

NH Collection Doelen
Amsterdam, The Netherlands



CONTENTS

03	OUR PRESENCE IN THE WORLD 2017
04	GENERAL FRAMEWORK OF THE ANNUAL REPORT AND THE CORPORATE RESPONSIBILTIIY REPORT
05	MESSAGES OF THE CHAIRMAN AND THE CEO
09	OUR BUSINESS
19	ETHICS AND CORPORATE GOVERNANCE
27	VISION AND STRATEGY
35	A RESPONSIBLE AND SUSTAINABLE COMPANY
36	• Responsible Commitment Plan 2017-2019
38	• People
60	• Planet
69	• Responsible Business
73	AWARDS AND RECOGNITIONS IN 2017
75	CORPORATE RESPONSIBILITY REPORTING CRITERIA AND INDICATORS
76	• Principles governing the preparation of the Corporate Responsibility Report
77	• Materiality analysis
79	• GRI standards content index

OUR PRESENCE IN THE WORLD 2017*

*Data as of 12.31.2017



380
HOTELS

31
COUNTRIES

58,916
ROOMS

22,789
EMPLOYEES

16 MILLION
CUSTOMERS

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

GENERAL FRAMEWORK OF THE ANNUAL REPORT AND THE CORPORATE RESPONSIBILITY REPORT

SCOPE

This Report contains the twelfth edition of the Annual Corporate Responsibility Report of NH Hotel Group. It includes the activity and main results of the Group in the 2017 financial year, and describes its economic, environmental and social performance.

The information is broken down by Business Units and countries in which the Company operates, with the exception of the financial data, which refer to the entire Group.

CONTENTS

The contents of the Report focus on relevant matters for the activity of NH Hotel Group and its main stakeholders on the basis of the Materiality Analysis, which is updated every year. This analysis takes account of the Company's strategy and objectives, the Responsible Business Plan, consultations with interest groups and material issues at industry level defined by the International Tourism Partnership (ITP). The materiality study can be consulted in the relevant section of this Report.

CRITERIA

The following global standards and principles have been used in preparing this Report:

- The G4 Guidelines of the Global Reporting Initiative (GRI) for Sustainability Reporting, core option: following the 2016 edition of the guidelines.
- The Ten Principles of the UN Global Compact and the UN Sustainable Development Goals (SDG).

This Report and previous reports are published digitally and are available at www.nhhotelgroup.com

NH Collection Marseille
Marseille, France



MESSAGES OF THE CHAIRMAN AND THE CEO



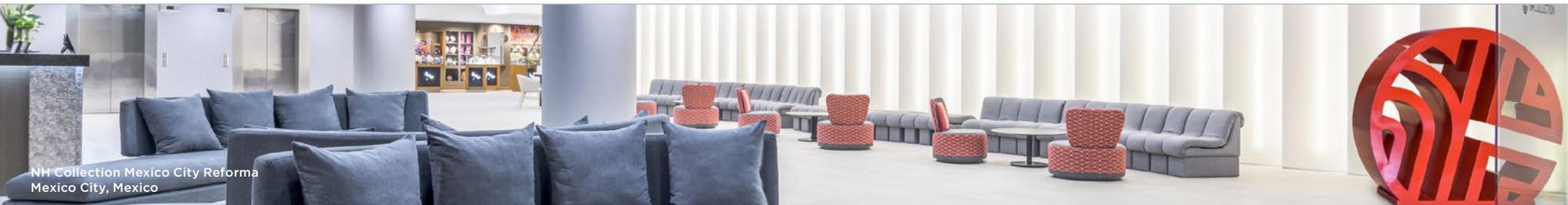
NH Palazzo Moscova
Milan, Italy

NH Collection Grand Sablon
Brussels, Belgium



OUR VISION:

**ONE DAY,
WHENEVER
ANYONE
CONTEMPLATES
A TRIP TO A
CITY FOR AN
OVERNIGHT STAY
OR MEETING,
FOR BUSINESS OR
PLEASURE, THEY
WILL ALWAYS ASK
THEMSELVES:
“IS THERE AN
NH HOTEL AT MY
DESTINATION?”**



NH Collection Mexico City Reforma
Mexico City, Mexico

MESSAGE OF THE CHAIRMAN

Dear shareholders

June 21st, 2018

I would like to take advantage of these lines to share with you NH Hotel Group's excellent results in the past year, emphasise its managerial capability in an increasingly competitive and global environment and reaffirm the Company's commitment to strong corporate governance.

In 2017, the Group took unmistakable steps in the direction of taking the right decisions for creating value for its shareholders and attracting the attention of guests and investors. Following a period of profound transformation, the Company is currently profitable, solvent and credible, as is evident in its business metrics and the market's interest in its potential.

When I became Chairman in 2016 I mentioned that the priorities for my mandate were to drive professionalism and transparency in our management and in our corporate governance rules and standards.

From the Board of Directors, we have sought to put those priorities into action. First we identified our Group's strengths and then we took the financial and business decisions deemed opportune for maximising those competitive advantages. And we decided to make those advantages sustainable by embedding them into a three-year business plan, designed to deliver faster growth over the 2017-2019 horizon than in the preceding decade.

I would like to highlight two milestones that I view as key to the level of success achieved in 2017. Firstly, the choice of Ramón Aragonés as CEO to lead and represent the entire organisation. He has proven a capable and seasoned manager and known how to lead and manage while responding to the requirement of maximising the return for our shareholders.

During the year, these three aspects of his management - leadership, representation and maximisation of shareholder returns - led to delivery of all the business targets set, as well as other important achievements. The increase in incomes, coupled with efficiency gains, translated into three-fold growth in recurring net profit and reduced leverage (including tangible reductions in average borrowing costs and in outstanding debt). The successive upgrades to our credit ratings suggest we are moving in the right direction.

The long-term incentive scheme approved at the Annual General Meeting, which aligns the interests of our shareholders with those of our executives, has proven equally effective. Aside from their quantitative scope, all of the improvements I have alluded to are enabling the second milestone I previously mentioned: the consolidation of a new corporate culture focused on the incremental generation of value. The reintroduction of the dividend is one of the distinguishing features of this new era in which the Group has made profitability and growth two of its differential values.

We started out by approving a gross dividend of five cents per share from 2016 profits. And we said at the time we were committed to paying a recurring and increasing dividend over the medium and long term. The resolution we are submitting at the 2018 Annual General Meeting lives up to that promise: we propose doubling the dividend to 10 cents per share.

All of these achievements on the business front were mirrored in how the Company's governance bodies worked during the year. 2017 was marked by the consolidation of a board structure with a majority of independent directors; all of the candidates, who were endorsed by prestigious external consultants, were selected and appointed transparently and free from bias with the entire process overseen by the Appointments, Remuneration and Corporate Governance Committee.

Our Code of Conduct has also been evolving as it has been put into practice, serving as a flexible tool for ensuring the correct and uniform application of all of the Group's principles and values. We similarly updated our criminal prevention protocols, emphasising the detection of and control over related risks and establishing conflict of interest management procedures.

By applying these strict corporate governance standards, we facilitated the work of the Board of Directors, which is committed to acting in the Company's best interests and focused unwaveringly on the interests of each and every one of its shareholders.

From the Company's highest governance body we had the occasion to apply those standards, placing the real value we are capable of generating for our shareholders as a whole with each decision above any other considerations.

Lastly, I would like to highlight the approval last year of the 2017-2019 Strategic Corporate Responsibility Plan which, under the Room 4 concept and articulated around People, the Planet and Responsible Business, complements the Group's overall business strategy. The Plan is expressly linked to the United Nations Sustainable Development Goals.

If the results in 2017 were excellent, the outlook for the years to come suggests that the best has yet to come. We provided you with our newest guidance during the Company's first Investor Day in September and at the time of writing these lines, we continue to deliver.

As good news continue to arrive, as Chairman of NH Hotel Group I would like to engage you in our success, thank you for your interest and support and encourage you to continue to play an active role in the decisions and initiatives channelled year after year through our General Shareholders' Meetings.

Along with the excitement and enthusiasm of each of the millions of guests who come through our hotel doors every day, and together with our professionals and executives, your vote of confidence is the best guarantee of the Group's future.

Thank you,

Alfredo Fernández Agras
Chairman of NH Hotel Group

NH Collection Palacio de Castellanos
Salamanca, Spain



MESSAGE OF THE CEO

June 21st, 2018

Dear shareholders

NH Hotel Group performed excellently in 2017, exceeding all of the profit and deleveraging guidance to which we had committed. Our efficient management of the business, coupled with the effort made to strengthen our capital structure and create value for all of our shareholders, has put NH Hotel Group in an ideal position to face the most ambitious targets in the Company's history.

Although the macroeconomic climate and stability in our core markets contributed to shaping a favourable environment for the tourism companies in our operating markets last year, at NH Hotel Group we knew how to take exponential advantage of these conditions.

Placing our guests at the centre of everything we do, the positive business metrics are the result of the operational and financial transformation implemented throughout the organisation, changes that have already become part of the Group's corporate culture.

Better positioned

Having made sizeable investments in prior years, fully repositioning the main hotels and upgrading the fittings in all our rooms, the Company's positioning is currently oriented at the high end of the urban segment, led by the NH Collection brand. Accounting for nearly 20% of the Group's rooms today, NH Collection brand commands a notable price differential with respect to the core brand NH Hotels, underpinned by the considerably higher perceived quality of these premium establishments.

The Group's digital transformation, focused on getting to know our guests better and increasing efficiency, also made a significant contribution to the positive trend in our metrics. Among other initiatives, this investment in systems has paved the way for the implementation of a new price management tool which is helping us to better predict occupancy and so adjust prices dynamically in order to capture the entire demand curve. In addition, we continue to leverage technology in order to improve how we interact with our guests and their experience, with new services that will be launched soon such as 'check-in online', 'choose your room' and 'check-out express'.

The recent relaunch of the NH Rewards programme is another initiative designed to reinforce the relationship with our guest. With record membership of over 8 million guests and representing some 40% of the rooms sold by the Group, the new reward scheme recompenses our guests for their loyalty with a more personalised offering designed to enhance their experience each time they visit us.

In addition to completing our multi-year investments in repositioning and IT, in 2017 we reviewed our cost structure, an effort that made the Group more efficient and competitive. As well as streamlining our administrative functions, sales structure and other teams, last year we began to implement a new operating model by restructuring the corporate structure, merging the four business units in Europe into two and redefining our operating structure in Latin America.

We also made noteworthy progress on fine-tuning our portfolio and the Company's growth in 2017. On the one hand, we took advantage of the privileged positioning of the hotels owned by the Group by identifying opportunities to maximise the value of our portfolio, such as the sale and

leaseback agreement of the building that houses the NH Collection Barbizon Palace in Amsterdam. Furthermore, we continued to analyse numerous organic growth transactions, signing up nearly 2,000 new rooms, on top of the close to 30 hotels in the pipeline for the years to come. Among the new projects signed last year, it is worth highlighting the new nhow hotel in Frankfurt and a hotel that is already open in Marseille which is being reconverted into what will be the first nhow in France very soon.

Earnings momentum

All of these managerial measures had a very favourable impact on the Group's results. The positive momentum in the Company's main hotel business indicators, particularly in Benelux and Spain, translated into significant growth in overall Group revenue. NH Hotel Group is already close to a revenue level of €1.6 billion, which is €300 million higher than in 2014-2017. We also managed to double the Company's recurring EBITDA during that period and triple its recurring net profit year-on-year.

The growth in business volumes also facilitated progress on another of our strategic priorities: optimisation of our capital structure and deleveraging. We reduced our borrowings significantly in 2017 so that the net debt to recurring EBITDA ratio was cut from 4.1 times at the end of 2016 to 2.8 times. A large part of that achievement was possible thanks to the early redemption and subsequent cancellation of all of our senior notes, which were initially due in 2019.

We have continued to execute our deleveraging commitments in the first half of 2018 with the above-mentioned sale and leaseback transaction in Amsterdam and the early conversion of the convertible bonds due November 2018.

On top of this, in September 2017 we presented the current 2017-2019 Business Plan during the Company's first Investor Day. At that event we mapped out our priorities until 2019, which are articulated around revenue management, efficiency and deleveraging, as well as tapping our current strengths to take advantage of incremental repositioning and organic growth opportunities.

This roadmap and NH Hotel Group's current success is the result of the extraordinary hard work of the more than 20,000 professionals who put in a particularly brilliant year for the Company. The top priority of everyone comprising the Group is to maximise the value of NH Hotel Group while maintaining a firm commitment to doing business responsibly and sustainably and to giving back to the community, as shown in this report.

Every time a guest comes to any of our hotels, rest assured that it is the commitment and service shown by the people who work at the Company that makes them come back and trust NH Hotel Group. We enjoy what we do and we are convinced that you, and indeed all of the Company's shareholders and guests, deserve our full attention and dedication.

Thank you for your support,

Ramón Aragonés
Chief Executive Officer

OUR BUSINESS

NH Collection Barbizon Palace
Amsterdam, The Netherlands





NH Hamburg Mitte
Hamburg, Germany

PRESENCE

NH Hotel Group is a consolidated multinational operator and one of the leading urban hotel chains in the world. The Company is present in 31 countries and operates 380 hotels and 58,916 rooms in four continents (Europe, America, Africa and Asia), in cities such as Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico City, Milan, Munich, New York, Rome or Vienna.

EUROPE | 313 HOTELS
47,233 ROOMS
17 COUNTRIES

AMERICA | 65 HOTELS
11,407 ROOMS
12 PAÍSES

AFRICA | 1 HOTEL
198 ROOMS
1 COUNTRY

ASIA | 1 HOTEL
78 ROOMS
1 COUNTRY



- 56% Managed
- 23% Owned
- 21% Leased



- 28% Spain
- 17% Germany
- 13% Italy
- 12% The Netherlands
- 3% Argentina
- 4% Mexico
- 4% Dominican Republic
- 3% Belgium
- 3% Colombia
- 2% Austria
- 10% Others



NH Collection Porta Rossa
Florence, Italy

BREAKDOWN OF THE NH HOTEL GROUP PORTFOLIO IN 2017

At 31 December 2017

	TOTAL		LEASED		OWNED		MANAGED		FRANCHISE	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
TOTAL NH HOTEL GROUP	380	58,916	222	32,830	75	12,162	74	13,118	9	806
EUROPE										
Spain	132	16,641	75	9,143	11	1,790	39	5,117	7	591
Germany	57	10,261	52	9,261	5	1,000	-	-	-	-
Italy	51	7,904	34	5,395	13	1,880	4	629	-	-
The Netherlands	36	6,841	19	3,083	16	3,290	1	468	-	-
Belgium	11	1,619	3	502	8	1,117	-	-	-	-
Austria	6	1,183	6	1,183	-	-	-	-	-	-
Switzerland	4	522	3	400	-	-	-	-	1	122
Portugal	3	278	2	171	-	-	1	107	-	-
Czech Republic	2	577	-	-	-	-	2	577	-	-
France	3	547	2	397	-	-	1	150	-	-
Romania	2	161	1	83	-	-	1	78	-	-
Hungary	1	160	1	160	-	-	-	-	-	-
Luxembourg	1	148	1	148	-	-	-	-	-	-
United Kingdom	1	121	1	121	-	-	-	-	-	-
Slovakia	1	117	-	-	-	-	1	117	-	-
Poland	1	93	-	-	-	-	-	-	1	93
Andorra	1	60	-	-	-	-	1	60	-	-
TOTAL EUROPE	313	47,233	200	30,047	53	9,077	51	7,303	9	806
AMÉRICA										
Colombia	15	1,700	15	1,700	-	-	-	-	-	-
Argentina	15	2,144	-	-	12	1,524	3	620	-	-
Mexico	15	2,402	4	581	4	685	7	1,136	-	-
Dominican Republic	6	2,503	-	-	-	-	6	2,503	-	-
Venezuela	4	1,186	-	-	-	-	4	1,186	-	-
Chile	4	498	-	-	4	498	-	-	-	-
United States	1	242	-	-	1	242	-	-	-	-
Cuba	1	220	-	-	-	-	1	220	-	-
Brasil	1	180	1	180	-	-	-	-	-	-
Uruguay	1	136	-	-	1	136	-	-	-	-
Ecuador	1	124	1	124	-	-	-	-	-	-
Haiti	1	72	-	-	-	-	1	72	-	-
TOTAL AMERICA	65	11,407	21	2,585	22	3,085	22	5,737	0	0
AFRICA										
South Africa	1	198	1	198	-	-	-	-	-	-
TOTAL AFRICA	1	198	1	198	0	0	0	0	0	0
ASIA										
China	1	78	-	-	-	-	1	78	-	-
TOTAL ASIA	1	78	-	-	-	-	1	78	-	-

NH Collection Piazza Carlina
Turin, Italy

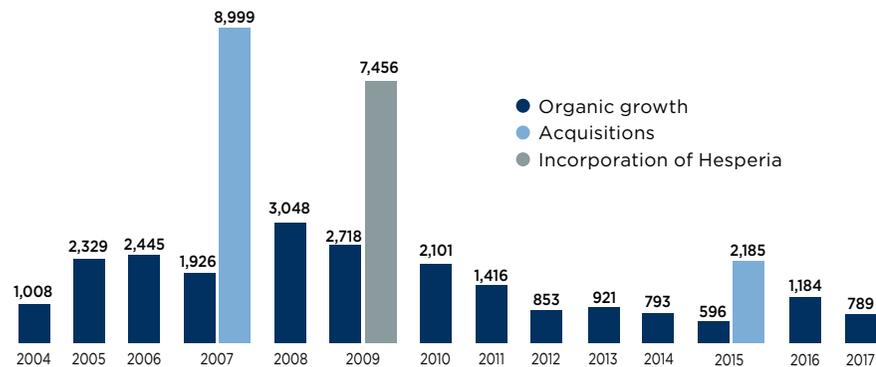


GROUP EXPANSION

In 2017, the Group has continued the significant improvement in the quality of assets and destinations included in the portfolio, with the opening of 6 new hotels and 789 rooms during the year. Of particular note among these new hotels is the opening of the NH Collection Eindhoven Centre in The Netherlands, under the NH Collection premium brand.

EVOLUTION OF NUMBER OF OPENINGS AND ADDITIONS

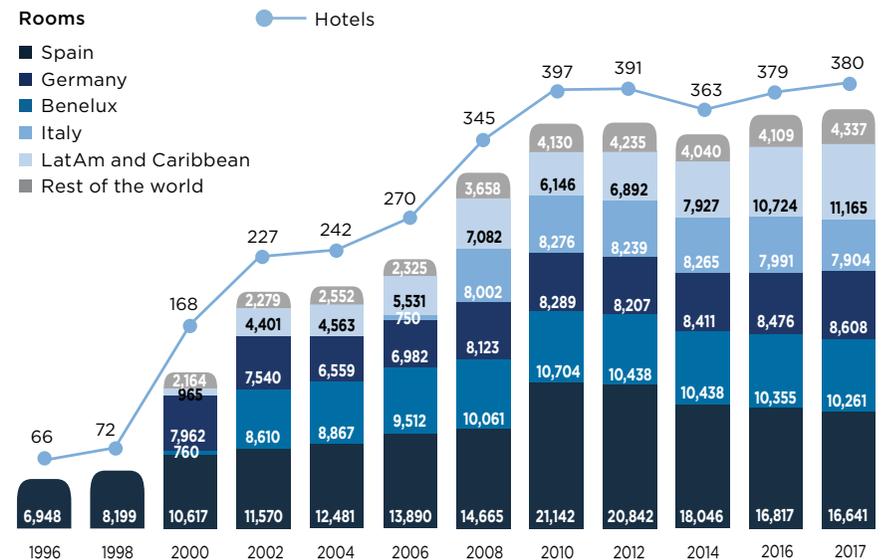
In number of rooms



CONTINUOUS GROWTH

Number of rooms 1996-2017

Compound average annual growth: 11%





NH Collection León Expo
Leon, Mexico

ROOM OPENINGS

6 hotels and 789 rooms opened between 1 January and 31 December 2017.

