, so that every employee has all hotel and director contacts to hand (with corporate information such as telephone numbers, extensions and e-mails), enabling direct communication with them.

In 2010, the Intranet was a key channel for supporting the launch of campaigns and participation announcements with the publication of more than 40 different banners.

An internal video, "Todos Somos más Ventas" (We Are All More Sales), whose six clips have been translated into six different languages, was also produced. The video is based on personal stories and experiences of employees with the project. During the video launch month, June 2010, there was a record amount of content playback on the Intranet, with 4,500 new visitors..



▼ Internal Bulletins

with themes such as Projects and Works, Environment and Engineering, Purchasings, Human Resources or the Corporate Responsibility Newsletter.

▼ Desktop Wallpapers



During the year, 30 different screensavers on various themes have been used on Company equipment: openings, performance assessment, promotion of specific hotels, Todos somos Ventas (We are all Sales), specific quality campaign of Quality Focus "9 Steps to Quality", among others, with great support from this means to the strategic projects of the Company.

▼ Employee Mailbox

This two-way communication channel enables the employee to convey his/her concerns to the Department of In-house Communication of the Business Unit, helping the organisation to improve procedures and obtaining a deeper knowledge of the working environment in the work centres. **107 queries** were received from employees in 2010; all of which received a personal response.



▼ Posters and leaflets

Designed and distributed by email to the people responsible for Internal Communication managers of the hotels, who updated the information on the board of their workplace, thereby enhancing communication in the Company.

▼ Internal Memorandums

Throughout 2010, **70 internal corporate communications** have been sent out, both in English and Spanish, aiming to report on novelties in the chain considered of interest to employees. Each business unit has also sent its own internal communiqués about relevant local news at NH Hoteles.

▼ Idea NH

This channel of employee suggestions for improving management received a total of 59 ideas in 2010. The most interesting initiatives have been evaluated and have participated in the **Recognition Programme** of NH Hoteles.



▼ Picture wallpaper

In 2010, NH Hoteles launched this new internal communication channel, and taken advantage of it as a platform for reinforcing the "Todos Somos Más Ventas" (We are all More Sales) message.

▼ Initiatives for the integration with Hesperia:

One highlight is the TU RED (YOUR NETWORK) newsletter, designed to ensure Hesperia employees are familiar with the Intranet, as well as the inclusion of the Hesperia hotels in the Network of Heads of Internal Communication (HICI) with the publication of the ten good practices for each hotel's HIC.

HEALTH AND SAFETY

The NH Hoteles Group has a Prevention Policy in place which establishes the Company's basic commitments in matters of Occupational Risk Prevention. In addition to being public, it is available on the corporate Intranet and is included in the e-learning training on Occupational Risk Prevention provided to all the personnel of NH Hoteles.

The Company has Health and Safety Committees, created in hotels that have union representatives and a workforce of more than 50 employees. We currently have 18 Work Health and Safety committees. Hotel workforces with Health and Safety Committees have more than 1,600 employees.

In 2010, the NH Hoteles Joint Prevention Service (Work Health and Safety Area), which produces employees' accident reports, investigated 271 work accidents with leave, 319 work accidents without leave and 3 occupational diseases.

Occupational Hazard Prevention

Since 2009, NH Hoteles has had a Prevention Plan in place which includes all the preventive actions at all hierarchical levels of the Company, establishing prevention duties and responsibilities for senior managers, middle management and employees. The Plan has involved all employees and has led to the creation of a true "prevention culture" inherent to the work environment.

This is supervised by the Health and Safety Commissions made up of Hotel Managers, department heads and, in some regions, they also involve workers' representatives.

In 2010, the following initiatives were carried out in the various business units:

▼ e-Learning Training

In September 2010, the new e-learning training programme in Work Health and Safety was launched for the entire company's workforce and has already been completed by virtually all NH Hoteles and Hesperia employees.

▼ Risk Assessment and Pre-opening Reports

We have conducted Risk Assessments and produced Pre-opening Reports for hotels and work centres that opened during the year (NH Girona, NH Palacio de Tepa, NH Ribera de Manzanares, Coperama and Barcelona Central Services, amongst others). Risk assessments were also carried out in other hotels such as NH Eurobuilding, NH Albar, NH Alicante, NH Ciudad de Valladolid, NH Bálago, NH Rallye, NH Obradoiro, amongst others.

▼ Emergency measures

During 2010, three practice drills organised by ASSL were performed in NH Balago, NH Cristal and NH Puerto de Sagunto. e-learning training includes a specific model on emergencies to train all personnel.

▼ Cleaning Staff Training Campaign

The training and awareness campaign continued during 2010 for the Cleaning Staff throughout the hotel chain. This area suffers the highest number of accidents clearly related to ergonomics and overstrain.

▼ Protection of Pregnancy and Breast-Feeding

In compliance with the Work Health and Safety Procedure for Protection of Maternity and Breast-Feeding, 92 maternity protection and leave due to risk during pregnancy processes were managed.

ABSENTEEISM

In 2010, total absenteeism went up slightly, mainly because of maternity and illness, although absenteeism caused by accidents remained unaltered. Increase in maternity absenteeism includes paternity leave.

| | 2009 (%) | 2010 (%) |
|--------------------------|-------------|-------------|
| Accident | 0.20 | 0.20 |
| Illness | 2.98 | 3.04 |
| Maternity | 0.74 | 0.80 |
| Total absenteeism | 3.92 | 4.01 |

Excludes Extras & temporary employment agencies



NH Rincón de Pepe, Murcia - Spain

SOCIAL BENEFITS

Employee Rate

Offers of special rates for employees (€36 plus VAT) with an additional 30% discount on NH Hoteles products and services. In 2010, NH Hoteles' employees spent almost 64,000 nights in the company's different hotels.

Voucher Amigo Rate

There are three prices for this rate: €59, €89 and €118 (excluding VAT and other equivalent taxes), depending on the hotel category. In 2010, the Voucher Amigo Rate accumulated €13,081,602 in revenue, 6% more than 2009. A total of 185,234 nights were enjoyed at this rate.

Offers for employees

Special offers to enable employees and friends to enjoy the services offered by the hotels in the chain, creating attractive offers that include a wide range of additional services (welcome drink, late check out, additional discounts, etc.). 51 destinations were promoted this during the year. The whole range of discounts and promotions are available and promoted on the Intranet per Business Unit.

Recognition Programme

2010 saw the second edition of the programme designed to reward employees for good performance by means of credits that are convertible into hotel stays. 10 acknowledgement programmes were developed, having distributed a total of 260,569 credits, convertible into products and services.

| | |
|---------------------------------|----------------|
| Christmas Competition | 648 |
| Employee recognition programmes | 2,916 |
| Helping NH as buddy | 684 |
| Integration of Hesperia | 1,188 |
| In-house instructors | 7,272 |
| Jubilee | 86,186 |
| Pocket Money Up grade contest | 8,793 |
| 2009 Best Hotel Prize | 4,008 |
| We are all Sales | 110,320 |
| Upselling | 38,554 |
| Total Credits | 260,569 |

Identification Plan of Special Cases of Employees and Relatives

The aim is to help employees who can have a personal problem or a special social situation which could affect the normal development of their life and/or work.



Voucher Amigo

Flexible Compensation Plan

Throughout 2010, with the aim of maximising the remuneration of our employees, the Flexible Remuneration Plan was launched, initially comprising three products: medical insurance, lunch vouchers and nursery vouchers. It was warmly welcomed, and around the 30% of employees took it up. This first year, it was intended for Corporate Employees of Central Services of the Spanish Business Unit and for Hotel Managers, and in forthcoming years its scope will be broadened.