HOTELS	CITY	COUNTRY	ROOMS
NH Curitiba The Five	Curitiba	Brasil	180
NH Puebla Finsa	Puebla	México	138
NH San Luis Potosí	San Luis de Potosí	México	111
NH Collection Eindhoven Centre	Eindhoven	Holanda	132
NH Marseille Palm Beach	Marsella	Francia	150
NH Shijiazhuang Financial Center	Shijiazhuang	China	78
Total rooms			789

ROOMS SIGNED

8 hotels with 1,938 rooms signed between 1 January and 31 December 2017.

CITY	COUNTRY	ROOMS	EXPECTED OPENING
Frankfurt	Germany	428	2021
Frankfurt	Germany	375	2021
Valencia	Spain	47	2018
Milan	Italy	150	2020
Cancun	Mexico	140	2019
Lima	Peru	265	2020
Brussels	Belgium	214	2018
Brussels	Belgium	305	2018
Total rooms		1,924	

ASSET MANAGEMENT

In 2017, 5 hotels with a total of 371 rooms left the Group.

HOTELS	CITY	COUNTRY	ROOMS
NH Brescia	Brescia	Italy	87
NH Pamplona El Toro	Pamplona	Spain	65
NH Belagua	Barcelona	Spain	72
NH Ciutat de Vic	Barcelona	Spain	36
NH Forsthaus Fürth Nürnberg	Nuremberg	Germany	111
Total rooms			371

KEY FIGURES

RESULTS AND EVOLUTION

The centralised business model allows it to offer a consistent level of service to its customers in different hotels in different regions. The corporate headquarters and regional offices offer hotels a wide range of functions such as sales, reservations, marketing and distribution systems.

In 2017, world economic activity grew at a pace of +3.5% (data and estimates provided by the E.C. "European Economic Forecast - Autumn 2017" November 2017), greater than the previous year (+3.0%). More specifically in the Eurozone, the provisional growth rate for 2017 was 2.2% (+1.7% in 2016). Global growth has led to a positive cycle of trade and investment. Likewise, European economies continue to grow, although the recovery has not ended, which suggests there is room for further growth. In line with the above data, when comparing the growth rates of the four countries that bring together the largest proportion of revenues and results of the Group, it is observed that in Holland (+3.2% in 2017 vs. +1.7% 2016), Germany (+2.2% in 2017 vs. +1.9% in 2016), and Italy (+1.5% in 2017 vs. +0.7% in 2016) growth increased compared with the previous year, while in Spain (+3.1% in 2017 vs. +3.2% in 2016) growth was similar to the previous year.

According to the World Tourism Organization ("UNWTO") in 2017, international tourist arrivals globally reached 1,322 million, representing an increase of + 7.0% over the previous year, a rate much higher than the sustained and constant trend of 4% or more which had been recorded since 2010 and represents the best result in seven years. More specifically, the arrival of international tourists to Europe reached 671 million in 2017, recording remarkable growth of 8% after a comparatively weaker 2016 which was headed by destinations in the Mediterranean. The growth was driven by the extraordinary results of Southern and Mediterranean Europe (+13%). Western Europe (+7%), Northern Europe and Central and Eastern Europe (both +5%) also posted solid growth.

In this European context, Spain has established itself as the second tourist power in the world only behind France but ahead of the United States, and managed to break its record with 82 million foreign tourists due to an increase of 9% in the number of international arrivals.

In this context, in 2017, as a result of the favourable trend in the hotel business throughout the year and the effect of the initiatives it carried out, particularly the repositioning of its brands and hotels, the Group recorded a significant increase in price per room ("ADR", Average Daily Rate).

During 2017, the value of the price strategy continues to be enhanced, greater Group growth being obtained in the top cities compared to direct competitors, where there are market measures in place. The evolution of RevPar in these top destinations was superior to that of our direct competitors.

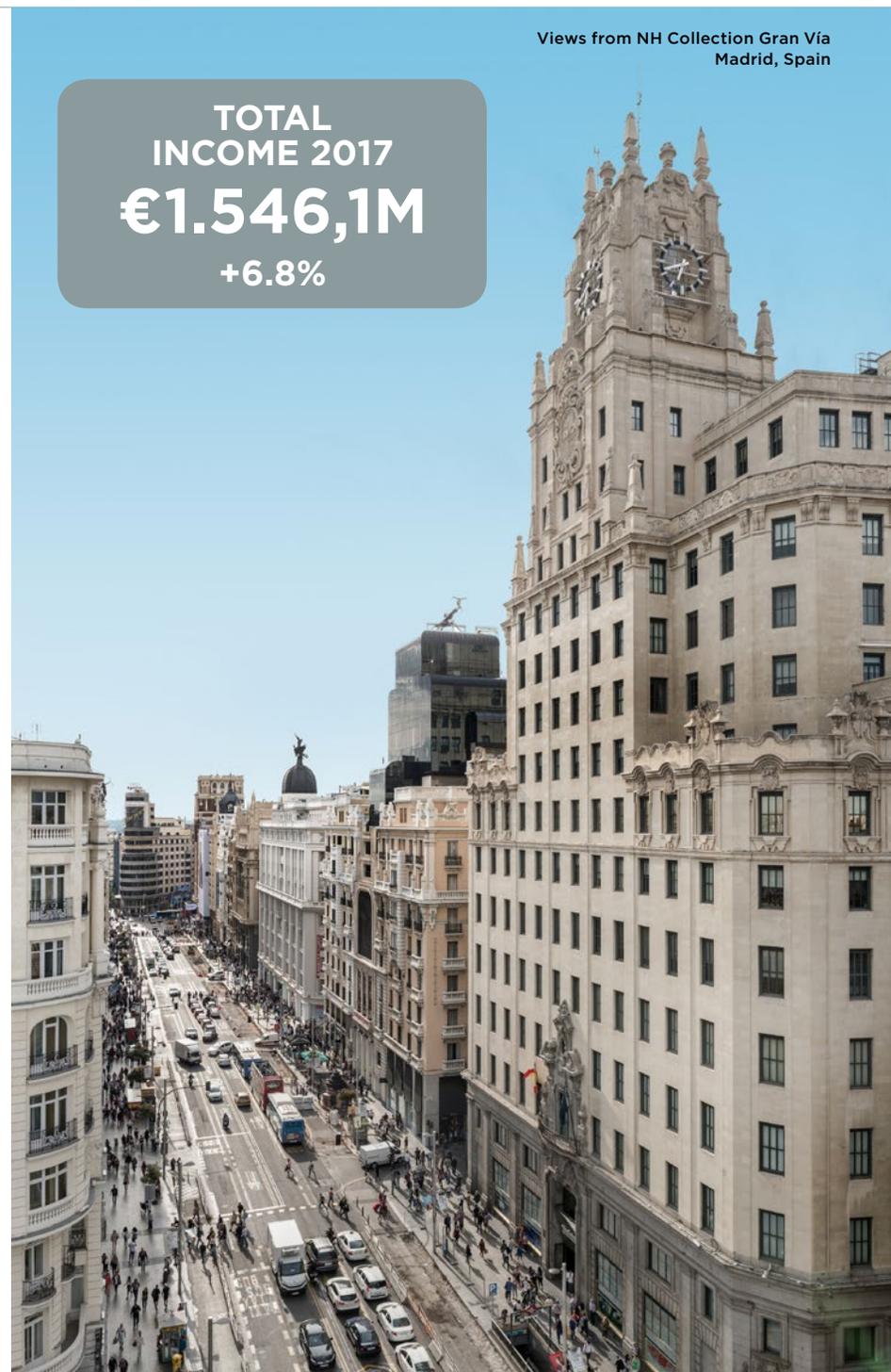
As part of its asset repositioning plan, NH Hotel Group invested almost 200 million euros from 2014 to 2017 to fully renovate or remodel its mid-range hotels with the greatest potential for improvement. With the aim of continuing to improve the quality and strengthen the NH Collection brand, the repositioning investment phase in Germany which began in the previous year was completed during 2017, after the investment made in Benelux in 2016 and in Spain and Italy in 2015.

Additionally, new repositioning opportunities have been selectively identified for 2018 and 2019, where the Group will additionally have contributions from the owners of hotels that are leased by the Group.

Among the main milestones reached over the last years of transformation, the appearance of a new NH Hotel Group value proposition stands out based on the improvement of the quality, experience and the new brand architecture with the NH Collection, NH Hotels, nhow and Hesperia brands. Along these lines, the Group improved its customer experience thanks to the implementation of a solid operational promise, including the new elements making up the hotels' basic product range, known as Brilliant Basics, which are already in place in all of the establishments and which are contributing to a better experience and higher average quality score of the customers.

Views from NH Collection Gran Vía Madrid, Spain

TOTAL
INCOME 2017
€1.546,1M
+6.8%



The trend in quality indicators confirms the improvement in user ratings for the Group's hotels throughout 2017. At Group level, 35% of the portfolio is positioned in the top 10 of the city's TripAdvisor and 55% of the hotels are in the top 30. In the case of the NH Collection hotels, these rates reach up to 45% and 63% respectively, demonstrating a clear improvement in the level of quality perceived by customers.

Meanwhile, in 2017, another 6 hotels began operating in Marseille, Eindhoven, Curitiba, Puebla, San Luis de Potosí and Shijiazhuang with a total of 799 rooms, making a total of 380 operating hotels with 58,926 rooms at 31st December 2017.

In addition, in 2017 the Group signed 8 hotels with 1,924 rooms. All the signings were under lease and management contracts, many of them in the top brand segment and in primary cities (Frankfurt, Valencia, Lima, Brussels).

As a result, revenue in 2017 amounted to 1,546.1 million euros, representing growth of +6.8% (+98.1 million euros), well above the increase in operating costs. As a result of the operational improvement, the profit for the year attributable to the Parent Company stood at 35.5 million euros compared to 30.8 million euros in 2016.

In this year, gross indebtedness decreased from 861.8 million euros in December 2016 to 716.9 million euros in December 2017. At 31st December 2017, cash and cash equivalents amounted to 80.2 million euros (136.7 million euros at 31st December 2016). Additionally, this liquidity was complemented by credit lines at the end of the year amounting to 316.3 million euros, of which 250 million euros corresponded to a long-term syndicated credit line, compared to 308.9 million euros at 31st December 2016.

This value optimisation of the Company has recently been reflected in the improvement of the corporate credit outlooks assigned by the main rating agencies. Fitch improved the corporate rating outlook from "B with a stable outlook" to "B with a positive outlook" based on greater liquidity and operational improvement.

In turn, Moody's improved the corporate rating outlook from "B2 with a stable outlook" to "B2 with a positive outlook", due to the operational improvement, the hotel repositioning plan which has allowed NH to increase its revenues and profitability, its cost saving plan and the significant improvement of its liquidity position. Additionally, Standard & Poors improved its opinion on the Group's business profile, mainly due to its successful repositioning plan which has resulted in improved sales and profitability.

However, it should be noted that in the first months of 2018, Fitch Ratings has increased NH Hotel Group's corporate credit rating by one notch from B to B+ with a positive outlook, and secured corporate debt from BB- to BB. In turn, Standard & Poor's has increased the outlook from stable to positive, maintaining the corporate credit rating at B and the secured corporate debt rating at BB-.

On 28th September 2017, the Group presented its strategic plan for 2018-2019 to the investment community. After a phase marked by a strong investment in repositioning and improvement of the experience, NH Hotel Group is in a favourable position to face future growth in the coming years. The Company defined its priorities until 2019, focused on revenue management through a dynamic pricing strategy, a continued focus on efficiency and debt reduction, whilst, at the same time, taking advantage of its current strengths for new repositioning opportunities and organic expansion as a means of additional growth.

The results of the plan will be reflected in the significant improvement in the Company's cash generation and in the reduction of its financial indebtedness.

At the Annual Shareholders' Meeting in June 2017, shareholders approved the payment of an interim dividend from 2016 results amounting to 17 million euros, representing five cents per outstanding share (gross). Additionally, the Group has established a shareholder remuneration policy in line with its debt reduction plans, defining a medium-term shareholder remuneration close to 50% of the recurring net profit. In the short term, it foresees a dividend proposal of ten cents per share in 2018 and fifteen cents in 2019.

NH Collection Vittorio Veneto
Rome, Italy



RELEVANT CORPORATE MILESTONES

APPOINTMENT OF RAMÓN ARAGONÉS AS CEO OF NH HOTEL GROUP

At the unanimous proposal of the Board of Directors, the Annual Shareholders' Meeting held in June ratified the appointment of Ramón Aragonés, until that time Executive Director of Business and Operations of the Group, as the new CEO of the Company.

His wide experience in the industry and in-depth knowledge of the Group, as well as his strategic vision, his capacity for leadership and team management were decisive in his appointment, which hopes to drive the rate of the Company's growth.

RECOVERY OF DIVIDENDS

The Ordinary Annual Shareholders' Meeting of the Company approved the distribution of a dividend in 2017 against the profits for 2016 of around 17 million euros, which represents a gross dividend of five cents per outstanding share. Hereafter, the Company's intention is to normalize this remuneration and pay growing dividends every year.

ANNOUNCEMENT OF THE STRATEGIC PLAN 2017-2019 DURING NH HOTEL GROUP'S FIRST INVESTOR DAY

After a phase marked by the start-up of a significant investment in repositioning and improved experience, NH Hotel Group is in a more advantageous position to deal with future growth between 2017 and 2019.

Taking advantage of its first Investor Day, with the presence of a hundred investors and analysts, in September 2017 the Company announced that for the 2017-2019 period it plans to emphasize significantly the efforts made in brand development and segmentation, revenue management, quality and repositioning, while at the same time encouraging efficiency and giving continuity to debt reduction.

In this way, NH Hotel Group proposes to concentrate the image of its brands even more on the high-level segment, increasing its portfolio under the NH Collection and nhow brands. The Company will take advantage of its current strengths to expand its presence geographically under strict criteria of profitability, in consolidated destinations and in new regions with potential as outbound markets.

The new plan also seeks to optimize the portfolio and thus intensify its profitability levels through an asset-light growth model and through the selective departure from mature markets with a lot of capital invested, taking advantage of the liquidity and current appetite of the market.

As well as continuing to improve the perceived quality, the Group's managing capacity will be enhanced by applying dynamic pricing strategies that are increasingly efficient and associated to big data, which will allow the Company to continue the sustainable growth it has been reporting in terms of activity and profitability.

Finally, efficiency will concentrate a significant part of the Group's attention. In 2017 the Company has already started to implement initiatives such as the new operating model for the Group, structuring the entire hotel portfolio under three business units (Southern Europe, Central Europe and America). This model allows the Company to adapt quickly to change, reducing redundancies and facilitating the implementation of initiatives.

The Strategic Plan in progress expects to increase pro forma EBITDA for 2019 to around 300 million euros (61% more than in 2016), reach a net recurring profit of around 100 million euros, significantly reduce borrowing and increase the current dividend proposal.



NH City Center
Amsterdam, The Netherlands

SUCCESSFUL COMPLIANCE WITH THE ASSET ROTATION COMMITMENT

• Amsterdam (The Netherlands)

In December 2017, NH Hotel Group reached a binding agreement with the German asset manager Deka Immobilien for the sale and lease-back of the building housing the NH Collection Barbizon Palace hotel, located in the heart of Amsterdam.

The operation, which is expected to be closed by the end of January 2018, involves the sale of the building for 155.5 million euros (584.5 thousand euros/room), which represents an estimated accounting gain for NH Hotel Group of 55 million euros in 2018, while not affecting the Group's EBITDA target for the year.

In the context of the operation, both groups have agreed on a subsequent lease contract with variable rent and guaranteed minimum, which will allow NH Hotel Group to maintain operation of the hotel in sustainable and profitable conditions for an initial term of 20 years, with the option of two extensions of 20 years each.

• Malaga (Spain)

NH Hotel Group and Hispania, the leading investment and asset management vehicle in Spain, reached an agreement in February for the sale and lease-back of the current NH Malaga hotel, as well as for the future acquisition of the extension to the hotel, which NH Hotel Group is carrying out on the land adjoining the hotel. The operation has been valued in total at 41 million euros.

Initially, Hispania has purchased the NH Malaga hotel from NH Hotel Group and has agreed for the hotel group to continue operating it through a long-term lease agreement at variable rent with a guaranteed minimum. Hispania has also committed to make investments to improve the existing product, through the refurbishment of the establishment scheduled to be completed by June 2019. In the context of the operation, both companies have agreed on the future acquisition by Hispania of the extension of the hotel which NH Hotel Group plans to develop on the land adjoining the NH Malaga, which is currently owned by the hotel group. This operation is subject to completion of building of the extension, scheduled for between the last quarter of 2018 and the first quarter of 2019.

OPERATIONS ON THE COMPANY'S DEBT STRUCTURE

• Early redemption of debentures

On November 30th 2017, the Company executed an operation aimed at continuing to reduce its debt, with the early redemption and full cancellation of the outstanding balance (100 million euros) of its senior secured notes, issued for 250 million euros and maturing in 2019.

Furthermore, as a result of this operation, the syndicated credit facility signed in 2016 with a limit of 250 million euros is automatically extended until 2021.

• Issuance of bonds to refinance debt at more favourable conditions and extend maturities

In March 2017, the Group issued senior secured notes totalling 115 million euros, by extending the issue of bonds carried out in 2016, with a coupon of 3.75% and maturity in 2023, similar to the current issue, although this placement has been carried out at a price of 3.375% above their face value, which means an effective interest rate for the Company of around 3%.

The purpose of this operation is to manage proactively the Group's forthcoming maturities, extend the average life of its debt, reduce its gross borrowing and improve its financing costs.

Following the issues of senior secured bonds in 2016 and 2017, which have allowed for a significant reduction in the financial cost as well as the extension of maturities, with this early redemption NH Hotel Group completes the process of refinancing its long-term debt, with the only remaining maturity in the medium term being the convertible debenture of 250 million euros maturing in November 2018.

MANAGEMENT AGREEMENT WITH GRUPO INVERSOR HESPERIA

NH Hotel Group reinforced its leadership in the Spanish urban segment through a new agreement for the management of 28 hotels owned by its shareholder Grupo Inversor Hesperia.

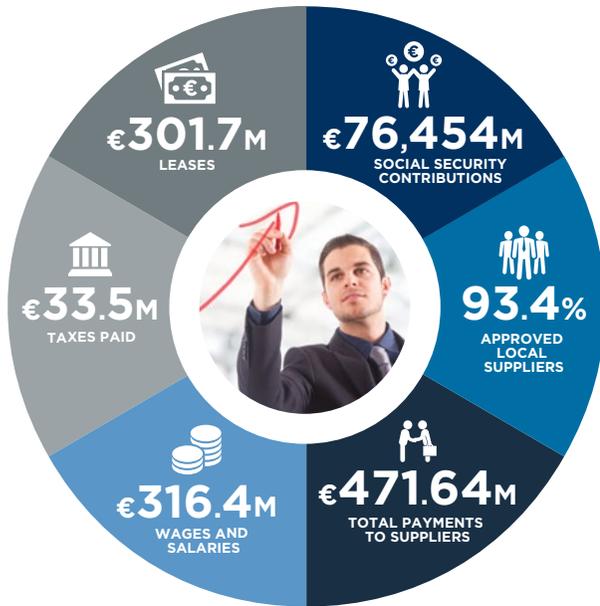
The definitive agreement, signed in April 2017, is part of NH Hotel Group's strategic approach of operating part of its portfolio under management contracts and reinforces the positioning of the NH Hotels and NH Collection urban brands in Spain.

The 28 Hesperia hotels included in the operation have a total of 4,000 rooms and represent 30% of the portfolio operated under management contracts by NH Hotel Group. They comprise six 5-star hotels, sixteen 4-star hotels and six 3-star hotels.

The new management contract replaces and extends the previous contract formalized in 2009.

ECONOMIC, SOCIAL AND ENVIRONMENTAL CONTRIBUTION IN 2017

Through its activities, NH Hotel Group creates shared value at an economic, social and environmental level in the countries where it conducts its operations. For four years the Company has analysed the key indicators that identify the contributions generated by its activities. This allows reporting on its main direct impacts:



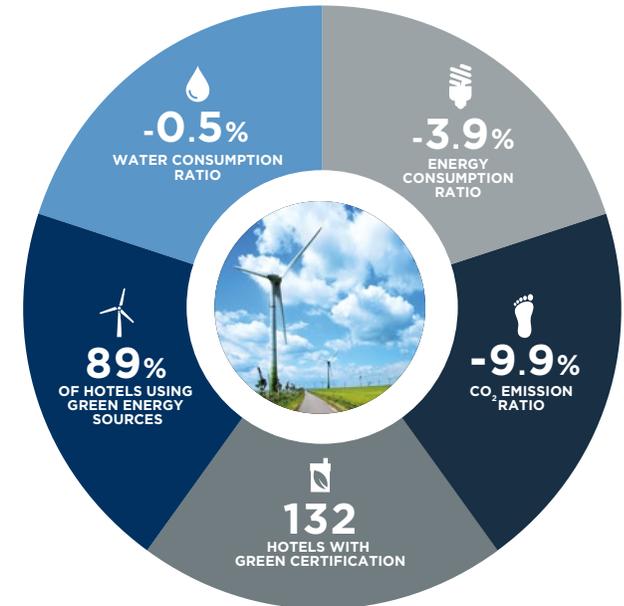
ECONOMIC CONTRIBUTION

Direct impact on the economy of Employees, Companies and the Administration



SOCIAL CONTRIBUTION

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



ENVIRONMENTAL CONTRIBUTION

Direct impact through reduction in consumption of resources and emissions, and number of certified hotels using "green" energy sources

ETHICS AND CORPORATE GOVERNANCE



NH Collection Gran Vía
Madrid, Spain

The Corporate Governance system of NH Hotel Group, which encompasses its Articles of Association, corporate policies, internal rules and regulations, and various internal codes and procedures approved by the competent corporate bodies, takes account of the good governance recommendations generally accepted in international markets, especially those issued by the main Proxy Advisors.

SHAREHOLDER STRUCTURE

At the end of 2017, the share capital of NH Hotel Group, S.A. was represented by 350,271,788 bearer shares with a par value of €2 each, fully subscribed and paid. All shares have the same voting and financial rights and are listed on the Continuous Stock Market. According to the latest notifications received by the Company and the communications sent to the National Securities Market Commission (CNMV) before the closing of every financial year, the most significant shareholdings as at 31 December 2017 were as follows:

	2016	2017
HNA CO LTD	29.50%*	29.34%*
Oceanwood Capital Management LLP	11.97%	12.06%
Grupo Hesperia	9.27%**	9.27%**

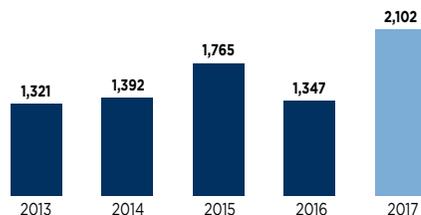
However, the following changes have been reported by these shareholders to the CNMV:

* Although the CNMV's records show that at 31 December 2017 the shareholding of the HNA Group is 29.50%, the HNA Group itself reported to the CNMV on 27 February 2017 the reduction of its shareholding in NH to 29.34%. In addition, on 3 November 2017 HNA Group notified the CNMV of the formalization of a sale and buyback contract whereby shares in NH representing approximately 1.14% of the capital would be sold. Depending on whether this sale has been formalized and the terms and conditions, HNA Group' shareholding in NH could be 28.20% of the share capital. Finally, on 19 January 2018, it notified the CNMV of the engagement of advisors to review its shareholder position in the Group, including the identification of possible purchasers of its shareholding.

** The shareholding of Grupo Hesperia consists of the stake held directly by Grupo Inversor Hesperia, S.A. (9.10%) and Eurofondo (0.17%).

CAPITALIZATION

At the end of each year (in million euros)



INVESTOR DAY HELD FOR THE FIRST TIME

In September 2017 NH Hotel Group held its first Investor Day, an event for analysts and investors in the Company at which the Strategic Plan for 2017-2019 was presented. The event highlighted key matters such as the Group's general strategy, as well as the pricing or financial strategy, efficiency, asset management, corporate governance or the NH brand and customer experience.

The event included the participation of all the members of the Company's Management Committee. The CEO introduced them to the close to 100 investors and analysts and appraised the task of "the Group's extraordinary team of professionals", crucial for the goals of NH Hotel Group, and which represents a key competitive edge in an industry such as hospitality.



NH Barajas
Madrid, Spain



NEW DEVELOPMENTS IN CORPORATE GOVERNANCE

During 2017, a number of modifications have been made to the internal rules and the regulations of the Board of NH Hotel Group in order to adopt best practices in Corporate Governance.

DEFINITION OF THE ANTI-CORRUPTION POLICY

NH has defined its Anti-Corruption Policy, mainly focused on protecting the Company and all its representatives, from executives to employees, in relation to their criminal liability in the event that a criminal offence of corruption is committed in the business. Thus it is an additional element of the Criminal Offence Prevention Model.

The Policy, which is part of the Company's Code of Conduct, was approved internally by the Compliance Committee and the Management Committee, as well as being validated by the Audit and Control Committee in December 2017, and is submitted to the Board of Directors for approval in 2018.

GENERAL PRINCIPLES OF THE ANTI-CORRUPTION POLICY

- Zero tolerance in relation to bribery and corruption in the private and public sector
- Behaviour must be appropriate and legal
- Transparency, integrity and accuracy of financial information
- Periodic internal control
- Local legislation prevails if more restrictive

CHANGES IN REMUNERATION OF EXECUTIVE DIRECTORS

At its meeting held on 29 June 2017 and at the proposal of the Chairman of the Board of Directors and of the Chairman of the Nominations, Remuneration and Corporate Governance Committee, in accordance with the provisions of article 3 of the Board of Directors Regulations, the Board of Directors approved the amendment of articles 36.1 and 36.4 of the Regulations, so that executive directors who receive remuneration for their duties performed in the context of their employment or mercantile relationship with the Company will not receive additional remuneration for their post on the Board.

NH Grand Place Arenberg
Brussels, Belgium



MEMBERS OF THE BOARD AND MANAGEMENT COMMITTEE

BOARD OF DIRECTORS

The Board of Directors is charged with overseeing and controlling the main decisions adopted by the Company, defining the Company's management strategies and guidelines and establishing the bases of its corporate organization framework in order to ensure greater efficiency and transparency to shareholders and to the markets in general.

At 31 December 2017, the Board of Directors is composed of the following members:

MEMBER	POSITION	CATEGORY
Alfredo Fernández Agras	Co-Chairman (Chair)	Proprietary
José Antonio Castro Sousa	Co-Chairman (Vice-Chair)	Proprietary
Ramón Aragonés Marín	CEO	Executive
José María Cantero Montes-Jovellar	Director	Independent
María Grecna	Director	Independent
Jordi Ferrer Graupera	Director	Proprietary
Paul Johnson	Director	Independent
Fernando Lacadena Azpeitia	Director	Independent
José María López-Elola González	Director	Independent
José María Sagardoy	Director	Independent

- On 27 January 2017, Mr. Juan José Andrés Alvez tendered his resignation as a Director for personal reasons.
- As of 7 February de 2017, Mr. Francisco Javier Illa is no longer a director as a result of his passing.
- On 26 June 2017, upon expiration of his term as a member of the Board of Directors, the Board did not propose the re-appointment of Mr. Carlos González Fernández to the General Shareholders' Meeting held on 29 June 2017.
- On 29 June de 2017, Mr. Francisco Román Riechmann tendered his resignation as a Director for personal reasons.
- On 25 July 2017, Ms. María Grecna tendered her resignation from the post of Director. On that same date, she was re-appointed to the Board by co-optation with the category of Independent director, all the foregoing at the proposal of the Nominations, Remuneration and Corporate Governance Committee.
- On 25 July 2017, Mr. Juan José Andrés Alvez tendered his resignation as a Director for personal reasons.
- On 25 July 2017, Mr. Paul Johnson tendered his resignation from the post of director. On that same date, he was re-appointed to the Board by co-optation with the category of Independent director, all the foregoing at the proposal of the Nominations, Remuneration and Corporate Governance Committee.
- On 25 July 2017, Mr. Fernando Lacadena Azpeitia tendered his resignation from the post of director. On that same date, he was re-appointed to the Board by co-optation with the category of Independent director, all the foregoing at the proposal of the Nominations, Remuneration and Corporate Governance Committee.
- On 25 July 2017, Mr. José María Cantero Montes-Jovellar tendered his resignation from the post of director. On that same date, he was re-appointed to the Board by co-optation with the category of Independent director, all the foregoing at the proposal of the Nominations, Remuneration and Corporate Governance Committee.
- On 20 October 2017, Ms. Koro Usarraga Unsain tendered her resignation as a Director for professional reasons.

SELECTION POLICY FOR DIRECTOR CANDIDATES

Compliance with the best Corporate Governance standards is part of the day-to-day behaviour of NH Hotel Group. On this matter, the Board of Directors recognizes, for its Corporate Governance strategy, that transparency in all its actions is essential, including the Director selection process. Accordingly, NH Hotel Group has a specific and verifiable selection policy for Director candidates which assures that the proposals for the appointment of Directors of the Company are based on a prior analysis of the needs of the Board.

OBJECTIVES AND CANDIDATE SELECTION PROCESS

To evaluate the candidates who participate in the selection process, the procedure takes into account the skills, experience, professionalism, suitability, gender, independence, knowledge, qualities, capacities and availability of the members of the Board of Directors from time to time, with the Nominations, Remuneration and Corporate Governance Committee taking on a relevant role in this process.

For the selection of candidates for the Board of Directors, the Nominations, Remuneration and Corporate Governance Committee may engage the services of one or several external consultants specializing in the search for and selection of candidates in order to strengthen the efficiency, effectiveness and impartiality of the identification process.

CONDITIONS THAT CANDIDATES MUST FULFIL

Candidates to the post of Director of NH Hotel Group must meet requisites of qualification and professional and personal honourability. They must therefore be suitable and prestigious individuals, of recognized professional capability, competence and experience, with sufficient qualifications, training and availability for the position. Candidates must show a commitment to their role, with a personal and professional history of respect for the law and commercial good practice, comply with the obligations established by law at all times in order to be part of the Board of Directors. Furthermore, they must be professionals of integrity, whose conduct and career are aligned with the ethical principles and duties established in the Company's internal regulations, and they must share the vision and values of NH Hotel Group.

PROMOTION OF GENDER DIVERSITY

NH Hotel Group is convinced that diversity in all its facets, at all levels of its professional team, is an essential factor to ensure the Company's competitiveness and a key element of its corporate governance strategy. In the candidate selection process, discrimination is avoided, and meritocracy is the principal selection criterion, in the corporate interest, with the process designed to seek the most qualified candidates.

Thus, until the goal is reached of having 30% of the Board of Directors made up of women by the year 2020, and as contemplated in the Policy, every time a vacancy arises on the Board of Directors, and the corresponding selection process starts, at least one woman must be included in the candidates, without prejudice to the principles of merit and capability.

MANAGEMENT COMMITTEE

The Management Committee meets every week and is composed of the Chief Officers and Executive Managing Directors of the different areas:

Mr. Ramón Aragonés Marín
CEO, Chief Executive Officer

Mr. Fernando Córdova Moreno
Chief People Officer

Ms. Laia Lahoz Malpartida
Chief Assets & Development Officer

Mr. Isidoro Martínez de la Escalera Álvarez
Chief Marketing Officer

Mr. Rufino Pérez Fernández
Chief Operations Officer & Global Transformation Leader

Ms. Beatriz Puente Ferreras
Executive Managing Director of Finance & Administration

Mr. Carlos Ulecia Palacios
General Secretary

Mr. Fernando Vives Soler
Chief Commercial Officer



Management Committee of
NH Hotel Group

COMPLIANCE SYSTEM

Since 2014, NH Hotel Group has promoted the Compliance function covering the following key areas:

- **Code of Conduct.**

It determines the principles, values and rules that must govern the conduct and behaviour of each of the professionals and executives of the Group, as well as members of the governing bodies of Group companies and stakeholders working with NH Hotel Group.

- **Criminal Risk Prevention Model.**

It describes the principles applicable to the management and prevention of crimes within NH Hotel Group and defines the structure and operation of the control and oversight bodies established within the Company, systematizing existing controls for the purposes of preventing and mitigating the risk of crime in the different areas of the Company.

- **Internal Rules of Conduct.**

These establish the minimum standards that apply to the purchase and sale of securities, as well as to privileged and confidential information, and how such information must be handled.

- **Procedure for Conflicts of Interest.**

It establishes the rules to be followed in situations in which there is a conflict arising between the interests of the Company, or any company within its Group, and the direct or indirect personal interests of the Directors or a person subject to the rules governing conflicts of interest.

COMPLIANCE COMMITTEE

In 2014 NH Hotel Group set up the Compliance Committee, composed by members of the Management Committee and Senior Management. It is responsible for overseeing compliance with the Internal Rules of Conduct, the Procedure for Conflicts of Interest, the Code of Conduct and the Criminal Risk Prevention Model.

The Compliance Committee oversees the management activity carried out by the Compliance Office and submits detailed reports on its activities to the Audit and Control Committee. Furthermore, it can take disciplinary measures against employees in relation to matters falling within its scope of competence.

Five meetings of the Compliance Committee were held in 2017.

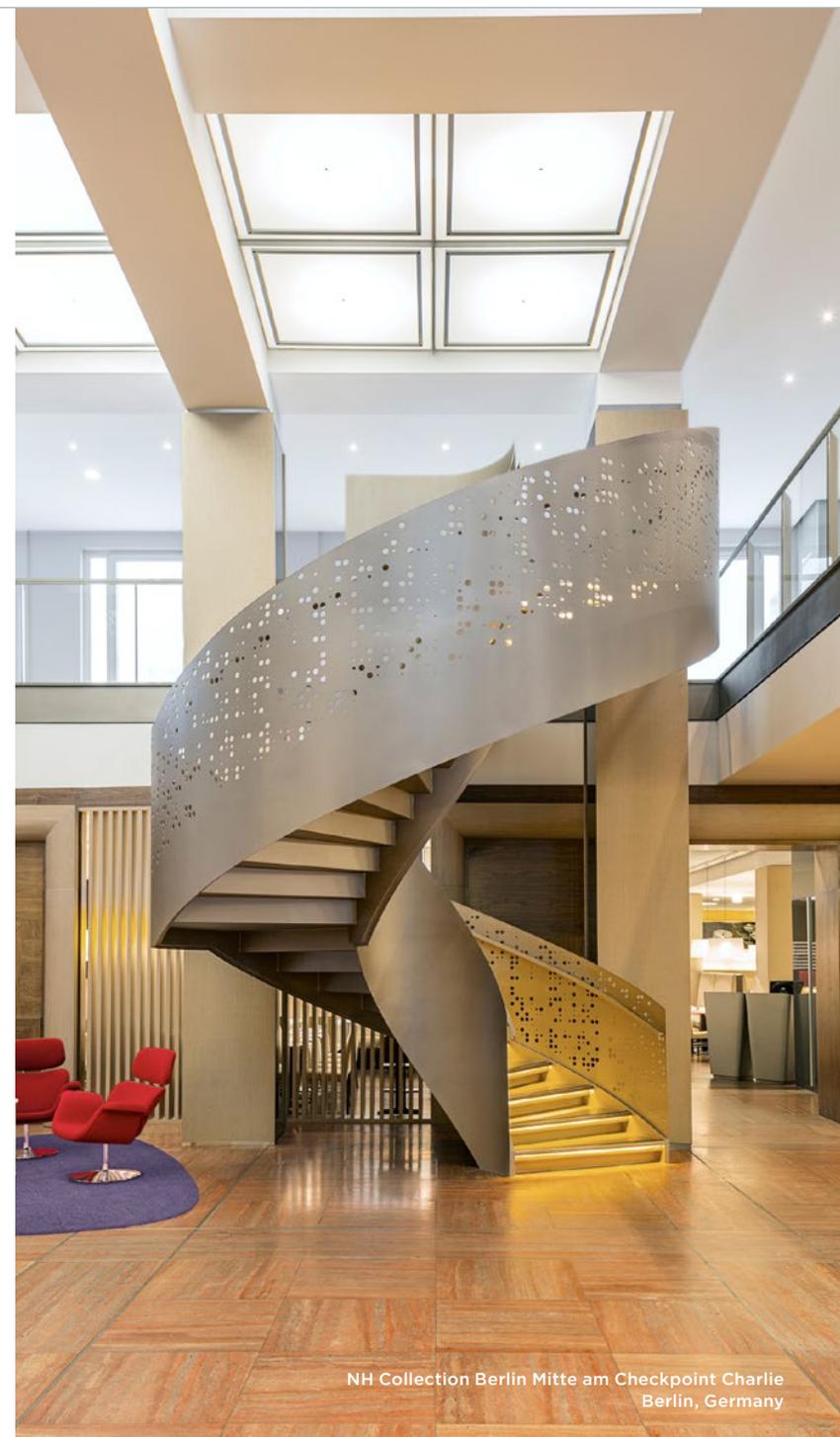
COMPLIANCE OFFICE

The Compliance Officer, led by the Head of Auditing of the Group, is responsible for spreading awareness and monitoring compliance with the Code of Conduct as well as for preparing the Criminal Risk Prevention Model. The Compliance Office reports directly to the Compliance Committee and is also responsible for managing the Whistleblowing Channel and handling queries regarding the Code of Conduct.

The procedure for handling matters reported through the Whistleblowing Channel is specified in detail in the Code of Conduct. Confidentiality, respect and non-retaliation are guaranteed at all stages of the procedure.

In 2017, there have been 45 reports of alleged breach of the Code of Conduct and the pertinent disciplinary measures have been imposed and all 61 queries received have been answered.

Furthermore, in 2017 the Criminal Risk Prevention Matrix in Spain has been rationalized, with the aim of providing the Company with a more efficient model. Throughout the year, the Compliance Office has rolled out the Criminal Risk Prevention Model in the seven most important countries where the Group operates.



NH Collection Berlin Mitte am Checkpoint Charlie
Berlin, Germany

AWARENESS AND TRAINING: CODE OF CONDUCT AND CRIMINAL RISK PREVENTION MODEL

CODE OF CONDUCT

In line with its ethical commitment and the best practices in relation to Corporate Governance, NH Hotel Group has conducted communication, awareness and training campaigns on Compliance since the last update of the Code of Conduct in 2015.

Responsibility for approving the Code of Conduct lies with the Board of Directors of the Group.

This document applies to all the people who work at NH Hotel Group, and is applicable not only to employees, executives and members of the Board of Directors, but also, in certain cases, to other stakeholders such as customers, suppliers, competitors or shareholders, as well to the communities where NH operates its hotels.

The Code of Conduct summarizes the professional conduct that is expected of employees of NH Hotel Group, who are committed to acting with integrity, honesty, respect and professionalism in performing their activity.

The Group is committed to complying with the laws and regulations of the countries and jurisdictions where it does business. This includes, among other matters, laws and regulations on health and safety, discrimination, taxation, data privacy, competition, anti-corruption, prevention of money laundering and environmental commitments. The key areas covered by the Code are:

- Commitment to people
- Commitment to customers
- Commitment by suppliers
- Commitment to competitors
- Commitment to shareholders
- Commitment to communities and society
- Commitment to the group's assets, knowledge and resources
- Obligations in relation to fraudulent or unethical practice
- Commitment in relation to the securities market

The Code of Conduct is published in 6 different languages on the official website of NH Hotel Group and is available to all stakeholders. Furthermore, with effect from 2017, NH employees can access the Code of Conduct from their mobile devices using the "My NH" app. Staff operating under NH Hotel Group brands have also been provided with a practical Guide and a FAQ document.

In collaboration with NH University, the Compliance Office oversees on a quarterly basis the degree of completion of courses on the Code of Conduct and Criminal Risk Prevention. Online training sessions on the Code of Conduct have continued in 2017, in an effort to ensure that all Group employees are familiar with it. 75.63% of employees have adhered to the Code and have completed the training course, which represents an increase of 8.99 basic points compared to 2016. This figure includes the employees listed in the NH Talent tool (employees of NH Hotel Group).

CRIMINAL RISK PREVENTION MODEL

The Criminal Risk Prevention Model is also in place in Spain. During 2017, specific training courses have been held in the prevention of criminal risks. Thus, 82.63% of the employees of establishments that operate under the NH Hotel Group brands completed criminal risk prevention training in Spain, which represents an increase of 15.98 basic points compared to 2016. In Italy, 95% of the employees have received training, and the percentage of adhesions has remained stable compared to the previous year.