TRADE UNION REPRESENTATIVES

Communication and negotiation with employee representatives makes it possible to consolidate the foundations for participation and joint action which improve job quality and increase the satisfaction of all workers. 2010 saw an increase in the collective agreements, compared to the previous year, in several Business Units, although the percentage of employees covered is the same.

| Business Unit | N° Collective Agreements 2009 | N° Collective Agreements 2010 | % Employees covered |
|-----------------------------------------|-------------------------------|-------------------------------|---------------------|
| Spain | 45 | 56 | 100% |
| Benelux, United Kingdom, France, Africa | 2 | 11 | 100% |
| Italy | 4 | 4 | 100% |
| Germany | 19 | 12 | 100% |
| Central and Eastern Europe | 5 | 9 | 83% |
| South America | 1 | 1 | 85% |
| Mexico | 26 | 22 | 100% |



NH 9 de julio, Buenos Aires - Argentina



TODOS SOMOS + VENTAS (WE ARE ALL MORE SALES)

The Todos Somos Ventas programme continues and has become part of the corporate culture of the Company seeking to positively mobilise the staff so as to increase the sense of belonging and the utmost involvement of all employees.

The relaunch of this philosophy in 2010 is based on the slogan **"Todos Somos + Ventas"** (We are all More Sales)", and employees are encouraged to offer more products and services based on the following ideas:

- ▼ Forward special offers of destinations to our friends and relatives.
- ▼ Promote all the Friend Voucher Rate prices that apply to the different categories of hotel and at certain times of the year.
- ▼ Offer the customer the hotel's products and services: room upgrade, breakfast, late check-out, hotel car park, minibar, restaurant, etc.
- ▼ Make it easier for customers to book in other hotels of the chain for upcoming stays.

Communication campaign

The We are all Sales culture has this year been relabelled "Todos Somos + Ventas" (We are all More Sales), and relaunched throughout the company via internal communiqués, posters, videos, based on employees' stories and their experiences in the project.

In 2010 all the employees with MBO (Management by Objectives), have had an individual sales target that has accounted for 5% to 10% of their overall variable remuneration, as well as participation in the acknowledgement programme for all other employees.

AWARDS AND ACKNOWLEDGEMENTS

▼ Top Employer CRF

This acknowledgement was also obtained in Belgium, in addition to in Spain, The Netherlands, Germany, Switzerland and Mexico.

▼ Business Culture Ranking:

NH Hoteles ranks among the 6 best companies to work at in Germany in the "Corporate culture" category of the annual survey conducted by the independent organization CRF (Corporate Research Foundation). This category highlights the role of the chain as an employer in Germany, its management of diversity and the team spirit of its employees.

▼ MercoPersonas 2010

NH Hoteles continues to be the leader in Spain as the best company to work for within the Travel and Tourism sector.

▼ Cegos Awards 2010

Granted to Best Practice of NH Hoteles and its project "Todos Somos Ventas", awarded with the Extraordinary Distinction 2010 in Internal Communication at the Cegos Awards with Equipos&Talento 2010.

▼ HR Innovation Award

Recognition of the project "Todos Somos Ventas" granted by Expansión & Empleo and the Instituto de Empresa.

▼ 3rd Edition of the Hudson-ABC Award to a Human Resources Manager 2010

Award granted for the initiative "Todos Somos Ventas" to the HR Manager of NH Hoteles.

MAIN EMPLOYEE INDICATORS*

| N° employees per Business Unit* | 2009 | 2010 |
|--------------------------------------------|---------------|---------------|
| Spain | 5,169 | 6,639 |
| Benelux, United Kingdom, Africa and France | 3,010 | 3,025 |
| Italy | 2,671 | 2,598 |
| Germany | 2,783 | 2,869 |
| Central and Eastern Europe | 692 | 766 |
| South America | 524 | 825 |
| Mexico and Caribbean | 2,419 | 1,572 |
| Total | 17,268 | 18,294 |
| Open-ended contracts | 55.10% | 58.40% |
| Average staff turnover** | 9.30% | 3.90% |
| Immigrants | 13% | 13.6% |
| Female employees | 49.6% | 49.7% |
| Women in managerial posts | 49% | 49.3% |
| Age pyramid | | |
| Under 25 years old | 18.98% | 14.30% |
| 25 - 45 years old | 47.89% | 50.40% |
| Over 45 years old | 33.13% | 35.30% |
| NHU training hours | 247,484 | 175,948 |
| N° participants in NHU programmes | 88,514 | 56,598 |
| N° hours training/ participant | 2.80 | 3.11 |
| Investment in training | €944,500 | €646,800 |
| N° of performance evaluations conducted | 12,344 | 13,040 |
| N° of Employee mailbox questions | 146 | 107 |
| N° of NH Idea scheme ideas | 141 | 59 |

*FTE including all types of contracts

**Voluntary turnover (0.7%) v. Non-voluntary turnover (3.2%)

The main objective of our Social Action strategy is to build positive relationships with the communities in which we operate, where we can add value to local development on the basis of communities' needs, with a commitment and collaboration based on the operations of our hospitality business.

SOCIAL ACTION INITIATIVES

Up! For the people

In 2010 a new **Corporate Responsibility Master Plan 2011-2013** has been defined, and one of the main strategic guidelines is global Social Action, covering the main action initiatives of all the Business Units, adapted to local needs but at a global level.

The Plan will also enable the integrated communication of the social projects carried out in all Business Units.

The three approaches defined for Social Action fall under the banner **Up! for the People**, an "innovative promise of social action": Up for Opportunities, **Up! for Hospitality** and **Up! for Volunteering**.



YCI in NH Mexico City - Mexico

Up! for Opportunities

International training and apprenticeship programme for young people at risk of social exclusion and the disabled in the hotels in the chain.

- Actions with people at risk of social exclusion: young people, women, disabled people.
- Involvement of hotel employees (NH coaching).

▼ Youth Career Initiative - YCI (Mexico)

Training Programme in Hospitality for young people at risk of social exclusion. NH Hoteles has begun this project in the hotel NH México City with a full hospitality training programme over 24 weeks for 10 students.

▼ Project Padre Mario (González Catán, Buenos Aires, Argentina).

We continue our active collaboration in the project of Padre Mario through training programmes for young people at risk of social

exclusion. In 2010, two young people from the Padre Mario Project did an internship in our hotels.

▼ Youth Bank (Germany).

The Programme helps people under the age of 25 to create working groups for exchanging social ideas and put them into practice. Youth Bank offers training in skills and motivation, infrastructures and contacts, as well as a financial contribution per project (between €50 and €400). The participation of NH Hoteles focuses on our employees as volunteer workshop instructors (e.g., Social Media, hotel and catering, etc.) and providing venues in which to hold the sessions.

▼ Practical training for young people at risk of social exclusion, women who are victims of gender violence and the disabled. (Spain).

- NH Hoteles works with the non-profit organisation Adis Meridianos through an agreement whereby minors who are doing community service can complete an apprenticeship in the hotel chain. Young people at the 'La Biznaga' (Torremolinos) and 'El Molino' (Almeria) centres complete their apprenticeship at the NH Hoteles' work centres.
- Other apprenticeship agreements with associations that work to help insert people at risk of social exclusion include the Red Cross, Fundación Secretariado Gitano, Andalusian Federation of Associations of Deaf People and Programa Cualifica (which trains women who are victims of gender violence).

"The milestones achieved in 2010 can be summarised in the definition of strategic action lines, with special emphasis on the global character, based on the business and strengths and opportunities of the Company, such as solidarity and the involvement of the staff in social projects.

To this we must add the good response of NH Hoteles, staff and customers to the natural disasters that have occurred during the year and the response given to the ambitious corporate volunteer programme based on the pro-bono collaboration of employees."

Marta Martín, NH Hoteles Corporate Social Responsibility Director



Employees of NH Hoteles



Fundación Menudos Corazones

Up! for Volunteering

Support for this social action vehicle which encourages values of solidarity and responsibility among employees toward the needy. The aim of NH Hoteles is to create a **culture of Corporate Volunteering**, based on the social contribution of our employees.

- The intention is for volunteering to gain recognition from the employee's job.
- Sense of solidarity aligned with the business.
- Accompaniment of the employees in the Training of young people in special hotel & catering centres.

▼ Creation and implementation of a hospitality school in Ethiopia (Spain-Ethiopia).