Work has also been carried out in 2017 on the roll-out of the Prevention Programme in The Netherlands, Belgium, United Kingdom, Germany, Mexico, Colombia and Argentina. This includes identifying the main risks and controls as well as providing training on criminal risk prevention, as is provided in Spain.

82.63%
OF EMPLOYEES IN SPAIN
RECEIVED TRAINING ON CRIMINAL
RISK PREVENTION

95%
OF EMPLOYEES IN ITALY
RECEIVED TRAINING ON CRIMINAL
RISK PREVENTION

RELATIONS WITH GOVERNMENTS

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



NH Kensington
London, United Kingdom

RISK MANAGEMENT

Risk Management at NH Hotel Group reflects the Company's operations and culture, and affects the implementation of management actions, including the identification, approval and management of risks. The Board of Directors is responsible for defining NH Hotel Group's Risk Management and Control Policy, and periodically oversees the Risk Management and Control System through the Board's Audit and Control Committee.

RISK MAP APPROVED BY THE BOARD OF DIRECTORS

In line with these principles and for the third consecutive year, the Company has again updated its Risk Map in 2017, which includes the main risks facing the Company. 34 senior executives participated in the definition process of this document which reflects the threats of an ever-changing environment (terrorism, cyberattacks...). The Risk Map was reviewed and approved by the Board of Directors on 25 October 2017.

In addition, throughout the organization action plans have been implemented with the aim of mitigating the potential impact of risks. Indicators have also been established to monitor the evolution of risks on a monthly basis.

CREATION OF THE RISKS COMMITTEE

In 2017, NH Hotel Group has decided to create a Risks Committee which will meet at least three times a year. The responsibilities of this Committee are to:

- Validate and prioritize the risks identified
- Support the implementation of initiatives and action plans
- Create a risk prevention culture

The Committee is made up of the Operations Director, the SVP of Legal Advising, the SVP of Consolidation and Internal Control, the SVP of Control and Strategic Planning, and the VP of Revenue Management.

LAUNCH OF APPLICATION FOR RISK REPORTING AND MONITORING: SAP GRC

With the aim of improving and automating the Company's risk reporting and monitoring and control processes, in November 2017, following the training sessions for the employees involved, a new application was brought into use (SAP GRC, Governance, Risks and Compliance).

This application significantly reduces the time dedicated to the planning and assessment of risks and controls. Furthermore, to facilitate and simplify tasks within NH Hotel Group, it has become the sole reporting point in the Company, at global level, in relation to Risk Management and Internal Control.

NEW DATA PROTECTION PLAN

In light of the mandatory application of the General Data Protection Regulation (GDPR) in the European Union starting in May 2018, NH Hotel Group has implemented a plan to ensure compliance with the regulation, which is included in the Transformation Plan and aligned with it.

This new plan will have privacy in general established by default, so that all activities, applications, processes or projects of the Company will take privacy matters into account. The plan includes key initiatives such as effective management of personal data breaches, the data subject's explicit consent for the purposes of compilation and use of data, or a data destruction policy for both physical and virtual data formats. The plan also provides for the creation of Head of Data Protection within NH Hotel Group.

VISION AND STRATEGY



NH Collection Royal Teleport
Bogota, Colombia

OUR VISION

ONE DAY, WHENEVER ANYONE CONTEMPLATES A TRIP TO A CITY FOR AN OVERNIGHT STAY OR MEETING, FOR BUSINESS OR PLEASURE, THEY WILL ALWAYS ASK THEMSELVES: “IS THERE AN NH HOTEL AT MY DESTINATION?”

NH Hotel Group wants to be the consumers' chosen destination, offering them memorable experiences that go far beyond their expectations and make them feel special.

This vision, shared by everyone that is part of the Company, serves as a performance and commitment guide, while at the same time endeavouring to make NH Hotel Group the best option for investors and owners who wish to grow together with the Group, with a global and flexible proposal, with highly-motivated and proud teams, effective management tools and unique solutions.

In order to maximize the return for shareholders who have placed their trust in NH Hotel Group, the Company offers its investors the best management opportunities with a top level operator in both the urban and in the business segment.

OUR CULTURE

NH Hotel Group's culture, inspired on its vision and a clear calling to serve the customer, is what has set the Group apart in the sector from the very beginning.

In 2017, this culture has made it possible to begin evolving from a management model to a leadership model that incorporates the principles that guide the day-to-day activities of directors and employees and is reflected in the Company's eight beliefs:

1. We are obsessed with delivering memorable experiences
2. We are proud to serve
3. We strive to be the best even if we are not the biggest
4. We are all responsible for our results
5. We care for our people. Our people care for our guests
6. We are active in the communities where we live
7. We are young minded
8. We enjoy what we do ... and we do all this with a smile!



NH Rio novo
Venice, Italy

NH Collection Grand Convento di Amalfi
Amalfi, Italy



NH HOTEL GROUP'S STRATEGIC PLAN

NH Hotel Group presented a new Strategic Plan for 2017-2019 at its first Investor Day, a gathering of investors and analysts of the Company that included the participation of the members of the Management Committee and the Co-Chairmen of the Company.

This way NH Hotel Group is in a position to complete its most profitable two-year period. This year and the next it will reap the fruits of the important competitive advantages obtained following a period of transformation marked by a significant investment in repositioning and in improving the experience which the Group has completed in these years.

The new NH Hotel Group Strategic Plan is based on its current strengths, and is built on six major levers aimed at creating value, and 15 objectives each of which have specific goals.

During the 2017-2019 period, one of the Company's goals will be to highlight the efforts made in areas related to brand development and segmentation, revenue management, quality and repositioning, while driving its efficiency and continuing with debt reduction.

One of the levers of the new plan is based on continuing the process of concentration on the image of brands in the high-end segment, extending the portfolio of the NH Collection and nhow brands.

INITIATIVES	GOALS
Reinforce premium brands	Successful repositioning of NH Collection Greater weight in upper-upscale segment
Customer experience and loyalty	Exploit and monetize the intrinsic value of the brands Pursue maximum efficiency in media investment Improve the customer experience
Advanced pricing with focus on ADR	Optimization of channel and demand curve Open and dynamic prices Corporate, meeting and event rates
Asset management	Contract optimization Asset-light organic growth Repositioning opportunities Asset management
Efficiency in DNA	Digital transformation New operating model
Efficient cash management to reward shareholders	Growth in profit Reduction of debt

NH Collection Suecia
Madrid, Spain



nhow Berlin
Berlin, Germany



FOCUS ON THE PREMIUM SEGMENT: 8 OUT OF 10 RECENTLY SIGNED ROOMS ARE OF THE NH COLLECTION OR NHOW BRANDS

The Company also hopes to increase its geographical expansion both in consolidated destinations and in new regions with potential, always based on strict profitability criteria. In this regard, the new plan envisages the optimization of the Company's portfolio and strengthening the level of return on its portfolio through an asset-light growth model.

Furthermore, NH Hotel Group expects to increase its management capacity with the application of efficient dynamic pricing strategies linked to big data which will offer the opportunity to continue with sustainable growth in terms of profitability.

With its customers, the aim is to strengthen loyalty based on exploiting the intrinsic value of NH Hotel Group's brands and constant improvement in the experience.

As far as efficiency is concerned, the Company will concentrate its efforts on resource optimization. In 2017, the Company has already implemented initiatives in this regard such as the new operating model, which has restructured the entire portfolio in three Business Units (Southern Europe, Northern Europe and America), a system which permits rapid adaptation to change and reduces redundancies, facilitating the implementation of initiatives.

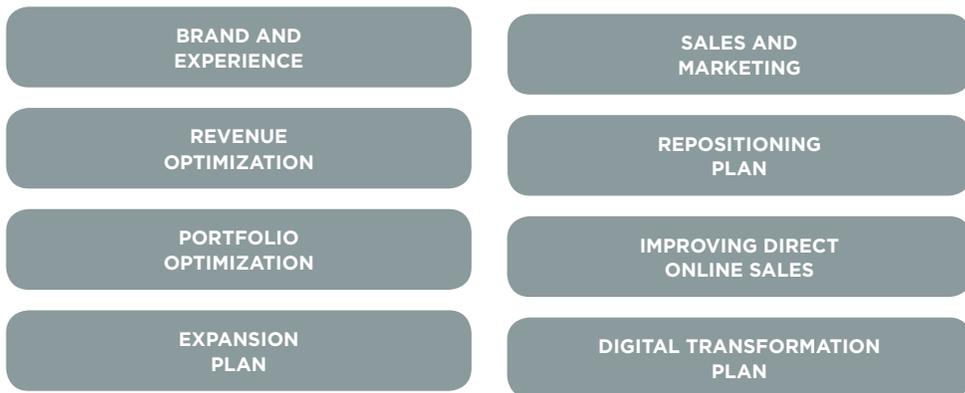


FINANCIAL OBJECTIVES OF THE STRATEGIC PLAN			
EBITDA	2019 NET RECURRING INCOME	DIVIDENDS	DEBT** (2)
2018: €260M 2019E: €285-290m 2019 pro forma: c. €300m*(1)	c. €100m	2017: 0.10€ 2018: 0.15€ From 2019: c. 50% recurring income	2018: between 1.2*** and 2.1x

(1) Pro forma 2019 with contribution of refurbishments and openings in 2018 and 2019

(2) Financial debt excluding IFRS accounting adjustments / * Subject to conversion of debenture

KEY INITIATIVES IN 2017



BRAND

In 2017, the Company continued its commitment to guarantee an excellent service in order to always exceed its customers' expectations. To this end, NH Hotel Group works under an operational and service promise for each of its brands, focused on maintaining the highest standards of quality, transparency and innovation:

NH HOTEL GROUP BRANDS:

URBAN POSITIONING TOWARDS THE UPPER SEGMENT



	NH HOTELS	NH COLLECTION HOTELS	nhow HOTELS	Hesperia RESORTS
HOTELS	293	69	3	8
ROOMS	42,041	11,016	828	2,330
% OF ROOMS	75%	20%	1%	4%

380 hotels with 58,916 rooms in 31 countries

THE NH COLLECTION AND NHOW BRANDS AROUSE INCREASING INTEREST IN THE MARKET

This year has represented significant progress in the consolidation of the growth of the NH Collection and nhow brands. This year the Company has continued to invest in the refurbishment and improvement of its portfolio with the opening of NH Collection Grand Sablon in Brussels, NH Collection Eindhoven in The Netherlands or NH Collection Santiago de Chile. Likewise, projects of this brand signed in Santander, Frankfurt, Marseille or Valencia will continue to increase the number of NH Collection hotels. At present, there are 69 hotels open with this brand, with other ongoing projects in Germany, Belgium, Spain, France, Chile and Mexico.

The signing of significant nhow projects to open hotels of this brand in Peru (Lima), Germany (Frankfurt) or the forthcoming nhow Marseille in France, which will open its doors in the second quarter of 2018, will consolidate a presence of 9 hotels of the nhow brand in forthcoming years.

These join the nhow brand's developing portfolio, which includes symbolic hotels such as the future nhow in Amsterdam, which will be the biggest hotel in The Netherlands with 650 rooms or the nhow London, in Shoreditch - both located in iconic buildings designed by the prestigious architects Rem Koolhaas and Norman Foster respectively; or the nhow hotel project in Santiago de Chile. All of these will be added to the portfolio of nhow hotels currently open in Milan (Italy), Berlin (Germany) and Rotterdam (The Netherlands).

AGREEMENT WITH PREFERRED HOTELS & RESORTS

Preferred Hotels & Resorts (PHR) represents the best and most diverse global portfolio of independent hotels, with five distinctive collections that allow customers to create their own inspirations as they travel around the world.

In the last three years, NH Hotel Group has developed an association with PHR with the aim of giving certain of the chain's NH Collection hotels the added value represented commercially by PHR's recognition in certain international markets such as the American one. In 2017, a total of 19 NH Collection hotels were recognized by PHR.

To help assure the highest levels of customer satisfaction, Preferred Hotels & Resorts monitors the Preferred Standards of Excellence™, measured regularly through anonymous inspections carried out by professional experts. PHR also supervises guests' comments and the online reputation of members with a powerful and personalised reporting dashboard.

NEW NH REWARDS PROGRAMME

In 2018, NH Hotel Group's loyalty programme is being renewed with the aim of making it one of the most generous in the industry, increasing the benefits for its most loyal customers so that they perceive the added value of the new programme.

Currently, more than 8.4 million customers earn points and redeem them to get, for example, free nights, room upgrades and a higher level of service in the hotel, according to their membership category. NH Rewards members contribute 36% of NH Hotel Group's revenues and their frequency of use is 40% higher than other customers. In fact, in 2017 eight out of ten bookings through NH Hotel Group's website were made by loyalty programme members.

NEW INSTANT BOOKING TOOL

In 2017 NH Hotel Group has launched an innovative online solution for the booking and immediate payment of venues for meetings and events.

The Company continues to be committed to the use of new technologies as a differentiating element and adds this online tool to its "NH MEETINGS: inspire.create.enjoy", the Group's proposal for the meetings and events segment.

Thanks to Instant Booking Tool, which is accessed from <http://meetings.nh-hotels.com/>, customers can obtain instant information on the prices and availability of meeting spaces and rooms for groups and also book and pay directly online.

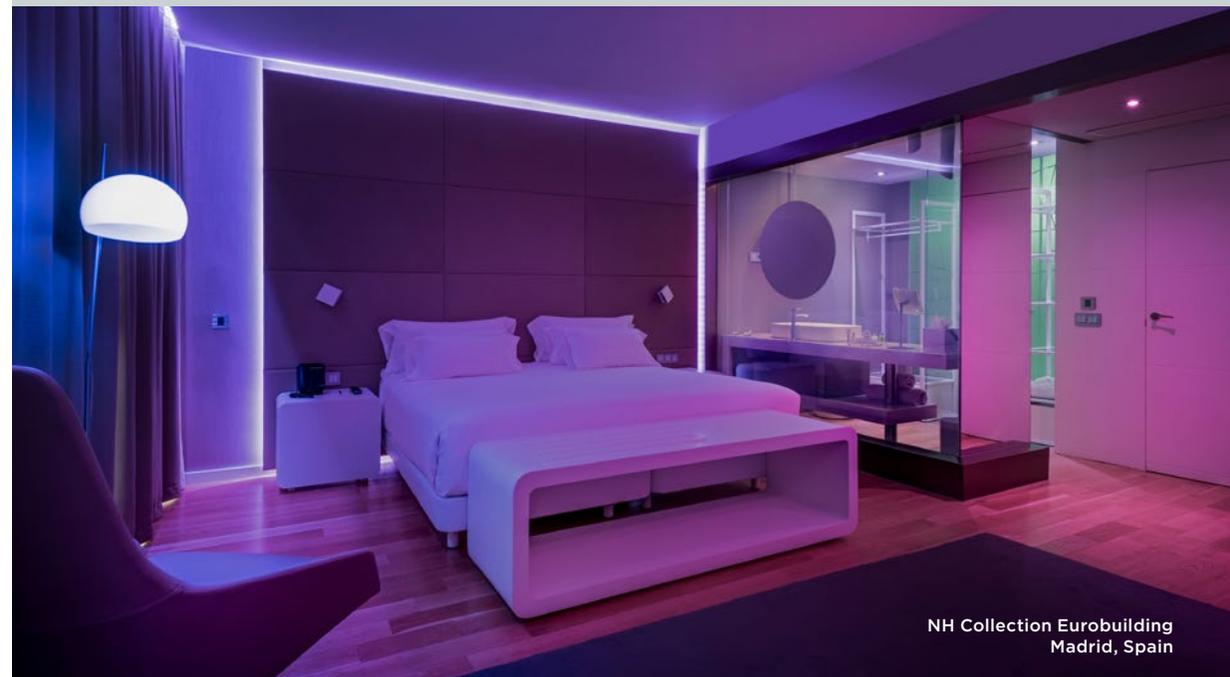
In a first pilot phase, the tool has been used with great success in Germany and the Company has already started to implement it for meeting spaces and rooms for groups in NH hotels all over the world.

MOOD ROOM™

In conjunction with Philips Lighting, in October 2017 NH Hotel Group presented the new Mood Rooms at the NH Collection Eurobuilding hotel in Madrid.

Equipped with the very latest technology, lighting and sound, these rooms create different ambiances that can reflect and adapt to their guests' emotions. A pioneering concept in the sector which is presented as a real experience for guests. For the first time, a room is capable of creating environments that adapt to the specific emotions and needs of the guest in search of an experience.

NH REWARDS
RETURN · RELIVE



NH Collection Eurobuilding
Madrid, Spain

COMMERCIAL AND REVENUE MANAGEMENT STRATEGY BASED ON IMPROVING QUALITY

In 2017 the Company has consolidated its commercial strategy with the focus on improving the service, quality and positioning of the hotels with a notable increase in the number of hotels in TripAdvisor's Top 10 and Top 30 in the leading cites. This, together with the Open Pricing project, has enabled us to improve the revenue strategy, increasing RevPAR levels by 8% with increases in ADR of almost 5%, which represents a relative growth in RGI of 3.6 percentage points vs. direct competitors.



Source: STR and Tripadvisor
*ADR Sept. 2017 YTD



TRIPADVISOR TOP 10 AND TOP 30

% HOTELS	DIC. 2013	SEPT. 2017
Top 10	24%	35%
Top 30	47%	55%
Top 10	24%	45%
Top 30	47%	63%

UNIQUE REVOLUTION IN REVENUE MANAGEMENT

NH Hotel Group is a leader in the field of revenue management, maximizing hotel incomes and the profitability of the business and establishing the following priority actions:

- **A Revenue Management team** headed by a variety of internationally renowned professionals with vast experience in Revenue Strategy and Hospitality. In turn they have a state-of-the-art NH Revenue Academy to train, develop and retain the team.
- **Use of state-of-the-art systems and tools** that make it possible to forecast demand, room price, food and beverages and functional area rates, as well as monitor results in real time. All this has made it possible to automate prices in 2017: centralised price recommendation through distribution using different channels, thanks to a tailored revenue administration system (NH Game Changer), which allows Revenue Management teams to offer a manual price only "exceptionally" and focus on strategic tasks.
- **Open Corporate Rate (OCR).** In a market where dynamism is the key to the future, NH Hotel Group has decided to take a step further this year. OCR lets corporate customers benefit from an unprecedented discount range that will vary according to demand. In this way, all our customers will benefit from exclusive rates. These exclusive rates will always have a guaranteed minimum discount and will be available 365 days a year.
- **Meetings & Events Quotation Tool.** This tool will provide a strategy focused on M&E customers with a total revenue management vision that offers ad-hoc quotations at an excellent speed and, therefore, an increase in satisfaction levels.

NH Hotel Group believes that one of keys for company sustainability is a consistent and continuous training. This year, as in the past 5 years, we have conducted our Global Commercial and Pricing Seminars, with special focus in one of our growth pillars, commercial/revenue management. These seminars aim to align in market trends, new strategies and cutting-edge technologies to our Hotel General Managers, Marketing and Commercial teams across our 31 countries and hotels.

EXPANSION AND PORTFOLIO OPTIMIZATION STRATEGY

In 2017, the Group has continued with the significant improvement in the quality of the assets and destinations incorporated into the portfolio with the opening of 6 new hotels and 789 rooms during the year. Notable among these new hotels is the opening of the NH Collection Eindhoven Centre in The Netherlands, under the NH Collection premium brand.

NH Hotel Group has a wide, representative and diversified portfolio of 380 hotels operated under lease, management and ownership, the latter with an estimated asset value of 1.9 billion euros at December 2016.

The profound transformation which the Company has carried out, particularly the portfolio optimization strategy implemented between 2013 and 2017, has made it possible to double the operating profit of NH Hotel Group during this period, despite the fact that it currently operates a similar number of rooms to five years ago. This has been possible thanks to the successful way in which the Company has managed to offset the elimination of non-strategic assets of the Group with the incorporation of new hotels analysed under criteria of profit maximization and medium and long-term sustainability, as well as with the scope of agreements on assets in the existing portfolio aimed at being operated under more flexible and beneficial conditions.

The favourable results of the portfolio optimization process and repositioning, the latter with significant investments to bring it up to the Company's new standards, and a greater weight of rooms under premium segment brands have resulted in an increase in demand from investors and hotel owners interested in analysing shared growth opportunities and benefiting from the model and the flexibility the Group offers as an international operator.