The collaboration consists of the advice and contribution of know-how (Pro-bono Initiative) our employees as specialists in the management of hotel establishments, guaranteeing international standards through meetings with the NGO (**Manos Unidas**) and NH (by business area) aiming to share our experience, possible ideas and recommendations, providing advice on the best guidelines to ensure the best working order of the future establishment.

To carry it out, both parties held regular meetings, with reports, constant dialogue, etc. Feedback on the volunteer workers' visits to the "site" and revision of goals, tasks and time frames.

VOLUNTEERING PROJECT OF HOSPITALITY SCHOOL IN ETHIOPIA

"For me to have had the opportunity to take part in this project has meant a challenge on a professional level, as I have had to adapt my working style to a completely different objective, and on a personal level, having been able to use my knowledge and the means available to me in such a poor and depressed region like Ethiopia has been one of the most rewarding things I have done in my professional career. I'm grateful to NH for giving me the opportunity to participate and I think that many other companies should do the same".

María Madrid, NH Hoteles Purchasing Manager

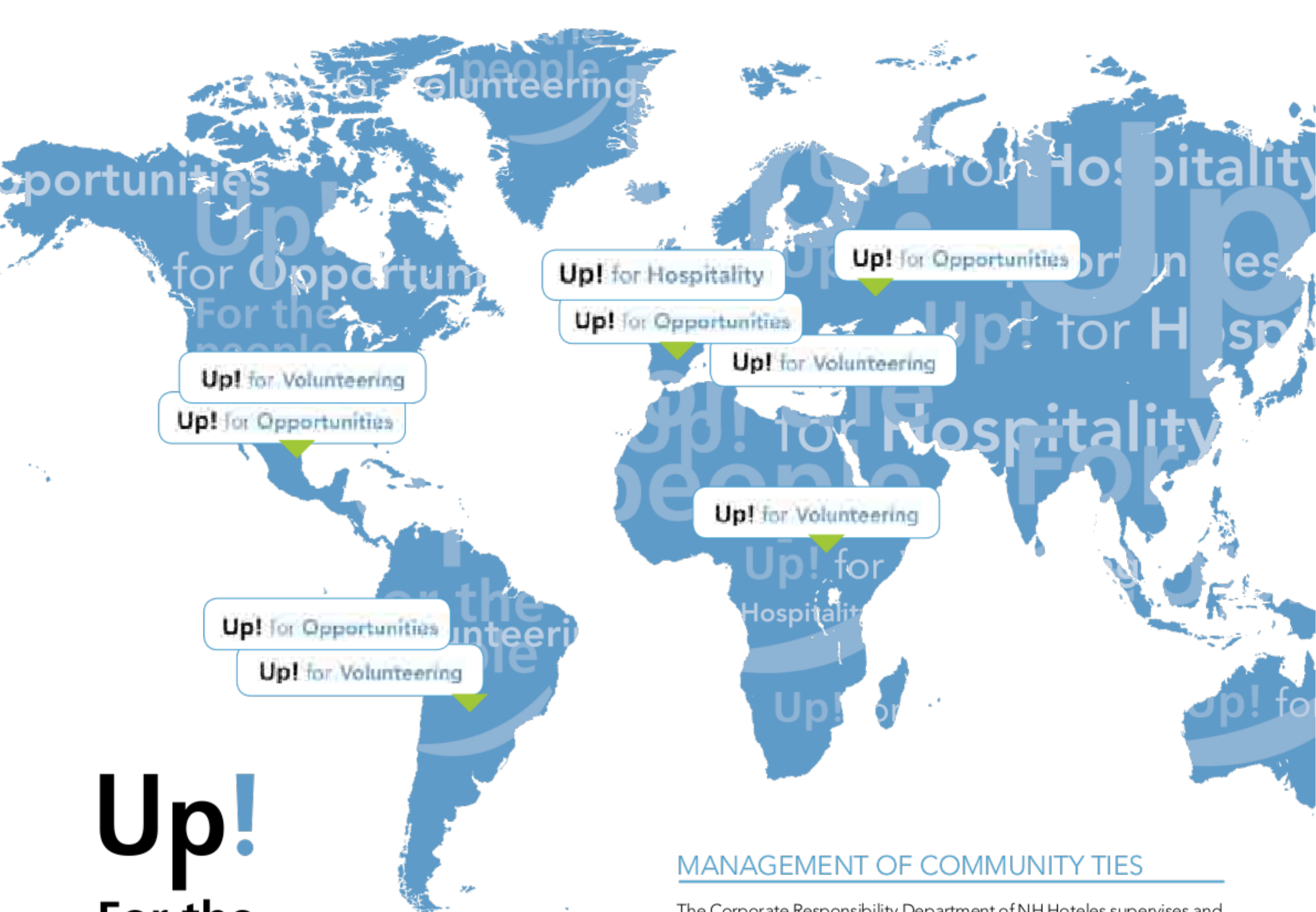
Up! for Hospitality

As a **responsible hotel chain**, NH Hoteles understands that a collaboration via products and services is a valuable contribution to society. For this reason, the Company has designed a number of sustainable initiatives that allow it to offer its business at the service of NGOs and Foundations on a global scale.

Via the **NH Amigo Solidario Programme**, an initiative through which discounts of up to 30% on the best available rate in all NH services are offered to NGOs and Foundations that may require them, NH Hoteles has become the first port of call to cover their needs for halls, rooms and food services.

▼ On the other hand, initiatives such as the **Fundación Menudos Corazones** consisting in the donation of rooms for parents of children with heart problems that must be treated in Madrid, and who must travel for unlimited periods of time from other parts of Spain, shall be copied in other Business Units on the basis of the success of the programme.

▼ Another project under the **Up! for Hospitality** umbrella is the coordination with **Hospitals in the Community of Madrid** (Spain) to offer special rates to relatives of hospitalised children. The programme has been proven to be very successful, with an increasing number of NGOs and Foundations using NH Hoteles as the "responsible" supplier.



Up! For the people

Up! for Volunteering

- ▼ International Campaign "Christmas for All"
- ▼ Creation and implementation of a Hotel School in Ethiopia (Spain)
- ▼ Help (donations of customers and employees) Earthquake Haiti (International)
- ▼ Collaboration with victims of the earthquake of Veracruz (Mexico)

Up! for Opportunities

- ▼ Youth Career Initiative (Mexico)
- ▼ Obra Padre Mario (Argentina)
- ▼ Youth Bank (Germany)
- ▼ Training in Hospitality and Restoration (Spain)

Up! for Hospitality

- ▼ "Menudos Corazones" (Spain)
- ▼ Program "NH Amigo Solidario" (Spain)
- ▼ "Huesped de Corazón". UNICEF (Mexico)

MANAGEMENT OF COMMUNITY TIES

The Corporate Responsibility Department of NH Hoteles supervises and collaborates in all decisions made on social actions to be implemented via the heads of Corporate Responsibility of each Business Unit, who channel all the information required as well as the management of the actions, in line with the Social Action strategy.

Our management system called **Solidarity Index** allows us to identify projects and local organisations with remits, objectives and needs that we can respond to from our business, selecting those closest to our strategy.

All actions are gathered in an annual inventory, updated every six months, which enables the Department of Corporate Responsibility to monitor actions, the investment made in each one and the overall investment and management.

Voucher Amigo and Employee Rates

NH Hoteles donate €1 and €2 to social and environmental projects from the special rates offered to employees. Each time they make use thereof, this amount is added to the budget of all actions and initiatives carried out of a social action nature.

MAIN SOCIAL ACTION INDICATORS

Total social collaboration: + to 260
Total beneficiary entities: + to 230 NGO and Foundations
Total Social Investment: 1,065,752€

| | 2008 | 2009 | 2010 |
|-----------------------------------------|---------|-----------|------------------|
| Total invested in Community involvement | 649,557 | 618,217 | 553,388 |
| Amount collected through Ba+TE | 241,208 | 414,700 | 434,444 |
| Cultural Support | - | - | 77,920 |
| Total Community investment | 890,765 | 1,032,917 | 1,065,752 |



Mario Vargas Llosa Story Award

OTHER PARTNERSHIPS

Response to international emergencies

- ▼ International fundraising campaign to help the victims of the **Haiti earthquake** (UNICEF). The total amount raised by NH Hoteles during this campaign, added to the €20,000 donated by the Company and the total amount raised by customers and employees was €56,978.
- ▼ **Earthquake In Chile.** NH Hoteles collaborated via a loan of 800,000 Chilean pesos to enable a female employee of the hotel NH Ciudad Santiago de Chile affected by the earthquake to rebuild her home.
- ▼ **Hurricane in Mexico.** Members of the Mexico Business Unit collaborated with their colleagues in the State of Veracruz, having collected clothing and provisions to help face the disaster caused by hurricane Karl. Furthermore, a total of €13,964 was raised.

Different collaborations

- ▼ **Ordenadores sin Fronteras (Computers without Borders):** NH Hoteles works in Spain with this body through an agreement where it donates all obsolete electronic devices, computers and hardware from its hotels which this NGO restores for reuse, sending them to social projects in different countries.
- ▼ **Donation of menus:** to various soup kitchens in Madrid through the Madrid Volunteers Foundation and Rotary Club. Every Wednesday, the NH Eurobuilding and NH Parque Avenidas hotels and Casino de Madrid donate more than 60 menu rations to centres in need in the Madrid region. In total, more than 10,140 rations are donated each year.
- ▼ **Collaboration with WWF "Earth Hour":** continuous support to this initiative, in 2010 NH turned out the lights on the fronts of more than 289 of its hotels worldwide for one hour to show its solidarity with the fight against climate change.



CULTURAL SUPPORT AND PROMOTION

▼ Mario Vargas Llosa Story Award

The Peruvian writer Mario Vargas Llosa and the General Manager of Operations of NH Hoteles, Francisco Zinser, presented at the Casino of Madrid, the XIII Edition of the Mario Vargas Llosa NH Story Award.

Collections of tales and 1,043 independent short stories in Spanish were entered for this year's competition, which offer the best prizes in this category in Spanish.

For this new edition of the book "Noches de Relatos" ("Story Nights" that is published with the winning and runner-up stories, an online book will be published and made available to all NH Hoteles' customers, thereby saving paper.

▼ NH Stock Art

The NH Hoteles art collection continues to add works by emerging new artists which become part of the interior design and the brand image of NH. In 2010 the collection had 3,158 original works by a total of 238 artists.

In 2010 new supports for artistic photographs on large format canvasses have been displayed at the Restaurant of the NH Palacio de Tepa, NH Campo de Cartagena and in the refurbishment of the NH Príncipe de Vergara.

AWARDS AND ACKNOWLEDGEMENTS

▼ SERES Award for social innovation

Recognition of the project "**Hotels with a Heart**" designed for families with children suffering from heart disease who must travel from their usual home towns whilst the children are in hospital.

▼ Codespa Award

Special mention of the Codespa Award for Corporate Volunteering for our project "**Hospitality School in Ethiopia**". The award was presented by the President of Honour of the Foundation, the Prince of Asturias.

OUR PROGRESS IN CORPORATE RESPONSIBILITY



Commitments and Challenges

| COMMITMENTS 2010 | | PROGRESS |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| CORPORATE RESPONSIBILITY MANAGEMENT | ▼ CR Annual Report 2009 publication. Obtaining GRI A qualification. | 100% |
| | ▼ Publication of the Progress Report linked to the fulfillment of the Global Compact principles. | 100% |
| | ▼ Corporate Responsibility Scorecard. Monitor indicators and implement corrective actions. | 100% |
| | ▼ Integration of Hesperia: Consolidation of economic, social and environmental information. In 2010 expects to be able to consolidate all indicators with this chain's data. | 100% |
| SHAREHOLDERS | ▼ Continue assesment of the Corporate Governance model. | 100% |
| | ▼ Participation in SRI indexes and evaluations. | 100% |
| | ▼ Integration's process of Hesperia | 100% |
| CUSTOMERS | ▼ Raise awareness among all the company's employees about improving the Customer Service and Quality processes, through measurement and internal publication of customer satisfaction with each area of the hotel. | 100% |
| | ▼ Measure and publish Customer Satisfaction with each establishment on a weekly basis, making it easier for each hotel to identify areas of improvement and draw up action plans to tackle them. | 100% |
| | ▼ Study the customer's needs, allowing us to tailor the establishments' services and products to needs detected. | En progreso |
| | ▼ Continue arranging events to raise environmental performance awareness among customers. | En progreso |
| | ▼ Continue developing content in the NHWorld Customer Loyalty programmes. | 80% |
| SUPPLIERS | ▼ International monitoring of the Supplier evaluation process using ethical, social and environmental criteria. | 100% |
| | ▼ Annual Suppliers satisfaction survey. | 100% |
| | ▼ Reinforce actions to forge stronger ties with the NH Sustainable Club suppliers. Focus on innovation of products and services based on the most environmentally sustainable solutions. | 100% |
| ENVIRONMENT | ▼ Monitor compliance with the reduction objectives in the 2008-2012 Environmental Strategic Plan. | 100% |
| | ▼ Reinforce the Sustainability Communication Plan. | 100% |
| | ▼ Develop and promote an electric car charging network in our hotels in the main European cities. | 80% |
| | ▼ Introduce the "eco-friendly food" idea at some of our hotels, before launching it on a broader scale in order to study and learn about the opportunities and challenges in this field in the business. | 80% |
| | ▼ Launch the Footprint Calculator on our web so that our customers can calculate and compensate their emissions. | 100% |
| EMPLOYEES | ▼ Definition of a People Management Strategic Plan to guide the policies and practices that contribute most business value in the next few years. | 100% |
| | ▼ Relaunch the "We are all + sales" scheme to further encourage company employee involvement in the group's sales results. | 100% |
| | ▼ Define and track gender diversity indicators in all the Business Units. Develop local action plans. | 100% |
| SOCIETY | ▼ Launch community involvement campaigns that get employees, customers and other stakeholders involved in different solidarity causes. | 100% |
| | ▼ Start up new Corporate Volunteer Projects that encourage employees to get directly involved in social and environmental causes. | 100% |



CHALLENGES 2011

| | |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CORPORATE RESPONSIBILITY MANAGEMENT | ▼ Implementation and monitoring of activities of the 2011-2013 Corporate Responsibility Master Plan. |
| | ▼ Adoption and dissemination of the new Code of Conduct applicable to all our Stakeholders. |
| | ▼ Corporate Responsibility Scorecard. Monitoring of KPIs and implementation of corrective actions. |
| | ▼ CR Annual Report 2010 publication with external verification. Obtaining GRI highest qualification A+. |
| SHAREHOLDERS | ▼ Signature and development of the strategic alliance with the new partner HNA. |
| | ▼ Process of renegotiating the Debt of the Company with major funders. |
| | ▼ Return to the path of growth by expanding the number of hotels and geographical areas. |
| CUSTOMERS | ▼ Quality Focus on-line progress: Automatic translation feedback from customers in 54 languages. |
| | ▼ Quality Focus on-line progress: automation of customer feedback. |
| | ▼ Quality Focus Championship 2011 (1 Step Forward): Launch of a championship within the hotels based on customer satisfaction. |
| | ▼ Redefinition of the hotel operating processes, oriented towards the customer experience. |
| | ▼ Strengthening of Wake Up To a Better World communication activities. |
| SUPPLIERS | ▼ International monitoring of the Suppliers assessment attending ethical, social and environmental criteria. |
| | ▼ Transfer of the new Code of Conduct commitments towards the complete Value Chain. |
| | ▼ Annual Suppliers Satisfaction Survey. |
| | ▼ Consolidation of direct actions with NH Sustainable Club members. Focus on innovation of products and services based on solutions that respect the environment. |
| ENVIRONMENT | ▼ Sustainable mobility: introducing a pilot customer experience with electric mobility services, car-sharing or rental of electric vehicles. |
| | ▼ Energy efficiency: implementation of energy management pilot projects in order to acquire sufficient experience to develop future global projects and improve the objectives set by the Company. |
| | ▼ Efficient Lighting: Implementation of the new LED technology in all permanent lighting circuits in the hotels, maximizing energy efficiency in this concept. |
| | ▼ Launch of an interactive Sustainability Website as a channel for communication of environmental initiatives with our customers and other Stakeholders. |
| | ▼ Implementation of an on-line Management System tracking the environmental information of our hotels. |
| | ▼ Carbon Footprint global certification following the "GHG protocol". |
| EMPLOYEES | ▼ Convert NHU Betrain platform into the NH Hoteles Knowledge Management tool and also enhancing its use as internal Social Media. |
| | ▼ Implementation of the new TFY ("Time For You") Performance Management System. |
| | ▼ Launch of Employee Satisfaction Survey 2011. |
| | ▼ Definition and implementation of Action plans resulting from the 2011 Satisfaction Survey in all Business Units. |
| | ▼ Implementation and monitoring of Diversity Plans defined in the Business Units. |
| | ▼ Enhance the definition and implementation of more stringent policies and committed to gender diversity at all levels within the organization in NH Hoteles. |
| SOCIETY | ▼ Implementation of the global strategy for Social Action Up! For the people. |
| | ▼ Identification and implementation of Up! projects in different Business Units focused on the direct involvement of employees. |
| | ▼ Definition and launch of the Corporate Volunteer Program Up! for Volunteering. |