In 2017, the Group has continued to make significant improvements in the quality of the hotels and destinations incorporated into the portfolio, with the signing of 8 hotels (1,924 rooms) in Europe and Latin America, as well as the opening of 6 new hotels (789 rooms) during the year. These include the opening under the Group's premium brand of the NH Collection Eindhoven Centre in The Netherlands, as well as other assets in France and Mexico.

At the same time, during this year the Company has promoted a number of added-value operations on the asset portfolio, including the agreement reached in December 2017 with the German property manager Deka Immobilien for the sale and lease-back of the building that houses the NH Collection Barbizon Palace hotel in Amsterdam (The Netherlands), for a gross amount of 155.5 million euros. In addition, in January of the same year the Company reached an agreement for the sale and lease-back of the current NH Malaga hotel (Spain), as well as for the future acquisition of the extension to that hotel, which NH Hotel Group is executing on the land adjacent to the hotel. This operation, structured in two phases, has been valued in total at 41 million euros.

NH DIGITAL TRANSFORMATION DAY, FACE TO FACE WITH THE EXECUTIVE COMMITTEE

In September 2017, NH Hotel Group opened the doors of its Executive Committee to businesses with innovative digital or technological solutions that will allow it to accelerate its transformation.

The Company offered a unique opportunity with the launch of a global call for digital or technological businesses with solutions applicable to the hotel industry that were ready to be implemented.

The initiative sought to identify solutions that contribute to improving the customer's experience, driving revenue growth or improving the Group's productivity. The selected businesses had the opportunity to present their products or services exclusively, face to face, to the senior decision-makers of NH Hotel Group.

NH's Digital Transformation Day was a great success. More than 400 applications were submitted and of those, 200 passed the first phase. A second evaluation resulted in a list of 20 finalists who then presented their projects to the Company's Executive Committee.

The initiative is part of the Group's strategy to accelerate its digital evolution, following the in-depth transformation of its systems and infrastructures in recent years.

TRANSFORMATION PLAN: OVERVIEW OF 2017

2017 has proved to be a key year in the Company's Digital Transformation Project, one of the key initiatives of the Strategic Plan to make processes and systems efficient by increasing the capacity to set NH apart from the competition and continuing to improve the Company's basic processes.

Success is consolidated at global level with the attainment of most of the 28 planned strategic initiatives, with 100% achieved by the more than outstanding growth in Italy and America, as well as the maintenance of the good results in Spain and a substantial improvement in the other regions.

Of note are the projects with high added value carried out this year such as Commission Management, Open Pricing or the SAP Business Planning tool to improve the budgeting and financial planning processes.

NH Collection Liberdade
Lisbon, Portugal



A RESPONSIBLE AND SUSTAINABLE COMPANY



NH Collection Palazzo Cinquecento
Rome, Italy

NH Collection Palazzo Barocci
Venice, Italy



RESPONSIBLE COMMITMENT PLAN 2017-2019

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

The innovative “Room 4” concept encompasses these goals related to the business of NH Hotel Group and its key stakeholders. This transversal three-year plan has been approved by the Company’s principal governing bodies and all the areas of the Company are committed to it.

On one hand and as starting point for the creation of the Plan, the materiality analysis has been used to determine the key aspects for NH Hotel Group according to its strategy and stakeholders and, on the other hand, the Corporate Responsibility Policy. The United Nations Sustainable Development Goals (SDG) have also been used.

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

PURPOSE, PILLARS AND COMMITMENTS OF THE PLAN

NH Hotel Group has defined a clear purpose for its Responsible Commitment Plan which is that: Wherever we are, we strive to have the most positive economic, social and environmental impact.

The Responsible Commitment Plan comprises three pillars of action: People, Planet and Responsible Business.

nH ROOM 4 PEOPLE



This pillar concerns people and NH Hotel Group's commitments:

- Employees**
 Promote a responsible culture that integrates Corporate Social Responsibility and the purpose in their daily actions.
- Customers**
 Provide an excellent service and an innovative offer and involve them in NH Hotel Group's responsible projects.
- Community**
 Promote social projects in the communities where the Company is present and promote positive local impact through the creation of responsible alliances with foundations and NGOs, the collaboration of employees as volunteers in responsible projects and the support to culture through patronage initiatives, among others.

nH ROOM 4 PLANET



In its commitment to the Planet, NH Hotel Group works to minimize its impact on climate change, increase efficiency of resources and develop more sustainable products.

nH ROOM 4 RESPONSIBLE BUSINESS



NH Hotel Group manages its operations and hotel service based on a responsible value chain, dialogue with its stakeholders, promoting responsible alliances and a strong ethical commitment.

ORGANIZATION AND MANAGEMENT

To achieve the goals set out in the Responsible Commitment Plan, in 2017, a management system has been established at a Corporate level and in coordination with the Business Units, that will make the implementation and monitoring of the responsible commitments defined possible.

This approach also contains a communication plan for the visibility of the actions carried out; an organization structure that drives the actions with main players throughout the Company; and a leadership team to monitor compliance of the key indicators.



NH Collection Casino de Madrid
 Madrid, Spain

PEOPLE: EMPLOYEES

NH Hotel Group takes care of its employees and seeks their commitment to and engagement with the Company's Corporate Responsibility so that it is an integral part of their daily activities. It does this through fluid communication and by recognizing their responsible commitment.

NH ROOM 4 PEOPLE

Corporate culture is a key factor in NH Hotel Group's global strategy. For this reason, dialogue with employees is based on fluid communications. The Company encourages employees to invest in their professional development in a diverse environment and with equal opportunities.

Under the premise "our shared beliefs and therefore, our behaviours, define who we are", NH Hotel Group has laid down the foundations of its internal culture with the aim of helping to achieve the goals of the three-year Strategic Plan by promoting a change towards a leadership model.

This culture sets the foundations and the support to adapt to current market needs, which require a focus on customers and a strong technological and service transformation.

THE HUMAN RESOURCES STRATEGY

This year, within the framework of the Company's Strategic Plan 2017-2019, the Human Resources strategy has continued based on 3 main pillars:



NH Hamburg Mitte
Hamburg, Germany



NH Collection Milano President
Milan, Italy

GLOBAL LEADERSHIP AND TALENT MANAGEMENT

Preserving the Company's future by involving the best employees and by identifying and developing the most talented people in NH Hotel Group using competitive tools and mechanisms to guarantee talent retention and commitment.

TOP PERFORMANCE AND BEST PLACE TO WORK

Becoming a company that is recognized as the Best Place to Work, based on the high level of commitment of its employees, its active contribution to achieve this, rigour to differentiate and recognize high performance and increasing its recognition as an attractive employer.

TRANSFORMATION AND REINVENTION

Seeking, evaluating and taking opportunities to be more efficient (outsourcing, digitalization, ...), evolving our working environment and acquiring advanced predictive analytical skills.

All the above should be based on and firmly guarantee Operational Excellence in Human Resources and Internal Communication, with clear policies and processes, fulfilling promises in a proactive manner, continuing to support, develop and implement NH Hotel Group's operational model while controlling staff costs and related budget items.

EMPLOYEES BY BUSINESS UNIT

Business Units	2017	2016	Diff. (%)
HQ and CRO	466	478	-2.6%
BU Northern Europe	6,751	6,667	1.3%
BU Southern Europe	8,095	7,999	1.2%
BU America	7,477	5,761	29.8%
TOTAL	22,789	20,905	9.0%

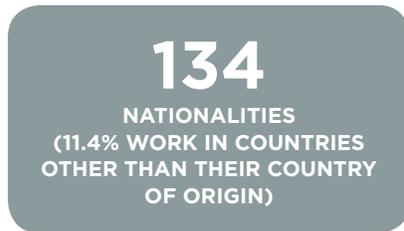
- Figures obtained of FTEs (Full Time Equivalents) for all kind of contracts (open-ended, temporary, extra, temping agency...) considering owned, managed and franchise hotels.
- The average number of employees in 2017 is 22,789.
- The Northern and Southern Europe Business Units slightly increased the average number of employees in line with the increase in occupancy.
- Corporate offices decreased the number of employees as part of the efficiency improvement plan of the New Operating Model.
- The increase in America is due to the change in the calculation method in resorts in the Dominican Republic and the opening of new hotels.

CULTURE OF DIVERSITY AND EQUALITY

NH Hotel Group's corporate culture is based on the pillars of diversity and equality. Thus, the Company's 22,789 employees in 2017 are of 134 different nationalities and 11.4% of them work in different countries from their country of origin.

Furthermore, 46.71% of the total number of employees are women, who hold 45.9% of the total management posts, considering the employees with all kinds of contracts (permanent and temporary) contemplated in the corporate people management tool. In the case of Spain, the percentage increases to 48.5%.

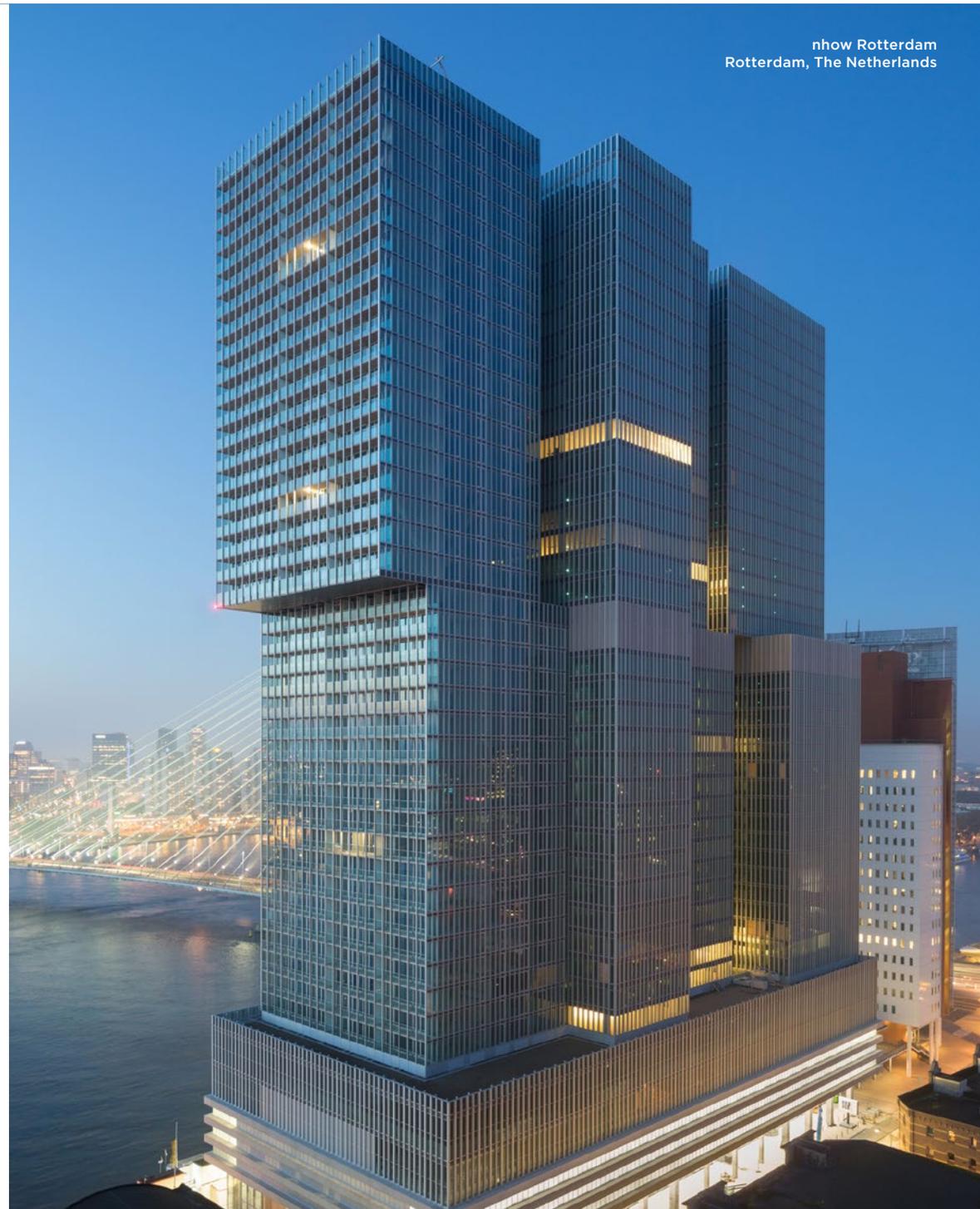
As far as age is concerned, in 2017 the percentage of employees between 25 and 40 years old was 49.6%, while those under 25 years old represented 14.8% and those over the age of 40 totalled 35.7%.



	2017	2016
Average number of employees*	22,789	20,905
Open-ended contracts	66.87%	62.91%

* Figures referred to permanent and temporary employees

	2017	2016
Average turnover	21.91%	23.04%
Immigrants	11.44%	11.17%
Female employees	46.71%	48.11%
Female management employees	45%	43.45%
Employees under 25 years of age	14.75%	12.98%
Employees aged 25 to 40	49.57%	49.65%
Employees over 40 years of age	35.70%	37.37%
Nationalities	134	137



nhow Rotterdam
Rotterdam, The Netherlands

NH Schiphol Airport
Amsterdam, The Netherlands



TRAINING AND TALENT: NH TALENT

NH Talent is NH Hotel Group's platform for the integrated management of the professional development of each of the Company's employees with the aim of fostering a talent management culture. Through this platform, all employees control their face-to-face or online training, see their annual performance assessments, manage their objectives and create action plans.

PERFORMANCE MANAGEMENT SYSTEM - TIME FOR YOU (TFY)

NH Hotel Group's performance management system, Time For You (TFY), is aimed at permanent employees who have been with the Company for at least 3 months. The launch of the performance management campaign is carried out through the NH Talent platform at the end of the year and the results are analysed around February of the following year.

In 2017, the level of participation in the TFY process was 96%, slightly higher than in the previous year.

The increase in the number of assessments carried out in America is worth noting. For the first time, the regions of Colombia and Ecuador participated in the process through NH Talent, reaching a participation of 99%. The Central Europe region, which now belongs to the Northern Europe Business Unit, took part in the process for a second time in 2017 with an increase of 5% in its participation level. The other Business Units show the same participation levels as in 2016.

Furthermore, in 2017 a new pilot performance management model (New Time For You, NTFY) has been developed and implemented in the Corporate Offices and in several hotels of each Business Unit. This new TFY has been designed to facilitate the employee's feedback conversation and their development. Furthermore, to improve the quality of the action plans, a library of development actions has been included in the tool and the steps needed to complete the process have been simplified for greater ease of use.

Following this pilot, feedback will be gathered from the employees and managers who have participated and the necessary elements will be adjusted to extend NTFY to the entire company during 2018.

360° ASSESSMENT PROCESS

The 360° assessment process is part of the "Global Leadership and Talent Management" strategic pillar and all hotel managers and assistant managers at global level take part in it. At the end of 2017, the 2nd edition of the process was launched with the purpose of measuring evolution in the development of these key business positions. One of the improvements of this edition is that participants will receive a workbook showing their individual results compared to those obtained two years ago, which will increase their self-knowledge and allow them to work, together with their supervisor on a new individual development plan.

This year more than 300 hotel managers and assistant managers have taken part in the process and a very high level of participation has been reached. Hence more than 90% of the personnel evaluated have managed to complete the feedback from all points of view (self-assessment, manager, peers and teams).

ENGAGEMENT AND INTERNAL COMMUNICATION

In 2017 NH Hotel Group has continued to work on its “Engagement Plan”, set up in 2015 with the aim of strengthening employee commitment with the Company’s strategy.

Since the results of the Engagement Survey were published in 2016, the teams responsible for encouraging engagement at each workplace have carried out action plans for the purpose of improving the work climate.

The main actions implemented at hotel level were:

- **Communication.** Communication has been encouraged through different formats such as newsletters, magazines and notice boards that give employees access to relevant information of the Company.
- **Internal Relations.** The frequency and scope of formal meetings to improve interdepartmental relations has been reviewed. Initiatives have also been proposed with the aim of bringing management closer to the employees and to foster relations between them.
- **Employee development.** To encourage employee development in their own jobs, internal and interdepartmental training has been encouraged. In this way, NH Hotel Group seeks to promote the operational overview of the entire team while at the same time acquiring new knowledge and skills.
- **Corporate Social Responsibility.** During 2017, a number of different social volunteering initiatives and environmental actions related to savings in resources and recycling took place.

In the Corporate offices, the Engagement Team presented at the end of the year a new wave of measures validated by the Management Committee, notable among which is a professional immersion plan for the different corporate business areas. Employees will apply to vacancies in the departments they are interested in for the purpose of carrying out different duties on a part-time basis and for a limited time.

With this measure, NH Hotel Group wants to offer its employees the possibility of exploring new job opportunities, develop new skills and knowledge of other departments, facilitate exchange between areas, strengthen the “lead your own development” culture and identify talent within the Company.

These and other initiatives will continue their implementation and will be evaluated in the Engagement Survey 2018, which will serve to evaluate the engagement levels of the Company’s employees.

LAUNCH OF A NEW RESPONSIVE VERSION OF NH CAREERS

In 2017, NH Hotel Group has relaunched E-preselec, the tool for the publication of internal and external vacancies and for managing the job applications received through the Company’s employment portal, NH Careers. This update has made it possible to modernise the platform and facilitate access to job offers.

Furthermore, the platform now allows candidates to send their CV from any device, as it is a responsive tool which adapts to different mobile devices. An internal communication campaign was launched to publicise this change and also the new image of the Company’s internal job portal, NH Careers.

MEMORABLE DATES

All Business Units have continued to hold events and present awards to employees of hotels and central offices on their most important anniversaries, retirement and other special dates. In 2017, Benelux joined the programme, showing that Memorable Dates is becoming consolidated as part of the Company’s culture in all the countries where it is present.



INTERNAL COMMUNICATION PLAN

For NH Hotel Group, Internal Communication is a key factor in creating and maintaining the commitment among the Company's employees. For this reason, in 2017 it has continued developing the Internal Communication Plan 2015-2017, where the role of new technologies has been key to accomplish the ambitious goal of reaching all of the Company's employees.

MyNH app

This is an exclusive app for the Company's employees, launched in June 2017 which lets employees view the latest news, campaigns, projects and internal vacancies, among others. It also provides access to the intranet and to an internal chat for the hotels. For its launch, an information campaign was carried out with posters and promotional videos in 6 languages; these material also contained a QR code through which to download the App in iOS and Android. So far, close to 3,000 employee downloads have been registered.

Tell The World

The Internal Communication Plan has continued to focus on the digital strategy applied to all its environments and channels. An example is the evolution of the internal communication channel 'Tell the World' which, in 2017, has evolved to 3.0 environments.

Thus, the Company's employees now have the opportunity to share their favourite items from the internal newsletters on their personal social media. In this regard, 135 editions of the Tell the World newsletter were published in 2017 in four languages, receiving 42,402 hits.

Town Halls

These innovative conferences, which aim to share the most relevant milestones and initiatives of the Group with all employees, reaffirm the Senior Management's commitment to the Company's communication. In 2017, the CEO of NH Hotel Group, Ramón Aragonés, together with the Management Committee, led a total of 4 of these conferences, which could also be followed by live streaming on the platform.

Change Management Projects

Internal Communication is a tool that acts as a catalyst for change in the transformation of NH Hotel Group, as it defines a strategic action plan. In 2017, 9 editions and 10 videos were published to consolidate the 'Transformation Commitment', the internal communication channel designed for regularly sharing the progress, achievements and success stories featuring employees.