Corporate Responsibility Indicators

| PROFILE | 2010 | 2009 |
|-------------------------------------------------------------------------|-------------|-------------|
| Portfolio of hotels (number) | | |
| Number of hotels | 397 | 401 |
| Number of rooms | 58,687 | 61,317 |
| Net profit | €-41.3M | €-97.1M |
| EBITDA increment | 57.5% | -74.7% |
| STAKEHOLDERS | | |
| SHAREHOLDERS | | |
| Entities which conduct analysis of NH Turing the year | 21 | 28 |
| Shareholder and investor inquiries answered | 832 | 913 |
| One-to-One Meeting with shareholders and investors | 84 | 32 |
| Analyst follow-up reports | 76 | 79 |
| EMPLOYEES | | |
| N° employees | 18,294 | 17,268 |
| Inmigrants | 13.60% | 13% |
| Female employees | 49.70% | 49.6% |
| Women in Management positions | 49.30% | 49% |
| N° of nationalities | 134 | 118 |
| NHU training hours | 175,948 | 247,484 |
| Investment in training | 646,800 € | 944,500 € |
| N° of performance evaluations conducted | 13,040 | 12,344 |
| Employee Satisfaction Index (scale 0 to 3) | - | 2.11 |
| % Satisfaction Survey Participation | - | 79.2% |
| N° of employee mailbox questions | 107 | 146 |
| CUSTOMERS | | |
| Quality Appraisal | | |
| • N° of "Mystery Guest" hotel assessments | 189 | 156 |
| • N° of Customer Satisfaction Surveys | 66,323 | 42,018 |
| Communications managed by the Customer Service Department | 4,200 | 2,800 |
| NH World cardholders | 1,692,960 | 1,554,543 |
| SUPPLIERS | | |
| Volume of suppliers managed | 26,702 | 27,492 |
| N° of suppliers who have signed the Code of Ethics | 896 | 693 |
| Supplier satisfaction index (scale of 1 to 5) | N/A | N/A |
| N° Suppliers NH Sustainable Club | 40 | 29 |
| SOCIETY | | |
| N° community involvement projects | 262 | 274 |
| Social Investment | 1,065,752 € | 1,032,917 € |
| Resources obtained from solidarity € (Employee and Voucher Amigo Rates) | 434,444 € | 414,700 € |
| Beneficiary organisations | 236 | 254 |
| ENVIRONMENT | | |
| Urban hotels | | |
| Energy consumption (kWh) | 154,207 | 164,288 |
| Energy consumption (kWh per Guest/Night) | 10 | 12.1 |
| CO ₂ emissions (Ton.) | 623,365,455 | 609,074,104 |
| CO ₂ emissions (kg. per Guest/Night) | 40.4 | 44.73 |
| Water consumption (m ³) | 3,294,068 | 3,236,713 |
| Water consumption (l. per Guest/Night) | 215.4 | 239.24 |
| Waste generation (Kg.) | 43,019,872 | 48,167,522 |
| Waste generation (Kg. per Guest/Night) | 3.0 | 3.5 |
| Generation of solar energy (KWh/year) | 3,975,051 | 2,524,860 |



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

(Free translation from the original in Spanish.)

In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in NH Hoteles, S.A. (hereinafter NH Hoteles) Annual Report 2010 - Corporate Responsibility for the year ended 31 December 2010 (hereinafter "the Report"). The information reviewed corresponds to the Economic Dimension, Environmental Dimension and Social Dimension sections referred in the chapter entitled "GRI Indicators".

NH Hoteles management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.0 (G3) of the Global Reporting Initiative as described in the section entitled "About this report". This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue an independent report based on the work performed, which refers exclusively to the information corresponding to the year 2010. 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 and also in accordance with the guidance set out by the Accountants Institute of Spain (Instituto de Censores Jurados de Cuentas de España). 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 the independence requirements included in the International Federation of Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

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

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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. Also, this report should not be considered an audit report.

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

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Annual Report 2010 - Corporate Responsibility of NH Hoteles S.A. for the year ended 31 December 2010 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3) of the Global Reporting Initiative as described in the "About this report" section of the Report.

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

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

24 June 2011

About this report

This is NH Hoteles' fifth Corporate Social Responsibility Report detailing the company's economic, environmental and social performance for the 2010 financial year. It reflects the Company's commitment to a sustainable management of the business and of its relations with its stakeholders.

Our aim is to present a balanced, accurate report of our threefold commitment to areas of importance to NH Hoteles and our ongoing strategic projects. There is a summary of how our approaches and work progressed during 2010. For further information visit our website <http://www.nh-hoteles.es/>

SCOPE OF THE REPORT

This report summarises NH Hoteles' general management results during 2010, broken down by countries in which we operate. The multinational dimension of our business, with the addition of new hotels and gradual implementation of systems and processes means that, in some cases, only partial data is reported until the business units have integrated the corporate processes. In each case, the report indicates the scope of the data to enable accurate reporting and the comparability of information.

PREPARATION CRITERIA

The Report has been prepared based on the reporting of the most important aspects of our management and performance in 2010, in line with objectives set and commitments made to our stakeholders. We included our balanced scorecard with indicators that measure the company's progress in sustainable business management.

We followed the references and guidelines of the Global Reporting Initiative and its guide for the Preparation of Sustainability Reports in the G3 version, both the principles for defining contents and quality of reports as well as fulfilment of the basic content.

We focused on providing important information on matters and indicators that reflect the most significant effects of our organisation and the response to our stakeholders' expectations. We also worked with the principles to guarantee the quality of the Report in terms of both the balance of performance reporting and the comparability and accuracy of information.

The Table of contents with the reported indicators and compliance is available at the end of this report. With regard to the reporting, we believe we have applied GRI at level A+, which this year includes the external verification of this Report.

RIGOR AND EXTERNAL ASSURANCE

Each year there is an internal information and data collection process which establishes Corporate Responsibility indicators and the system for documenting data sources, checking their accuracy and their approval by the Steering Committee.

This year, after consolidating the new data control and measurement systems introduced in 2008, the data collected in the account report was verified by independent auditors (KPMG). Its assurance report can be found in one of the sections of this chapter.

NH Hoteles's A+ self-assessment has been corroborated by KPMG, and subsequently GRI has reviewed the whole process, assigning the report the highest possible rating.