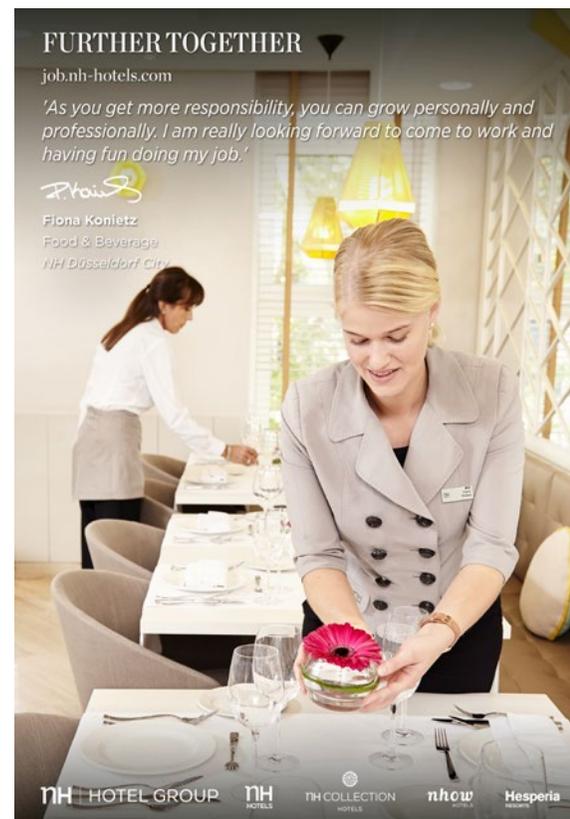
CORPORATE EMPLOYER BRANDING CAMPAIGN

Through its Employer Branding campaign, NH Hotel Group has moved from working on its internal engagement to also communicating its role as employer brand to different audiences and external stakeholders. The Group's key employer brand values are: Passion, Challenge and 100% People.

The medium-term communication campaign features a group of ten employees selected from all the Business Units as examples of those values.

With this campaign, NH Hotel Group has initiated its digital marketing plan on social media such as LinkedIn and Twitter and has launched NH Hotel Group's profile on Instagram. All this has been the result of teamwork involving Human Resources, Marketing, Social Media and Communication.

The KPIs of the campaign are measured every month to analyse the evolution and results of the different actions with the aim of implementing the necessary changes throughout 2018.





NH Collection Victoria
La Habana, Cuba

1,212,760.97€

TOTAL INVESTMENT
IN TRAINING
IN 2017

113,554

TRAINING HOURS COMPLETED
(FACE-TO-FACE AND
E-LEARNING)

26,484

TOTAL
PARTICIPANTS IN
NH UNIVERSITY

32.8%

OF THE WORKFORCE HAVE
RECEIVED FACE-TO-FACE
TRAINING

74%

INCREASE IN ONLINE
TRAINING COMPARED
TO 2016

NH UNIVERSITY

In 2017, NH University - NH Hotel Group's corporate university - has provided a total of 113,554 hours of both face-to-face training and e-learning with a total of 26,484 participants.

A total of 7,476 employees, representing 32.8% of the workforce, have received face-to-face training. It is worth highlighting that during 2017, the Company has promoted online training which has increased by 74% compared to the previous year.

Once again, NH University has opted to use the talent of its employees with more than 288 in-house trainers collaborating in its face-to-face formative sessions.

The total investment in training in 2017 was €1,212,760.97.

NO. OF HOURS / TRAINED EMPLOYEE

Hours per trained employee (face-to-face)	12.85
Hours per trained employee (e-learning)	2.22
Total hours per FTE	4.98
Total hours per trained employee	7.40

TRAINING BY BUSINESS UNIT

TRAINING	BUSINESS UNIT	NO. HOURS	NO. PARTICIPANTS	EMPLOYEES	HOURS PER TRAINED EMPLOYEE
Classroom	Corporate	11,057	1,120	898	12.31
	Spain, Portugal & Andorra	18,435	2,390	1,712	10.77
	Benelux, UK, France & S. Africa	7,103	1,379	948	7.49
	Central Europe	15,661	2,062	1,094	14.31
	Italy	13,029	1,570	769	16.94
	BU America	30,806	5,894	2,055	14.99
Total Classroom		96,089	14,415	7,476	12.85
E-learning	Corporate	921	750	414	2.22
	Spain, Portugal & Andorra	9,436	5,018	2,521	3.74
	Benelux, UK, France & S. Africa	891	921	709	1.26
	Central Europe	3,246	3,235	2,595	1.25
	Italy	1,741	902	553	3.15
BU America	1,230	1,243	1,072	1.15	
Total E-learning		17,465	12,069	7,864	2.22
Total		113,554	26,484	15,340	7.40

KEY TRAINING PROJECTS IN 2017

Corporate Projects

• HUNTING FOR NEW BUSINESS SKILLS

In 2017, two courses of this nature were provided for the Remote Sales and Sales teams, with the participation of a total of 63 employees from all of the Company's Business Units. This initiative is included in the Corporate Training Plan as part of the "New Incremental Profitable Business" sales strategy and is focused on developing sales employees' skills in attracting customers, such as influence, negotiation or closing, as well as offering tools that can help their development. In 2018, the 22 in-house trainers who gave the courses will transmit the knowledge acquired to the rest of the team and to new employees.

• FEEL THE EXTRAORDINARY-BE PART OF IT

This new training initiative is aimed at employees of the Collection brand with the aim of introducing them to the key elements that make up the brand and the importance of conveying them to the customer. To this end, NH University has created the game "Feel The Extraordinary-Be Part of It" in which teams of employees have to overcome challenges related to the brand's elements. In each hotel, the winning team will become the Brand Champion, receiving a prize and the chance for international recognition among the teams from all the hotels.

• UPSPELLING: ENHANCE YOUR STAY

A new e-learning course has been developed and implemented in 2017 to introduce upselling and its role in NH Hotel Group, aimed at all the Company's employees but especially the Front Office departments.

America Business Unit projects

• TOPIC EXPERTS PROGRAMME

The most noteworthy project of the America Business Unit in 2017 was Topic Experts, an initiative that was executed in most Front Office, Food & Beverage and Maintenance operational areas in which employees who are experts in these areas transmitted their knowledge to ensure uniformity in the Company's standards.

Spain Projects

• RECEPTION DEPARTMENT GATHERING

More than 800 receptionists from the hotels in Spain, Portugal and Andorra met to exchange good practices, align their knowledge and, in short, share a motivating and instructive experience concerning their influence on the customer experience. With a website designed especially for them and a careful selection of speakers aligned with the objectives of NH Hotel Group, matters such as the way the hotel business works, the importance of communication and the commitment to the Company were discussed.

• MENTAR PROGRAMME

This mentoring programme seeks to generate a learning relationship between mentor and mentee where shared learning becomes a tool for transformation and an end in itself. For NH Group Hotel, mentoring allows the mentee to direct his or her development, guided by the experience of a mentor and with the NH Culture as the focal point. The mentees are heads of hotel departments or employees of Central Services with experience in operational teams and/or management who have undergone the selection process.

The mentors are the BU Managers who voluntarily wish to be part of the programme and meet the established requisites. With this programme, which is in its second year in 2017-2018, the Company seeks to identify talent and be able to prepare future hotel managers, in both technical and skill aspects.

NH Collection Josten
Buenos Aires, Argentina



Italy Projects

• 2017 NEW HOD

This Career Development Programme allows Operations employees with high potential to participate in a six-month training in technical and soft skills with the aim of preparing new talents to be successors as future heads of Department.

• STORYTELLING

In 2017 a storytelling course was imparted in Italy for the entire sales team of the country for the purpose of obtaining knowledge and confidence in storytelling skills applied to sales in order to improve communication of NH Hotel Group's value proposition.

• 5 STARS. A STEP FURTHER IN TRAINING

Aimed at the General Managers and the teams who work at hotels that are immersed in a transition process from four to five stars. In 2017 NH Group Hotel offered this training to the staff of the NH Collection President and the NH Collection Firenze Porta Rossa. This way, the employees were able to put the new behaviours and attitudes into practice and become familiar with the standards required by the change of category of their establishment.

• THE BELL CHALLENGE

Through a gamification experience, this initiative allowed the Front Office and Guest Relations teams to improve their commitment to the Company. To this end, a specific web portal has been designed through which employees can play - individually or by challenging other co-workers - a 2-minute trivia game on procedures and standards, transformation plan, operational promises and NH Rewards.

NH Nacional
Madrid, Spain



Central Europe Projects

• NHU4 - DAY TO STAY

This event was designed for the country's "Azubis" and "Dualis", trainees who have worked for three years at NH Hotel Group hotels while simultaneously doing other studies. The purpose was to show NH Hotel Group's intention to keep good trainees, offering them prospects for the future by organizing quick appointments with General Managers and other departments, as well as by giving them suggestions on applications and asking for their feedback on what can be improved in NH. As a result of this event, 50% of participants stayed with NH Hotel Group.

• AZUBI WELCOME DAY

In its second edition, the welcome event for all Azubis and Dualis in which NH Hotel Group is presented and a series of interviews with different heads of departments and General Managers are offered, included new features such as the recording of a song in German with the Azubis, a workshop on hotel tasks and a competition involving the recently learned skills.

Benelux Projects

• 24 HOUR HACKATHON

As part of NH Hotel Group's development programmes, 29 JUMP and PDI participants attended an intense training course at the Design Thinking Center in Amsterdam. During this 24-hour hackathon, the Design Thinking Method was used to formulate a design challenge to which a solution had to be presented 24 hours later. Participants were divided into 5 groups that had to think about the current problems they face within the Company and find a solution. At the end of the day, each group generated 100 ideas and the best idea from each group was presented to a panel of experts.

EMPLOYEE TURNOVER AND ABSENTEEISM

TURNOVER 2017

BUSINESS UNIT	NON VOLUNTARY			VOLUNTARY			TOTAL
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	
Headquarters and CRO	7.39%	6.45%	13.84%	7.53%	5.38%	12.90%	26.75%
BU Northern Europe	3.49%	3.73%	7.22%	6.51%	5.19%	11.70%	18.92%
BU Southern Europe	9.43%	7.90%	17.33%	1.75%	2.18%	3.93%	21.26%
BU America	11.84%	13.82%	25.66%	3.33%	3.33%	6.66%	32.32%
TOTAL	7.29%	6.94%	14.22%	4.05%	3.64%	7.69%	21.91%

*Rotación Anual considerados hoteles en propiedad, gestión y franquicia.
No incluye la rotación asociada a Hoteles Royal, Rep. Dominicana y Venezuela.*

TURNOVER OF EMPLOYEES UNDER INDEFINITE CONTRACTS

Regarding the turnover indicator, it should be noted that due to the characteristics of the hotel business, NH Hotel Group considers it relevant to know and manage the turnover of employees under indefinite contracts. The table below shows the results obtained in 2017 with respect to such employees:

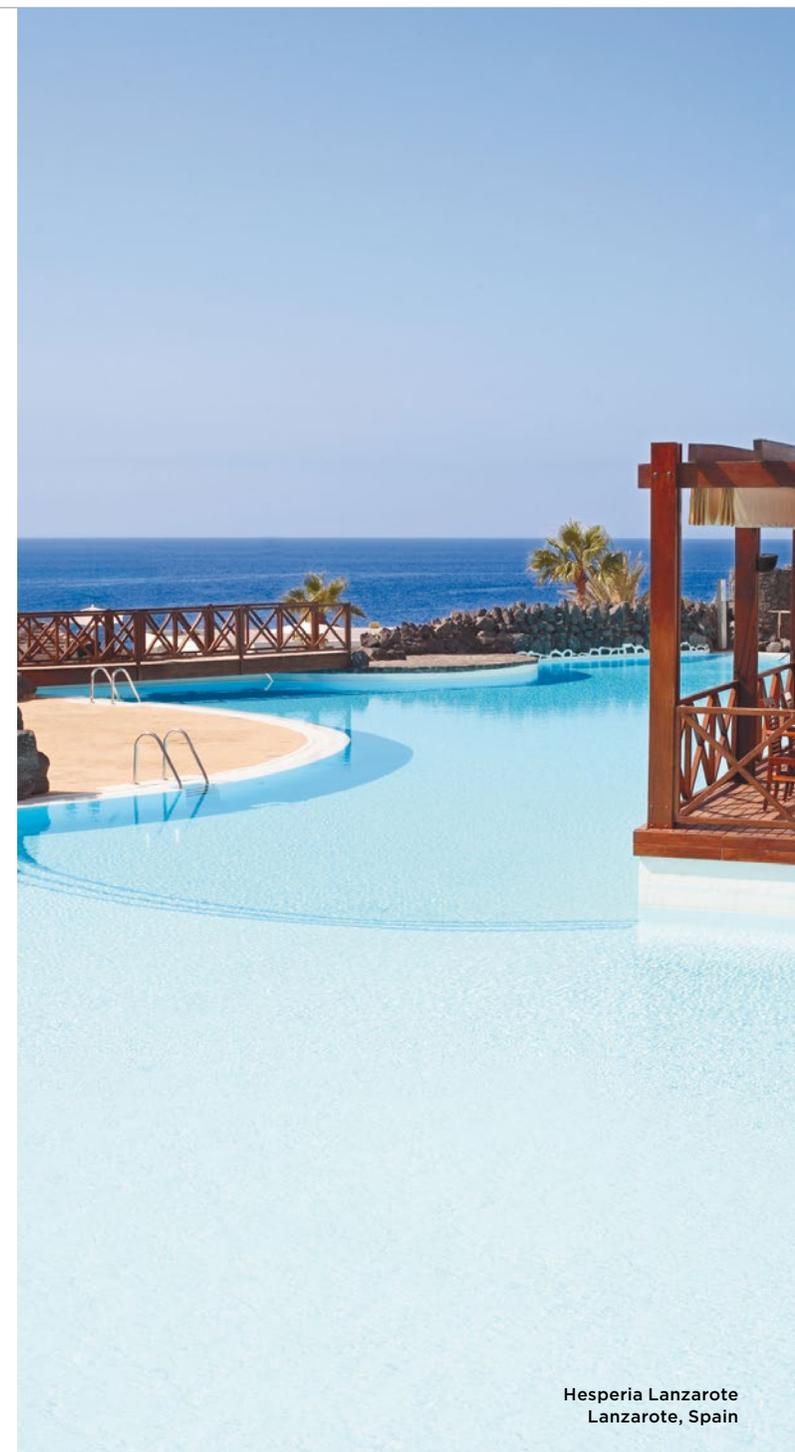
BUSINESS UNIT	NO VOLUNTARY			VOLUNTARY			TOTAL
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL	
Headquarters and CRO	2.33%	3.31%	5.64%	5.45%	3.11%	8.56%	14.20%
BU Northern Europe	1.20%	1.73%	2.93%	4.80%	4.01%	8.82%	11.75%
BU Southern Europe	1.88%	1.29%	3.17%	1.19%	1.61%	2.79%	5.96%
BU America	5.70%	6.47%	12.18%	3.70%	3.85%	7.55%	19.73%
TOTAL	2.19%	2.28%	4.48%	3.08%	2.90%	5.98%	10.46%

*Rotación Anual para empleados fijos considerados hoteles en propiedad, gestión y franquicia.
No incluye la rotación asociada a Hoteles Royal, Rep. Dominicana y Venezuela.*

ABSENTEEISM RATES

ABSENTEEISM	2017 (%)	2016 (%)
Accident	0.13	0.17
Illness	2.27	2.54
Maternity	0.63	0.43
Total Absenteeism	3.03	3.14

**Figures refer to permanent and temporary employees*



Hesperia Lanzarote
Lanzarote, Spain



nhow Milano
Milan, Italy

WORKERS' RIGHTS AND BASIC AGREEMENTS

THE WORK OF THE EUROPEAN WORKS COUNCIL IN 2017

NH Hotel Group seeks to maintain responsible and positive employment relations based on the principles of dialogue, consultation and employee participation. That is why, in October 2015, the European Works Council (EWC) of NH Hotel Group was created as an initiative of the European Federation of Trade Unions in the Food, Agriculture and Tourism Sectors (EFFAT) and at the request of the affiliates of Italy, Belgium and Spain.

The EWC covers all the Company's work places within the European Economic Area and is compliant with the provisions of Directive 2009/38/EC, as well as its transposition into the Spanish legislation. Its main goal is to establish a communication and social dialogue level that fosters mutual understanding on transnational issues affecting employees in a climate of mutual trust.

Two meetings of the EWC were held in 2017, one full meeting at which all members were present and another meeting of the committee of a restricted nature. At these meetings, the posts on the Committee were updated, the Company's economic results were presented and brief reference to the impact of the terrorist attack in Barcelona was made at the meeting in September. The new structure of Business Units in Europe was also explained and it was agreed to create working groups to deal with specific matters.

TRADE UNION REPRESENTATION

NH Hotel Group employees covered by collective agreements are detailed below:

LABOR RELATIONS

BUSINESS UNIT	NO. OF COLLECTIVE AGREEMENTS 2017	PERCENTAGE OF EMPLOYEES COVERED
Southern Europe Business Unit (Spain, Italy, Portugal, France & USA)	51	100%
Northern Europe Business Unit (Benelux, Central Europe, UK and Africa)	21	97%
America Business Unit	20	47%

PEOPLE: CUSTOMERS

NH Hotel Group provides an excellent service and an innovative offer, and invites its customers to participate and get involved in ethical, social and environmental commitments.

NH ROOM 4 PEOPLE

NH EXPERIENCE

In the 2017-2019 Strategy, NH Hotel Group has identified the need to define a clear segmentation of its brand, believing in its intrinsic value. It therefore seeks to pursue maximum efficiency in media investments and an improvement in the customer experience with the development of the Guest Intelligence virtuous circle, detecting the “moment of truth” and providing support to a redesign and implementation experience and Acceptance Monitoring.

In recent years, as a result of the Company’s new business strategy, the quality bases that characterize NH Hotel Group were laid down. In 2014 the operational promises of NH Collection, NH Hotels, nhov and NH Meetings were consolidated while in 2015 the Company continued to successfully implement the product and service standards established for each one of the brands, following their respective roadmaps and the guarantee that they would contribute a sound added value and a new experience.

In 2016 and 2017, the improvements in innovation and in the NH experience have been consolidated with the aim of extending the products and services offered for each of the brands.

BRILLIANT BASICS

In 2017, 1.77 million euros were allocated to this project to continue improving the Company’s quality and comfort standards. Since 2014, a total of 261 hotels have participated in the initiative, reaching totals in 2017 of 37,000 beds replaced, 32,500 television sets, 35,000 rain-effect showers, 24,000 duvets, 105,000 pillows and 16,500 professional hairdryers.

In addition, 1.47 million euros were allocated to Brilliant Basics for Meetings and Events (M&E), a project that seeks to ensure the best experience for customers who use the meeting rooms in hotels.



NH Collection Köln Mediapark
Cologne, Germany



Vermeer
NH Collection Barbizon Palace
Amsterdam, The Netherlands



La Terraza del Casino
NH Collection Casino de Madrid
Madrid, Spain



Santceloni
Hesperia Madrid
Madrid, Spain



Santceloni
Hesperia Madrid
Madrid, Spain

GASTRONOMIC INNOVATION

NH Hotel Group is committed to offering high quality gastronomy and the latest trends within the sector to its customers. In this regard, the Company is continuously innovating and developing exclusive gastronomic standards and processes.

Furthermore, processes are continuously being implemented that combine local and global values that will serve to enrich the services offered to customers.

Some of the processes that have been consolidated at company level during the past year are:

- M&E Tempting breaks, which includes the Healthy Corner and the Sweets Corner
- Minibar, with new products to elevate quality
- Breakfast Juice Corner, with healthy shakes and freshly made juices upon request
- Memorable Element, which offers a new and surprising juice every day
- Regional Corner, which offers local products

During 2017, NH Hotel Group has once again renewed the Company's best-known restaurant service: its breakfast, promoting its values in familiarity and the use of local products.

As a result, the Company's breakfasts include a wide variety of products and a wide assortment that combines local and global values, offering more than 110 different products on a daily basis. Not forgetting the importance of healthy and sustainable food, the Company includes gluten free, organic, low-sugar, low saturated and no trans-fat products.

The Company also favours high-quality products (oils, salts, cured meats...), artisanal products (gourmet pastries, organic yoghurts, ...) and personalized customer care and service. An example is the relaunch in 2017 of the Kids Corner, where with the help of the fictional characters Nico and Hanna, NH Hotel Group wants to promote the importance of a balanced diet featuring healthy and nutritious foods among its youngest guests.

Haute cuisine is also part of NH Hotel Group, which has a total of 10 Michelin stars among its gastronomic options with the following culinary ambassadors:

- Dabiz Muñoz, 3 Michelin stars with DiverXO at NH Collection Eurobuilding
- Paco Roncero, 2 Michelin stars with La Terraza del Casino
- Oscar Velasco, 2 Michelin stars with Santceloni at Hesperia Madrid
- Miguel Barrera, 1 Michelin star with Re Levante at NH Mindoro
- Chris Naylor, 1 Michelin star with Vermeer at NH Collection Barbizon Palace
- Arturo Dalhuisen, 1 Michelin star with White Room at NH Collection Grand Hotel Krasnapolsky, achieved in 2017.

It should also be noted that the Company has developed in 2017 its own proposals and projects for the Group's restaurants and bars in order to improve the Company's value and service proposition, such as Tablafina (Gastrobar), Kukuarri (Restaurant) or Suite & Tea (Gourmet Cafeteria).

PERFECT FIT

In 2017, this project has reached a total of 143 gyms which now have state-of-the-art machinery and facilities adapted to the new Perfect Fit standard. With a view to the future, new openings with an area set aside for a gym will in all cases have the equipment and services defined as standard for the Company, in addition to the refurbishments that will be undertaken.

ONLINE CHECK-IN, CHOOSE YOUR ROOM AND ONLINE CHECKOUT

Throughout 2018, the implementation of the online check-in, choose your room and online check-out projects will be completed. Since 2016, check-in and check-out processes have been reviewed to obtain maximum efficiencies and adapt them to the new digital reality.

Thanks to the online check-in service, from September 2018, customers will be able to complete the procedure digitally 48 hours before arrival and benefit from the “choose your room” function which will allow guests to select their room preferences and choose the room they want to stay in directly on the hotel’s floor plan.

The incorporation of online check-out, after a successful pilot that has been undertaken in 2017, is also being planned for 2018.

This service which will give guests the opportunity to check out without having to queue at reception, by completing the entire process online the night before they leave and receiving their bills quickly and conveniently by e-mail. With this, NH Hotel Group seeks to position itself as a leader in the industry and become one of the first hotel chains to simultaneously offer the three services mentioned above.

ENHANCED WI-FI

True to its high quality standards, in 2017 the Company has improved its Wi-Fi connectivity services by extending lines, allowing it to offer double bandwidth at NH Hotels brand establishments and four times faster connection speed at NH Collection hotels. The bandwidth for premium connection in both brands has also been multiplied by four.

VIP DETAILS

During 2017, the implementation of standards aimed at very special guests has continued. New VIP details have been designed and produced for the different NH Hotel Group brands.



NH Collection Paseo del Prado
Madrid, Spain

“MOOD ROOM”

A new type of room has been launched in 2017 - the Mood Room. This is a room which, thanks to domotics, is capable of transforming its atmosphere to adapt to the momentary needs of each guest. This room allows the user to choose between 18 moods, each with its different music, lighting, curtain position and even temperature in order to adapt automatically to the guest’s preferences.

NH Collection Eindhoven
Eindhoven, The Netherlands



STATE-OF-THE-ART TECHNOLOGY AT NH MEETINGS

The creation of memorable and inspiring events is part of the NH Experience, offering innovative technologies such as the Instant Booking Tool, a pioneering platform in online booking and payment of meeting venues or rooms for groups, with real-time availability consultation, selection of equipment, F&B and other services; the SMART Room System™ for Microsoft® Lync® Online state-of-the-art video conferencing technology; or the use of holographic technology for holding all kind of events.

Singular venues. Unique and inspiring places

As part of NH Meetings proposal, the Company has developed original and uniquely special areas for guests to celebrate all kinds of occasions. These singular venues can adapt to the needs of each company, allowing planners to develop their ideas for business meetings, conferences and other types of events to be played out in the most appropriate environment.

These venues are outlined by four specific concepts:

- **Design:** Stunning architecture and gorgeous interiors designed to bring people together and share unique local experiences, enjoy the functional convenience of singular meeting spaces and relax with personalized professional service.
- **Location:** Elegant locations and breath-taking views that create striking first impressions, whether close to famous landmarks or off-the-beaten track, the perfect stage is set with attendees in eager anticipation.
- **Technology:** Gravity defying transparent curved displays, ground-breaking 3D holographic projections and productive SMART Room System™ communications that captivate audiences, empowering spaces and making dream events a reality.
- **Uniqueness:** All of our singular venues are extraordinary places where singular experiences are an everyday occurrence thanks to eye-catching locations, magnificent views, historical backdrops, surprising exteriors, fully adaptable interiors and professional expert staff.

These are some of our Singular Venues:

- **NH Collection Firenze Porta Rossa:** Italy's oldest surviving hotel, located in the heart of stunning Florence, fuses old-world charm with modern-day furnishings, complete with ancient frescoes and a panoramic suite within a 13th-century tower.
- **NH Collection Amsterdam Grand Hotel Krasnapolsky:** Downtown Amsterdam, overlooking the impressive Dam square, is where you'll find our Wintergarden: a listed location natural light, afforded by its magnificent glass ceiling, black and white marble floor and full palm tree, floods in through 19th century architecture. Fittingly described as "unique in nature: modern with a classic twist".
- **NH Collection Barcelona Tower:** Offering three incredible spaces from the center of beautiful Barcelona, The Millenium Auditorium, the Great Cosmos Room and The Dome offer a variety of uniqueness under one roof, jam packed with the latest in communication and visual technology. Highly effectiveness with added 'wow'!



NH Collection Barcelona Tower
Barcelona, Spain



NH Collection Grand Hotel Krasnapolsky
Amsterdam, The Netherlands

FAMILIES, WELCOME

The “Families, Welcome” project has been launched in 2017, which consists on the implementation of an operational promise especially designed to improve the experience of the smallest guests and make NH Hotel Group the most welcoming chain for families.

The implementation of this project includes numerous initiatives such as the design of a space within breakfast rooms, the Kids Corner, which offers a unique selection of products for children’s breakfast, together with fun tableware and activity books featuring the Group’s youngest ambassadors: Nico & Hanna.

Some of our “Families, Welcome” hotels are also pioneers in family rooms. These are more spacious than standard rooms, offer Nico & Hanna bath amenities for children and have a special room service.

All “Families, Welcome” hotels also have television channels for the whole family available to guests and offer early Check-in and late Check-out services free of charge.

Outside of the hotel, no matter the destination, city, coast or beach, the new family assistant knows all the best leisure activities for the whole family and the best restaurants to go to with children.

QUALITY MANAGEMENT SYSTEM

Our culture to improve the customer experience

With the implementation of different projects in 2017 and thanks to the Company’s Integral Quality Management system, perceived quality ratings among NH Hotel Group customers have maintained the trend shown in 2016. These results come from a customer-focused culture of change which adapts rapidly to the variable needs of the market.

In addition, to foster the Company’s culture among employees, a specific section entitled “Quality Corner” has been incorporated into the newsletters to share best practices and experiences of employees in their dealings with customers.

Evolution of quality measurement tools in 2017

An essential part of the customer experience continuous improvement process is monitoring perceived quality and the action plans that have been put in place. A significant example of a measurement tool is the “Quality Focus Online” that makes it possible to monitor customer reviews through internal and online channels.

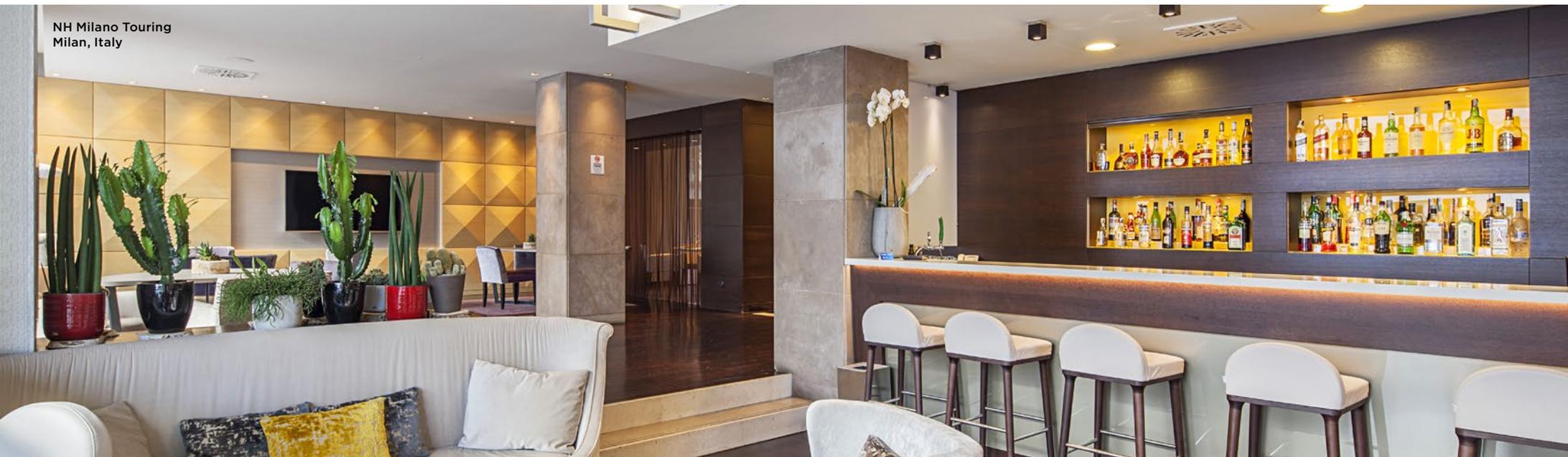
Notable among the main improvements of the tool in 2017 is the inclusion of comments on the Company on Google which can also be responded to by the hotels through the tool, the introduction of a QPI evaluation graph (ratio compared to competitors) and the extension of accesses to Quality Focus.

As occurred last year with Guest Relations, this year the heads of reception have been empowered, in the manager’s absence, to respond to comments that customers make in the Company’s internal survey, an initiative which has had an excellent reception among both employees and customers.

The Iristrace app has continued to be the main tool for carrying out quality controls in NH Hotel Group hotels through a smartphone. The main technical improvements include better performance and the creation of back-ups of data.

Furthermore, with the intention of understanding its guests better every day, the Company has engaged the services of Trust You in 2017. This is a semantic analysis tool that makes it possible to have greater visibility of what customers are saying about NH Hotel Group and which has helped identify the main areas for improvement both in service and in product.

NH Milano Touring
Milan, Italy



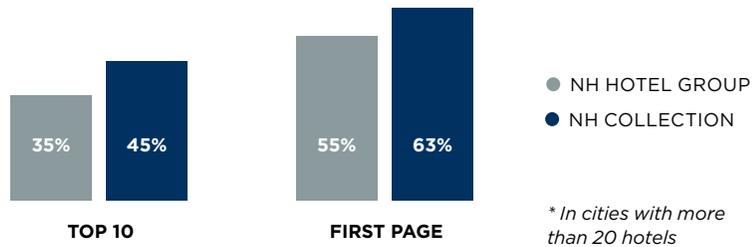
Impact on visibility and perception of Quality

The overall perception of the Company’s quality has remained stable compared to last year, with a score of 8.4 underpinned mainly by the growth in online channels. These results have driven the Company’s visibility, with particular impact on TripAdvisor where many more NH Hotel Group hotels have managed to position themselves among the best in their cities.

Thus, a total of 157 of the Company’s hotels were on the first page of the prestigious website at the end of the year, seven more than in 2016. These figures mean that 55% of the portfolio in cities with more than 20 hotels have a first-page position.

In turn, NH Collection continues to consolidate its success in terms of customer rating, quality perception and visibility. The hotels of this brand have managed to obtain an average rating of 8.9 between the Company’s internal surveys and online ratings, while 45% are positioned in the Top 10 on TripAdvisor, and 63% have first-page placings which once again makes them the Company’s best reference in 2017.

VISIBILITY OF HOTELS* ON TRIPADVISOR



EVOLUTION OF TRIPADVISOR RATING NH HOTEL GROUP VS. COMPETITORS



Other quality management instruments

With the purpose of maintaining the Company’s high standards in relation to quality and customer satisfaction, quality managers in each Business Unit of NH Hotel Group visit almost all the hotels, mainly those where areas for improvement have been previously identified, in order to activate the necessary corrective actions.

Furthermore, in 2017 a new internal classification has been defined to facilitate comparison between similar hotels in terms of quality to identify best practices among them and apply them within the Company.

The focus for the Customer Service Department continues to be personalization and closeness to customers. Complaints received and handled in 2017 were 28% lower than in 2016. This fall is due to the fact that refurbishments have been carried out in hotels during the year which have considerably improved amenities and services. Growth in the NH Collection brand and its implementation during 2017 have also contributed positively to this decrease.

The contact of Hotel Managers, Front Office Managers and Guest Relations with customers has increased by 10% compared to 2016, thanks to the replies of the latter to NH Hotel Group’s internal surveys done through the Quality Focus Online tool, which makes active interaction possible between hotels and their guests.

KEY QUALITY INDICATORS

Key Quality Indicators	2016	2017	Diff. (%)
NH Survey rating (scale from 1 to 10)			
General	8.6	8.5	-0.1
Service	8.9	8.9	0.0
No. of NH Survey ratings	181,069	179,438	-1,631
Online rating (scale from 1 to 10)			
General	8.3	8.4	0.1
Service	8.5	8.5	0.0
No. of Online Survey Ratings	355,864	448,775	92,911
Customer Service KPIs			
Communications with customers handled by hotel managers	31,114	34,100	2,986
Communications with customers handled by fCustomer Service	21,796	19,025	-2,771



NH The Lord Charles
Cape Town, South Africa

RESPONSIBLE GUESTS

NH Hotel Group meets its commitment to sustainability by engaging its customers and having them take part in its CSR initiatives. To that end, some of the main initiatives are the creation of opportunities for contributing socially or the encouragement of an environmentally responsible behaviour.

An example of these inclusive actions is the UNICEF NH Rewards donations programme, which raised €2,163 in 2017. The Company also provides its guests with charging stations for electric cars and an eco-friendly service to ensure that meetings and events held in the hotels have a minimal environmental impact or even carbon-neutral.

CUSTOMER LOYALTY AND CUSTOMER SERVICE

New NH REWARDS programme

In 2017 NH Hotel Group has worked on the renewal of its loyalty programme with the aim of turning it into one of the most generous in the industry, increasing the benefits for its most loyal customers so that they perceive the added value of the new programme.

Currently, more than 8.4 million customers earn points and redeem them to get, for example free nights, room upgrades and a higher service level in the hotel depending on their membership category. NH Rewards members contribute 40% to NH Hotel Group's revenue and their frequency of use is 33% higher than that of other customers. In fact, in 2017 eight out of ten bookings through NH Hotel Group's website were made by loyalty programme members.

NH REWARDS
RETURN · RELIVE

This programme also makes it possible to establish direct contact with customers. In this regard, almost 150 million e-mails have been sent to subscribers of the Company's global data base with an average of 27% openings and generating 7.2% of our web traffic.

To publicize NH Rewards, campaigns have been carried out to encourage customers to book through the direct channel, i.e. NH Hotel Group's commercial website, as well as new preference-based communications, such as gastronomic newsletters, that give visibility to the restaurant portfolio. This is added to a plan that rewards customers of the NH Rewards programme especially with exclusive points promotions and preferential access to campaigns with discounts.

Improvement in direct sales channels

The volume of business generated through NH Hotel Group's website in 2017 has set a new record with an interannual growth rate of 11%, backed by the extraordinary results of Benelux (+18%) and America (+26%).

This growth has meant that the revenue billed through the website totalled 187 million euros, 18 million more than in 2016.

A historic record has also been achieved in relation to the web channel's contribution to NH Hotel Group's revenue. Revenue per room in 2017 totalled 12.8%, which is 0.3 points higher than the rate recorded in 2016.

PEOPLE: COMMUNITY

NH Hotel Group seeks to create a positive impact on the communities where it is present through key responsible alliances, solidarity projects and patronage.

NH ROOM 4 PEOPLE

The commitment to the communities where NH Hotel Group operates is another of the pillars of the new Corporate Responsibility Plan 2017-2019. The main goal is to maintain active relations with the community, contributing to local development and attending to the needs of each destination where it is present through its business in itself. Local impact is achieved thanks to the creation of responsible alliances with foundations and NGOs, the collaboration of employee volunteers in projects and the promotion of culture.

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

MAIN SOCIAL INDICATORS

	2016	2017
Total social projects	395	328
NH Volunteers	1,081	580
Contribution of NGO rates	€ 65,593.46	€ 101,493
Contribution of Bono Amigo + Employee rate	€ 197,937.31	€ 149,461
Cultural promotion	€ 32,750.00	€ 13,000
Amiguitos Royal Foundation	€ 140,113	€ 69,714
Investment in Social Action	€ 245,130	€ 109,522
Total resources destined* to the Community	€ 681,523	€ 446,115



NH Collection Gran Hotel Calderón
Barcelona, Spain

NH Royal Urban
Bogota, Colombia



HOTELS WITH A HEART

This initiative, which reached its 15th anniversary in 2017, aims to help the families of hospitalized children cover their accommodation needs through foundations and NGOs. The fact that this initiative has been going on continuously for many years is an example of NH Hotel Group’s long-term commitment to society.

With more than 15,000 hotel nights donated, the initiative was a finalist in the “Best CSR Programme” at the 2017 Business Travel Awards. It has also received numerous local recognitions, such as the award for Best Solidarity Project in the El Mundo Zen Adecco awards.

The group of more than 2,000 employee volunteers who act as Ambassadors in the programme are a key to the success of “Hotels with a Heart”. Furthermore, the NGO rate with discounts of up to 30% off the best available rate is offered as an advantage to entities that have been previously assessed and approved by the Corporate Social Responsibility department.

HOTELS WITH A HEART	2016	2017
Agreements with NGOs	108	40
Room Nights donated	1,996	1,192
Hotels involved	81	53

CHRISTMAS CAMPAIGN “HOTELS WITH A HEART”

The 2017 Christmas campaign once again featured “Hotels with a Heart”, the Company’s international solidarity programme with the longest tradition.

Thus, in 2017 some of the employees from all over the world who volunteer to participate in the initiative took centre stage to narrate their personal experiences, show how they live and what the experience of participating in the programme has meant to them. As a result, the video was the Company’s Christmas greeting to all its stakeholders and has become the most watched NH Hotel Group video on YouTube, with more than 100,000 views in Spanish.

GLOBAL AND LOCAL SOLIDARITY ALLIANCES

NH Hotel Group believes in building responsible and successful alliances with solidarity partners in order to develop stable projects that can be replicated in all of its Business Units.

In 2017 a relevant milestone has been the signing of a strategic agreement with Make-A-Wish International through which NH Hotel Group will donate almost 600 rooms in hotels across more than 15 European cities to children with serious illnesses and their families so that they can travel outside their city of origin to fulfil the child’s greatest wish. The collaboration between the two entities started in 2005 in Spain, The Netherlands and Italy, offering every facility so that children from all over the world can make their dreams come true.

In Spain, NH Madrid Sur is a supportive partner and the hotel of reference for Menudos Corazones, a foundation with whose alliance the “Hotels with a Heart” programme was launched in 2004. In Benelux and Germany, the Company collaborates with hospitals and foundations such as the Ronald McDonald Foundation, with which it also participates in programmes focused on the wellbeing of the families of sick children, providing them with a home when the foundation houses are full.

EMPLOYABILITY PROGRAMMES

Throughout 2017 NH Hotel Group has carried out different international training, work experience and job programmes for young people at risk of social exclusion and disabled young people in all its Business Units. This way, the projects, which are part of the Social Action strategy, are also aligned to the Company's commitment to Sustainable Development Goal 8 on "Decent Work & Economic Growth".

Thus, in 2017 a total of 303 students had the opportunity to develop technical and personal skills with the direct help of volunteer employees of the hotels, who accompany, guide and instruct these young people. To multiply the impact of these employment programmes, the Company consolidates its international and local alliances which provide support and the necessary responses to the specific needs of each Business Unit.

GLOBAL AND LOCAL SOLIDARY PARTNERS

Youth Career Initiative (YCI) in the America Business Unit

Youth Career Initiative is a high-impact international initiative meant to fight against youth unemployment and NH Hotel Group is the only Spanish multinational company committed to this innovative project together with other leading hospitality companies, such as Intercontinental, Marriott and Starwood.

Every year, more than 400 young people at risk of social exclusion receive training in 53 hotels around the world. In its tenth year, the seventh in which NH Hotel Group has taken part, the Company has offered 32 young people training courses over six months given by staff of the different hotel areas as well as work experience in the different departments. As of today, 15 of the participants have now embarked upon their careers as collaborators of NH Hotel Group Mexico. In the first few months of 2018 the programme is expected to start in Bogotá.