GRI Indicators

| STANDARD DISCLOSURES PART I: Profile Disclosures | | | | | | |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------|-------------|
| Profile Disclosure | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
| 1. Strategy and Analysis | | | | | | |
| 1.1. | Statement from the most senior decision-maker of the organization. | Fully | Pg. 4 Letter from the Chairman CRR | | | |
| 1.2. | Description of key impacts, risks, and opportunities. | Fully | Pg. 4 Letter from the Chairman; Pg. 8 Risk Map CRR Pg. 40-41 Risk control system ACGR | | | |
| 2. Organizational Profile | | | | | | |
| 2.1. | Name of the organization. | Fully | Pg. 4 Our Presence in the world CRR | | | |
| 2.2. | Primary brands, products, and/or services. | Fully | Pg. 4 Our Presence in the world CRR | | | |
| 2.3. | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | Fully | Pg. 12 Who we are CRR | | | |
| 2.4. | Location of organization's headquarters. | Fully | Cover of this Annual Report | | | |
| 2.5. | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Fully | Pg. 12-20 Who we are CRR | | | |
| 2.6. | Nature of ownership and legal form. | Fully | NH Hoteles, S.A. Pg. 1 ACGR | | | |
| 2.7. | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | Fully | Pg. 12-20 Who we are CRR | | | |
| 2.8. | Scale of the reporting organization. | Fully | Pg. 12-20 Who we are CRR | | | |
| 2.9. | Significant changes during the reporting period regarding size, structure, or ownership. | Fully | Pg. 13-14 Openings - Asset Management CRR | | | |
| 2.10. | Awards received in the reporting period. | Fully | Pg. 10,31,42,51,55 Awards and Acknowledgements CRR | | | |
| 3. Report Parameters | | | | | | |
| 3.1. | Reporting period (e.g., fiscal/calendar year) for information provided. | Fully | Pg. 2 CRR | | | |
| 3.2. | Date of most recent previous report (if any). | Fully | Pg. 9 1 st Paragraph CRR | | | |
| 3.3. | Reporting cycle (annual, biennial, etc.) | Fully | Pg. 9 Evolution of Corporate Social Responsibility Reporting CRR | | | |
| 3.4. | Contact point for questions regarding the report or its contents. | Fully | Pg. 2 CRR | | | |
| 3.5. | Process for defining report content. | Fully | Pg. 5, 6 Commitment to our Stakeholders Pg. 61 About this report CRR | | | |
| 3.6. | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | Fully | Pg. 61 About this report CRR | | | |
| 3.7. | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | Fully | Pg. 61 About this report CRR | | | |
| 3.8. | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations. | Fully | Pg. 61 About this report CRR | | | |
| 3.9. | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | Fully | Pg. 33 Monitoring and measurement; Pg. 61 About this report CRR | | | |
| 3.10. | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | Fully | No re-statements of information provided in earlier reports | | | |
| 3.11. | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | Fully | No significant changes from previous reporting periods | | | |
| 3.12. | Table identifying the location of the Standard Disclosures in the report. | Fully | Pg. 62, 72 GRI Indicators CRR | | | |
| 3.13. | Policy and current practice with regard to seeking external assurance for the report. | Fully | Pg. 59 Verification CRR | | | |

STANDARD DISCLOSURES PART I: Profile Disclosures

| Profile Disclosure | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------|
| 4. Governance, Commitments, and Engagement | | | | | | |
| 4.1. | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight. | Fully | Pg. 18 Board of Directors, Committees and Steering Committee CRR | | | |
| 4.2. | Indicate whether the Chair of the highest governance body is also an executive officer. | Fully | Pg. 33, 34 Board of Directors, Committees and Steering Committee ACGR | | | |
| 4.3. | For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. | Fully | Pg. 11, 12 Board of Directors ACGR | | | |
| 4.4. | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Fully | Pg. 41 Point D. 2. ACGR | | | |
| 4.5. | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance). | Fully | Pg. 27 Point B.1.14. ACGR | | | |
| 4.6. | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | Fully | Pg. 39 Point C.6. ACGR | | | |
| 4.7. | Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics. | Fully | Pg. 35-36 Point B.2.3. ACGR | | | |
| 4.8. | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation. | Fully | Pg. 5-10 Our approach; Pg. 7 Our ethical framework CRR | | | |
| 4.9. | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | Fully | Pg. 8 Internal Organisation CRR | | | |
| 4.10. | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. | Fully | Pg. 27 Point B.1.14 ACGR | | | |
| 4.11. | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | Fully | Pg. 8 Review of risks map – Global Context CRR | | | |
| 4.12. | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | Partially | Pg. 5-10 Our approach CRR | Externally developed economic, environmental, and social charters to which the organization subscribes or endorses. | Does not exist | "No charters of this kind have been signed in the reporting period" |
| 4.13. | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. | Fully | Pg. 10 Initiatives and alliances CRR | | | |
| 4.14. | List of stakeholder groups engaged by the organization. | Fully | Pg. 6 Commitment to our stakeholders CRR | | | |
| 4.15. | Basis for identification and selection of stakeholders with whom to engage. | Fully | Pg. 6 Commitment to our stakeholders CRR | | | |
| 4.16. | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | Partially | Pg. 6 Communication and active listening CRR | Including frequency of engagement by type | Does not exist | "NH Hoteles reports the approach including the frequency of engagement by stakeholder group." |
| 4.17. | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | Fully | Pg. 6 Commitment to our stakeholders CRR | | | |

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

| G3 DMA | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|---------|---------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------|-------------------|
| | Disclosure on Management Approach EC | Fully | | | | | |
| Aspects | Economic performance | Fully | Pg. 14 Main figures of the NH Hoteles Group CRR | | | | |
| | Market presence | Fully | Pg. 28 Supplier management; Pg. 43 NH Hoteles' staff CRR | | | | |
| | Indirect economic impacts | Fully | Pg. 89, 91 NH Hoteles' staff; Pg. 54 Management of Community ties CRR | | | | |
| | Disclosure on Management Approach EN | Partially | | | | | |
| Aspects | Materials | Not | | | N.A. | There is no production process in which materials are processed in the provision of hotel services. | |
| | Energy | Fully | Environmental Performance Pg. 32-42; Energy Pg. 34 CRR | | | | |
| | Water | Fully | Environmental Performance Pg. 32-42; Water Pg. 36 CRR | | | | |
| | Biodiversity | Not | | | N.A. | Over 90% of hotels operated by the chain are urban. | |
| | Emissions, effluents and waste | Fully | Environmental Performance Pg. 32-42; Emissions Pg. 37 CRR | | | | |
| | Products and services | Partially | Pg. 39-40 "Sustainable Innovation" CRR | | N.M. | The sale of products and labeling is not a relevant issue for NH Hoteles business. | |
| | Compliance | Fully | There is not record of any sanction related to environmental laws and regulations in the reported period | | | | |
| | Transport | Not | | | N.A.V. | This indicator is not available due to lack of a formal procedure that allows to report it | 2013 |
| | Overall | Fully | Pg. 42 Energy efficiency Investment CRR | | | | |
| | Disclosure on Management Approach LA | Partially | | | | | |
| Aspects | Employment | Fully | Pg. 43 NH Hoteles' staff CRR | | | | |
| | Labor/management relations | Partially | Pg. 50 Trade Union representatives CRR | The total number of employees covered by collective bargaining agreements. | N.A.V. | These data are reported in percentages | 2013 |
| | Occupational health and safety | Fully | Pg. 49 Health and Safety CRR | | | | |
| | Training and education | Fully | Pg. 45 NH University CRR | | | | |
| | Diversity and equal opportunity | Fully | Pg. 44-45 Diversity Management; Pg. 44 Evaluation of diversity; Pg. 47 Performance Management CRR | | | | |

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

| G3 DMA | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for omission | Explanation | To be reported in |
|---------|--------------------------------------------------|------------------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| | Disclosure on Management Approach HR | Partially | | | | | |
| Aspects | Investment and procurement practices | Partially | Pg. 29 Membership of the Code of Conduct CRR | HR1, HR3 | N.AV. | HR1 is not available due to lack of a formal procedure that allows to report it / HR3 will be available from training to Employees of the new Code of Conduct | 2014 |
| | Non-discrimination | Fully | There is no record of such incidents in the reporting period | | | | |
| | Freedom of association and collective bargaining | Fully | Pg. 50 Trade Unions representatives CRR | | | | |
| | Child labor | Fully | Pág 7 Text box; Pg. 44 NH Hoteles Statement CRR | | | | |
| | Forced and compulsory labor | Fully | Pg. 44 NH Hoteles Statement CRR | | | | |
| | Security practices | Not | | | N.A. | If security services are required, in all cases are subcontractors | |
| | Indigenous rights | Fully | There is no record of such incidents in the reporting period | | | | |
| | Disclosure on Management Approach SO | Partially | | | | | |
| Aspects | Community | Partially | Pg. 54 Management of Community ties CRR | Whether there are any programs in place for assessing the impacts of operations on local communities prior to entering the community or while making decisions to exit the community. | N.AV. | We are working on the analysis of impacts on communities | 2013 |
| | Corruption | Not | | | N.AV. | This indicator is not available due to lack of a formal procedure that allows to report it | 2014 |
| | Public policy | Fully | Pg. 8 Global context CRR | | | | |
| | Anti-competitive behavior | Fully | There is no record of such incidents in the reporting period | | | | |
| | Compliance | Fully | There is no record of such incidents in the reporting period | | | | |
| | Disclosure on Management Approach PR | Partially | | | | | |
| Aspects | Customer health and safety | Fully | Pg. 22 Customer surveys, Centralised service CRR | | | | |
| | Product and service labelling | Not | | | N.M. | The products labeling is not a relevant issue for the business of NH Hoteles. | |
| | Marketing communications | Not | | | N.AV. | This indicator is not available due to lack of a formal procedure that allows to report it. | 2014 |
| | Customer privacy | Fully | There is no record of such incidents in the reporting period | | | | |
| | Compliance | Fully | There is no record of such incidents in the reporting period | | | | |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Economic | | | | | | | |
| Economic performance | | | | | | | |
| Principal EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | Fully | Pg. 14 Main figures of NH Hoteles Group CRR | | | | |
| Principal EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | Fully | Pg. 38 Commitment to preventing climate change CRR | | | | |
| Principal EC3 | Coverage of the organization's defined benefit plan obligations. | Partially | Pg. 50 Social Benefits CRR | The pension's liabilities. The level of participation in retirement plans. The aggregate totals of plan coverage. | N.A.V. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Principal EC4 | Significant financial assistance received from government. | Partially | Pg. 8 CRR | | N.A. | NH Hoteles has not received significant aggregate financial value on an accruals basis for tax relief/credits; for investment grants, for research and development grants or other relevant types of grants. | |
| Market presence | | | | | | | |
| Additional EC5 | Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. | Not | | | N.D | This indicator is not available due to lack of a formal procedure that allows to report it | 2014 |
| Principal EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | Fully | Pg. 28 Supplier Management CRR | | | | |
| Principal EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | Fully | Pg. 43-45 NH Hoteles' staff – Diversity Management; Pg. 47 Talent Development CRR | | | | |
| Indirect economic impacts | | | | | | | |
| Principal EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | Total | Pg. 54 Management of Community ties – Community Investment CRR | | | | |
| Additional EC9 | Understanding and describing significant indirect economic impacts, including the extent of impacts. | Partial | Pg. 29 Membership of the Code of Conduct; Pg. 43-45 NH Hoteles' staff – Diversity Management; Pg. 52-54 Social Action initiatives CRR | The significance of the impacts in the context of external benchmarks and stakeholder priorities | N.A.V. | The Company does not have the necessary mechanisms to report this information | 2014 |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Environmental | | | | | | | |
| Materials | | | | | | | |
| Principal EN1 | Materials used by weight or volume. | Not | | | N.A. | There is no production process in which materials are processed in the provision of hotel services. | |
| Principal EN2 | Percentage of materials used that are recycled input materials. | Not | | | N.A. | There is no production process in which materials are processed in the provision of hotel services. | |
| Energy | | | | | | | |
| Principal EN3 | Direct energy consumption by primary energy source. | Fully | Pg. 34 Energy consumption Pg. 41 Use of renewable energies CRR | | | | |
| Principal EN4 | Indirect energy consumption by primary source. | Partially | Pg. 34 Distribution of Energy consumption CRR | The corresponding primary energy consumed in its production. | N.A. | "Indirect energy consumption is obtained from an electricity supplier" | |
| Additional EN5 | Energy saved due to conservation and efficiency improvements. | Fully | Pg. 34 Energy CRR | | | | |
| Additional EN6 | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | Fully | Pg. 39-40 "Sustainable Innovation" Pg. 41 "Blue Efficiency" – Renewable energy CRR | | | | |
| Additional EN7 | Initiatives to reduce indirect energy consumption and reductions achieved. | Fully | Pg. 39-40 "Sustainable Innovation" CRR | | | | |
| Water | | | | | | | |
| Principal EN8 | Total water withdrawal by source. | Fully | Pg. 36 Water CRR | | | | |
| Additional EN9 | Water sources significantly affected by withdrawal of water. | Not | | | N.A. | NH Hoteles establishments get their water from municipal water networks and therefore the Company does not have mechanisms to report this information | |
| Additional EN10 | Percentage and total volume of water recycled and reused. | Not | | | N.A.V. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Biodiversity | | | | | | | |
| Principal EN11 | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | Not | | | N.M. | Over 90% of hotels operated by the chain are urban. | |
| Principal EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Not | | | N.M. | Over 90% of hotels operated by the chain are urban. | |
| Additional EN13 | Habitats protected or restored. | Not | | | N.M. | Over 90% of hotels operated by the chain are urban. | |
| Additional EN14 | Strategies, current actions, and future plans for managing impacts on biodiversity. | Not | | | N.M. | Over 90% of hotels operated by the chain are urban. | |
| Additional EN15 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. | Not | | | N.M. | Over 90% of hotels operated by the chain are urban. | |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Environmental | | | | | | | |
| Emissions, effluents and waste | | | | | | | |
| Principal EN16 | Total direct and indirect greenhouse gas emissions by weight. | Fully | Pg. 35 Emissions CRR | | | | |
| Principal EN17 | Other relevant indirect greenhouse gas emissions by weight. | Not | | | N.AV. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Additional EN18 | Initiatives to reduce greenhouse gas emissions and reductions achieved. | Fully | Pg.39-40 "Sustainable Innovation" CRR | | | | |
| Principal EN19 | Emissions of ozone-depleting substances by weight. | Fully | | | N.AV. | La compañía no dispone de mecanismos necesarios para reportar esta información, además, por normativa de NH, se prohíbe la utilización de equipos que contengan y/o usen sustancias clorofluorocarbonadas y que sean susceptibles de liberarlas a la atmósfera | |
| Principal EN20 | NOx, SOx, and other significant air emissions by type and weight. | Not | | | N.A. | "NH Hoteles activity does not generate significant emissions of this kind" | |
| Principal EN21 | Total water discharge by quality and destination. | Fully | Pg. 36 1 st Paragraph CRR NH Hoteles not perform discharges since the wastewater of city hotels (over 90% of hotels operated) is managed through the municipalities sanitation networks, which conduct treatments depending on the application of local environmental regulations | | | | |
| Principal EN22 | Total weight of waste by type and disposal method. | Partially | Pg. 38 Recycling Scheme CRR | Amount of waste (hazardous and non dangerous) by type recovery for composting incineration, landfill health, injection deep well or storage place | N.A. | Related to its business, NH Hoteles has developed programs for the reduction in waste generation and increasing recycling, but has not done remarkable composting, incineration, landfill, deep well injection or storage on site. | |
| Principal EN23 | Total number and volume of significant spills. | Not | | | N.A. | There have been no significant spills in the reported period | |
| Additional EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | Not | | | N.A. | It has not made any transportation, import, export or processing of hazardous waste | |
| Additional EN25 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. | Not | Pg. 42 Biodiversity management CRR | | N.A. | Over 90% of hotels operated by the chain are urban. | |
| Products and services | | | | | | | |
| Principal EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | Fully | Pg. 39-40 "Sustainable Innovation" CRR | | | | |
| Principal EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. | Not | | | N.M. | The sale of products and labeling is not a relevant issue for NH Hoteles business. | |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------------------------------------------------------|-------------------|
| Environmental | | | | | | | |
| Compliance | | | | | | | |
| Principal EN28 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | Fully | There is not record of any sanction related to environmental laws and regulations in the reported period | | | | |
| Transport | | | | | | | |
| Additional EN29 | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. | Not | | | N.AV. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Overall | | | | | | | |
| Additional EN30 | Total environmental protection expenditures and investments by type. | Fully | Pg. 42 Energy efficiency investment CRR | | | | |
| Social: Labor Practices and Decent Work | | | | | | | |
| Employment | | | | | | | |
| Principal LA1 | Total workforce by employment type, employment contract, and region. | Fully | Pg. 43 NH Hoteles' staff CRR | | | | |
| Principal LA2 | Total number and rate of employee turnover by age group, gender, and region. | Partially | Pg. 43 Employees per Business Unit Pg. 51 Main employee indicators CRR | Total and rate of employees leaving employment during the reporting period broken down by gender, by age group, by region. | N.AV. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Additional LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. | Fully | Pg. 50 Social Benefits CRR | | | | |
| Labor/management relations | | | | | | | |
| Principal LA4 | Percentage of employees covered by collective bargaining agreements. | Partially | Pg. 50 Trade Unions Representatives CRR | The total number of employees covered by collective bargaining agreements. | N.AV. | "These data are reported in percentages" | 2012 |
| Principal LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | Fully | The minimum notice periods are as specified in the legislation of each country, with no specific corporate rule to regulate it. | | | | |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------|-------------------|
| Social: Labor Practices and Decent Work | | | | | | | |
| Occupational health and safety | | | | | | | |
| Additional LA6 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. | Fully | Pg. 49 Health and Safety CRR | | | | |
| Principal LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | Partially | Pg. 49 Absenteeism CRR | | N.A. | "The report form is that we consider most appropriate for our business" | |
| Principal LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | Fully | Pg. 49 Occupational Hazard Prevention CRR | | | | |
| Additional LA9 | Health and safety topics covered in formal agreements with trade unions. | Not | | | N.AV. | This indicator is not available due to lack of a formal procedure that allows to report it | 2013 |
| Training and education | | | | | | | |
| Principal LA10 | Average hours of training per year per employee by employee category. | Fully | Pg. 45 NHU indicators CRR | | | | |
| Additional LA11 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | Partially | Pg. 15 2010 Highlights CRR | Assistance programs to support employees who are retiring, who have been terminated provide any pre-retirement planning for intended retirees; any retraining for those intending to continue working; any severance pay; any job placement services; and any assistance on transitioning to a non-working life. | N.AV. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Additional LA12 | Percentage of employees receiving regular performance and career development reviews. | Fully | Pg. 47 Performance development CRR | | | | |
| Diversity and equal opportunity | | | | | | | |
| Principal LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | Partially | Pg. 47 Performance development CRR | The percentage of individuals within the organization's governance bodies in minority groups or by age groups | N.AV. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Principal LA14 | Ratio of basic salary of men to women by employee category. | Not | | | Proprietary information | This information is confidential and its management report would affect the competitiveness of the chain. | |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------|--------------------------------------------------|---------------------------|-------------------------------------------------------------------------------|-------------------------|
| Social: Human Rights | | | | | | | |
| Investment and procurement practices | | | | | | | |
| Principal HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | Not | | | N.A.V. | The Company does not have the necessary mechanisms to report this information | 2014 |
| Principal HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | Fully | Pg. 29 Membership of the Code of Conduct CRR | | | | |
| Additional HR3 | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. | Not | | | N.A.V. | The Company does not have the necessary mechanisms to report this information | 2013 |
| Non-discrimination | | | | | | | |
| Principal HR4 | Total number of incidents of discrimination and actions taken. | Fully | There is no record of such incidents in the reporting period | | | | |
| Freedom of association and collective bargaining | | | | | | | |
| Principal HR5 | Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. | Fully | Pg. 50 Trade Unions Representatives CRR | | | | |
| Child labor | | | | | | | |
| Principal HR6 | Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. | Fully | Pg. 7 Text box; Pg. 44 Last paragraph CRR | | | | |
| Forced and compulsory labor | | | | | | | |
| Principal HR7 | Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. | Fully | Pg. 44 CRR | | | | |
| Security practices | | | | | | | |
| Additional HR8 | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. | Not | | | N.A. | If security services are required, in all cases are subcontractors | |
| Indigenous rights | | | | | | | |
| Additional HR9 | Total number of incidents of violations involving rights of indigenous people and actions taken. | Fully | There is no record of such incidents in the reporting period | | | | |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------|-------------------------|
| Social: Society | | | | | | | |
| Community | | | | | | | |
| Principal SO1 | Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. | Partially | Pg. 54 Management of Community ties CRR | Whether there are any programs in place for assessing the impacts of operations on local communities prior to entering the community or while making decisions to exit the community. | N.A.V. | We are working on the analysis of impacts on communities | 2013 |
| Corruption | | | | | | | |
| Principal SO2 | Percentage and total number of business units analyzed for risks related to corruption. | Not | | | N.D | This indicator will be available from training to Employees of the new Code of Conduct | 2013 |
| Principal SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | Not | | | N.D | This indicator will be available from training to Employees of the new Code of Conduct | 2013 |
| Principal SO4 | Actions taken in response to incidents of corruption. | Fully | There is no record of such incidents in the reporting period | | | | |
| Public policy | | | | | | | |
| Principal SO5 | Public policy positions and participation in public policy development and lobbying. | Fully | Pg. 8 Global context CRR | | | | |
| Additional SO6 | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. | Fully | Pg. 8 Global context CRR | | | | |
| Anti-competitive behavior | | | | | | | |
| Additional SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. | Fully | There is no record of such incidents in the reporting period | | | | |
| Compliance | | | | | | | |
| Principal SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | Fully | There is no record of such incidents in the reporting period | | | | |

STANDARD DISCLOSURES PART III: Performance Indicators

| Performance Indicator | Description | Reported | Cross-reference/ Direct answer | If applicable, indicate the part not reported | Reason for Omission | Explanation | To be reported in |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------------------------------------------------------|--------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------|-------------------------|
| Social: Product Responsibility | | | | | | | |
| Customer health and safety | | | | | | | |
| Principal PR1 | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | Partially | Pg. 23 Second paragraph CRR | | N.A. | "NH Hoteles activity focuses on the analysis of health and safety related to their services" | |
| Additional PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | Fully | There is no record of such incidents in the reporting period | | | | |
| Product and service labelling | | | | | | | |
| Principal PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | Not | | | N.M. | The products labeling is not a relevant issue for the business of NH Hoteles. | |
| Additional PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. | Fully | There is no record of such incidents in the reporting period | | | | |
| Additional PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | Fully | Pg. 22 Customer surveys – Centralised service CRR | | | | |
| Communications Marketing | | | | | | | |
| Principal PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | Not | | | N.A.V. | This indicator will be available from training to Employees of the new Code of Conduct | 2014 |
| Additional PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | Fully | There is no record of such incidents in the reporting period | | | | |
| Customer privacy | | | | | | | |
| Additional PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | Fully | There is no record of such incidents in the reporting period | | | | |
| Compliance | | | | | | | |
| Principal PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | Fully | There is no record of such incidents in the reporting period | | | | |



Statement

GRI Application Level Check

GRI hereby states that NH HOTELES has presented its report "Informe Anual 2010 – Memoria de Responsabilidad Corporativa" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

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

Amsterdam, 30 May 2011

A handwritten signature in blue ink, appearing to read "Nelmar Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



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

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

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 26 May 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

397 HOTELS IN 24 COUNTRIES



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