Social and labour insertion in Spain

Youth unemployment in Spain, which is more significant in groups at risk of social exclusion, requires programmes focused on boosting the employability and social integration of young people.

To this end, 29 NH Hotel Group hotels in Spain have been involved in different programmes with the help of more than 85 employees who have volunteered a total of 13,043 hours to train 96 young people. In developing this programme, collaboration with various social and labour insertion programmes is vital, through which the entrance into the job market of 7 people has been achieved. The Hesperia Tower hotel in Barcelona also carries out different initiatives to favour the entrance into the labour market of young people at risk of exclusion, in collaboration with the Joia Foundation and the Casal dels Infants Foundation.

JINC "Track the Talent" in Benelux

Since 2009, NH Hotel Group and JINC have been collaborating to provide professional training to young people in the poorer districts of the country to help improve their employability. In 2017, a number of visits and workshops have been organized at NH Conference Centre Leeuwenhorst with the participation of a total of 68 young people with whom 10 employee volunteers have wanted to share their enthusiasm and experience in the hotel sector.

EMPLOYABILITY PROGRAMMES	2016	2017
Students trained	651	119
Agreements with NGOs and institutions	62	61

NH Collection Royal WTC Bogotá
Bogotá, Colombia



NH VOLUNTEERS!

With the aim of promoting employee involvement in NH Hotel Group’s social action, NH Volunteers! was created. The initiative, already an important aspect for the Company, is possible thanks to the commitment shown by its employees in the volunteering projects, where they offer their skills and knowledge to people who need them. In 2017, 570 NH Hotel Group employee volunteers have taken part in training and apprenticeship programmes for vulnerable groups.

Furthermore and in collaboration with the Exit Foundation, two editions of the Coach Project has also taken place in 2017. This is a corporate volunteering initiative to improve the employability of young people at risk of social exclusion through coaching and mentoring. In it, 10 employee volunteers have shown 10 young people how the business world operates, with the aim of helping them to discover their vocation and thus motivate them to continue their training.

NH VOLUNTEERS!	2016	2017
Volunteers	1,081	570
Initiatives	78	50

“CHRISTMAS FOR ALL” COMPETITION 2017

Once again, the Company has invited its employees, through the Tell The World internal communication channel, to participate in “Christmas for All”, another of NH Hotel Group’s corporate volunteering initiatives.

Participating employees created their own teams and chose an NGO to collaborate with and to whom donate the prize in case of winning the contest. On this occasion, 16 candidate projects were received from 6 different countries, and as was the case last year, the employees themselves chose the winning initiative through an online votes. This year’s winner was the Central Offices team of NH in Colombia who engaged in an activity to support children of the Amiguitos de Royal Foundation.

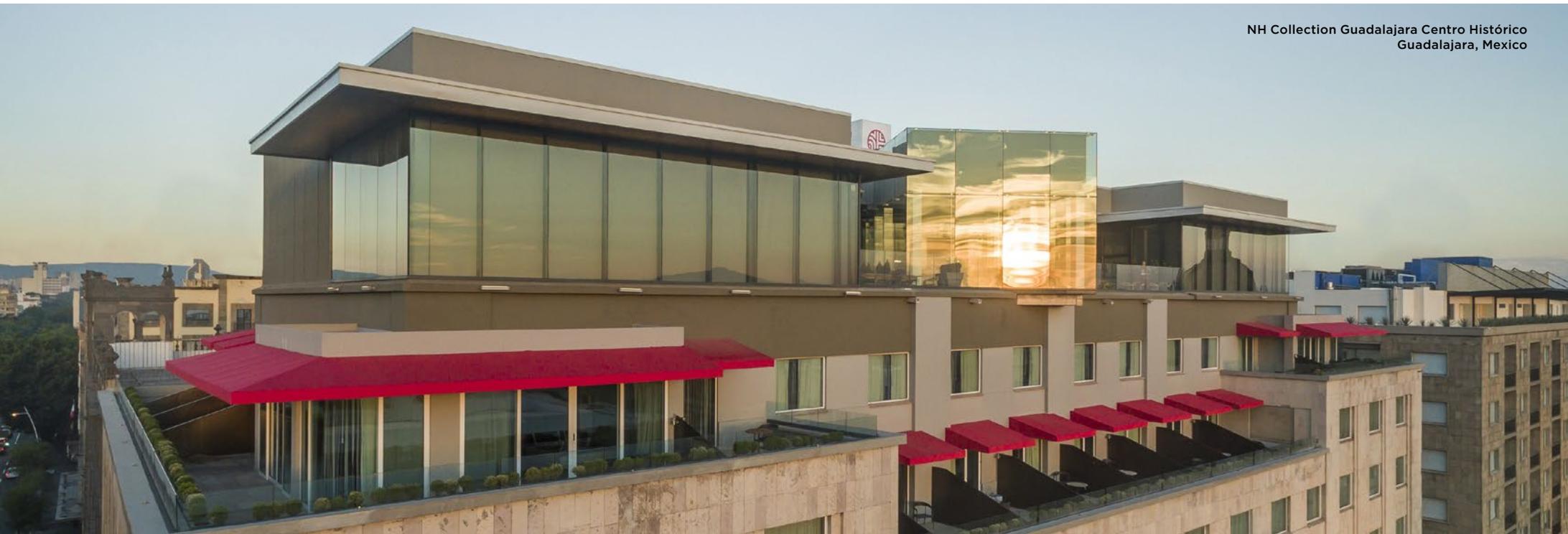
Thanks to the solidarity, commitment and teamwork of more than 1,000 employee volunteers, the results of this campaign have been extraordinary.

DONATION OF FURNITURE FROM REFURBISHED HOTELS

As part of the Repositioning Plan and the projects for the refurbishment of the Company’s hotels, a coordination protocol has been designed for donating withdrawn furniture, amenities and homeware products to foundations and NGOs, social institutions and persons without means. This way, in 2017 every Business Unit donated mattresses, duvets, blankets, toys, cleaning articles, sheets, towels, pillows and beds, amongst other products.

In turn, in Mexico 10 volunteers sent donations of food, clothing and shelter to the areas affected by the earthquake, benefitting 150 people. At corporate level, an emergency donation campaign was organized through the Mexican Red Cross which received great support from all employees at international level.

NH Collection Guadalajara Centro Histórico Guadalajara, Mexico



NH Collection México City Airport T2
Mexico City, Mexico



OTHER ACTIVITIES THAT HAVE AN IMPACT ON THE COMMUNITY

COMMITMENT TO CULTURE

NH Hotel Group consolidates its connection with art and patronage as an essential part of its commitment to culture and promotes its integration into all NH Collection hotels, with a particular focus on young artists. In line with this, the Company has organized this year the III NH Collection Award for Contemporary Art ARCO 2017, recognizing on this occasion the German artist Claudia Wieser for her work "Untitled". The sculpture, which was on public display in the VIP Area of Madrid's Contemporary Art Fair for its duration, has now become part of NH Hotel Group's private collection in one of the NH Collection hotels.

Convinced of the value and importance of its relationship with the artistic world, the Company has works of contemporary art in all its NH Collection hotels.

"AMIGUITOS ROYAL" FOUNDATION

Amiguitos Royal Foundation is a non-profit private organization whose main purpose is to promote child nutrition and development from pregnancy to the age of 9 in Bogotá (Colombia). Since the integration with Hoteles Royal, NH Hotel Group supports and backs up the significant work done by the Foundation.

Currently, the Company has two members on the General Assembly, which is made up of a total of 14 members, and two members on the Management Board, one principal member and one substitute.

During 2017 there have been 895 beneficiaries, 545 children between 0 and 9 years of age and 350 expectant and nursing mothers.

Furthermore, since 2006 the employees of NH Hotel Group meet every year to offer the children of the Amiguitos Royal Foundation a unique Christmas. In 2017, 545 children of the Foundation celebrated Christmas with gifts from the sponsors, employee volunteers of the Company, and Christmas trees made by the same volunteers.

AMIGUITOS ROYAL* FOUNDATION

Care centres	3
Beneficiaries	545 children and 350 mothers
Employee volunteers	13
NH Hotel Group participation in General Assembly	2 members
NH Hotel Group contribution	€ 69,714
Ecology Plan	€ 568,483
Operation	€ 98
Employee sponsor plan	€ 6,747
Royal Encounters Programme	€ 617

*Figures at November 2017

PLANET

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



Sustainability is a cross-over enabler of value in NH Hotel Group, with 3 key commitments:

- Care for its guests
- Care for the destinations in which it is present
- Care for the planet

The Sustainability Plan has defined six key targets and, on the basis of these, the Company makes wide-reaching decisions in order to achieve the targets set.

In 2017, 4 out of the 6 sustainability targets established in the Sustainability Plan have been reached. Specifically, the targets set for the accumulated savings indicator, energy ratio, water ratio and average satisfaction with the hotel in terms of sustainability.

Since the beginning of the II Strategic Plan 2013-2018, with baseline in 2013, the carbon footprint per occupied room has been reduced by 35%, energy consumption by 12% and water consumption by 1.3%.

MAIN ENVIRONMENTAL INDICATORS	BASELINE 2013	ACTUAL 2015****	ACTUAL 2016****	ACTUAL 2017****	IMPROVEMENT 13 VS 17	TARGET 5YP 2017	TARGET 5YP 2018
Accumulated Savings vs. baseline 2013 (€M)***	0	2.04**	6**	3**	9.85***	9	11.55
Hotels with environmental certificates	75	126	129	132	59	146	150
Energy ratio (kWh/RN)*	53.2	51.83	51.60	49.56	-6.8%	47.39	49
Water ratio (m ³ /RN)*	0.310	0.301	0.309	0.310	+0%	0.298	0.298
Carbon footprint ratio (Kg. CO ₂ /RN)*	15	6.46	6.96	6.27	-65.8%	5.50	8
Average satisfaction with the hotel in terms of sustainability (out of 10)	8	8.19	8.26	8.29	3.6%	8.2	8.3

Reviewed and externally verified data.
 *Data analysed correspond to comparable consolidated hotels following the Company's comparability criteria. Source: SUSTAINFOCUS & KHALIX.
 **Energy savings compared to 2013.
 ***Accumulated energy savings since 2013.
 ****Energy, water and emissions ratios may undergo variations in future reports, depending on the availability of invoices and comparability criteria.

In turn, since the start of the Group's first Strategic Sustainability Plan in 2007, the carbon footprint per room sold has been reduced by 72%, energy consumption by 34% and water consumption by 31%.



The Tailor bar
 NH Collection Grand Hotel Krasnapolsky
 Amsterdam, The Netherlands

ENERGY CONSUMPTION

kWh/RN

ENERGY CONSUMPTION	ENERGY CONSUMPTION 2016 (kWh)	ENERGY CONSUMPTION 2017 (kWh)	DIF 16 VS 17 (%)	ENERGY RATIO 2016 (kWh/RN)	ENERGY RATIO 2017 (kWh/RN)	DIF 16 VS 17 (%)
BU America	21,572,066	20,988,594	-2.7%	48.72	44.78	-8.1%
Benelux, United Kingdom, France and Africa	104,229,154	103,435,506	-0.8%	69.91	65.86	-5.8%
Central Europe	77,154,585	76,368,854	-1.0%	43.99	41.80	-5.0%
Italy	68,070,515	68,548,558	0.7%	51.77	51.59	-0.3%
Spain, Portugal & Andorra	92,788,515	93,047,054	0.3%	45.29	43.95	-3.0%
TOTAL	363,814,381	362,388,566	-0.4%	51.60	49.56	-3.9%

Data with external verification.

*Energy consumption data are taken from invoices and meter readings. Analysed data refer to consolidated hotels and follow the Company's comparability criteria. Total 182 hotels.

** Ratios are calculated in kilowatt hours per room and night.

WATER CONSUMPTIONm³/RN

WATER CONSUMPTION	WATER CONSUMPTION 2016 (m ³)	WATER CONSUMPTION 2017 (m ³)	DIF 16 VS 17 (%)	WATER RATIO 2016 (m ³ /RN)	WATER RATIO 2017 (m ³ /RN)	DIF 16 VS 17 (%)
BU America	110,776	142,544	1.3%	0.356	0.352	-1.1%
Benelux, United Kingdom, France and Africa	519,875	547,265	5.3%	0.312	0.312	0.1%
Central Europe	491,600	502,256	2.2%	0.251	0.244	-1.6%
Italy	485,980	497,638	2.4%	0.382	0.386	-1.0%
Spain, Portugal & Andorra	577,996	615,917	6.6%	0.307	0.317	3.2%
TOTAL	2,216,227	2,305,621	4.0%	0.309	0.310	0.5%

Data with external verification.

* Water consumption data are taken from invoices and meter readings. Analysed data refer to consolidated hotels and follow the Company's comparability criteria. Total 106 hotels.

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

CARBON FOOTPRINT (SCOPES 1 AND 2)kg CO₂/RN

SCOPE 1+2	EMISSION CONSUMPTION 2016 (kgCO ₂)	EMISSION CONSUMPTION 2017 (kgCO ₂)	DIF 16 VS 17 (%)	EMISSION RATIO 2016 (kgCO ₂ /RN)	EMISSION RATIO 2017 (kgCO ₂ /RN)	DIF 16 VS 17 (%)
BU America	6,933,871	6,747,390	-2.7%	15.66	14.40	-8.1%
Benelux, United Kingdom, France and Africa	17,995,363	14,019,151	-22.1%	12.07	8.93	-26.0%
Central Europe	9,129,481	9,542,765	4.5%	5.21	5.22	0.3%
Italy	6,829,428	7,503,007	9.9%	5.19	5.65	8.7%
Spain, Portugal & Andorra	8,181,016	8,044,337	-1.7%	3.99	3.80	-4.8%
TOTAL	49,069,159	45,856,649	-6.5%	6.96	6.27	-9.9%

Data with external verification.

*The carbon footprint is calculated according to the methodology defined in the GHG Protocol. Analysed data are of consolidated hotels and following the Company's comparability criteria. Total 182 hotels.

** Ratios are calculated in kilogrammes of carbon dioxide equivalent per room and night.



GREEN SAVINGS PROJECT

Capture of additional savings

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

DESIGN FOR ENVIRONMENT

LOW IMPACT AMENITIES & MATERIALS

NUTRITION, WELL BEING & LOCAL TASTE

REDUCING CARBON FOOTPRINT

OPERATING SUSTAINABLE HOTELS

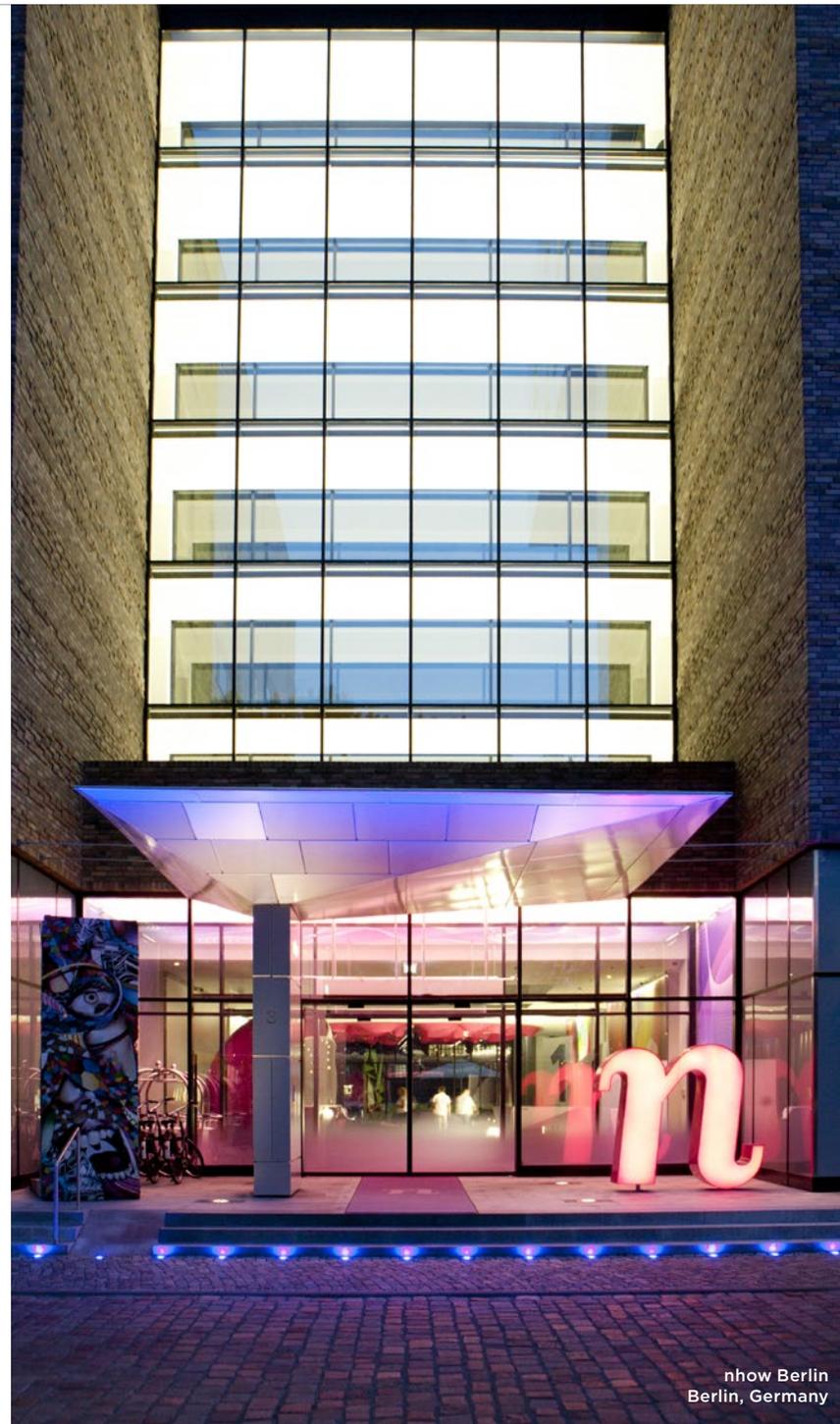
RENEWABLE & GREEN ENERGY



GREEN HOTEL PROJECT

Innovation and brand image

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



nhow Berlin
Berlin, Germany

SUSTAINABILITY PROJECTS IN THE STRATEGIC PLAN

The two specific projects to meet NH Hotel Group's environmental goals are:

GREEN SAVINGS PROJECT

This project is focused on cutting down on the Company's operational costs, as well as increasing energy efficiency to guarantee a saving on water, energy and other costs, such as laundry expenses.

Energy efficiency plan

This Plan encompasses energy efficiency projects, considering that they are those that can improve the building's energy efficiency or produce some kind of saving, including:

- Replacing equipment at the end of its useful life for equipment with greater efficiency, such as light bulbs, minibars, washing systems, heating and air/conditioning equipment...
- All investments related to control of installations such as Building Management Systems, updated counters or improvements in lighting.
- Actions on the façade that represent an improvement in cover and insulation.

As a result, in 2017, projects that improve energy efficiency totalling 4.6M € were carried out.

Environmental certification programme

NH Hotel Group boasts an ISO 14001 certification in environmental management and an ISO 50001 certification for accommodation, catering, meetings and events services.

In addition to the Company's global certification, there are individual sustainability certifications in 132 hotels, such as BREEAM, LEED, Green Key, Hoteles+Verdes, ISO 14001 or ISO 50001.

In 2017, the NH 9 de Julio hotel in Buenos Aires (Argentina) joined the NH Edelweiss Bariloche, NH Collection Jousten and NH Collection Lancaster as holder of the Hoteles+Verdes certification, the sustainable tourism standard of the Hotels and Tourism Association of the Argentinian Republic (AHT).

Furthermore, in Italy, the hotels NH Bologna Villanova and NH Collection Palazzo Cinquecento achieved individual ISO 14001 certifications. In France, the NH Lyon Airport also achieved La Clef Verte (Green Key) status, the main international environmental certification for tourist accommodations.

NH Hotel Group has 179 hotels that boast TripAdvisor's Green Leaders classification, with a total of 47% of the Company's hotels having this award.

ENVIRONMENTAL MAGNITUDES

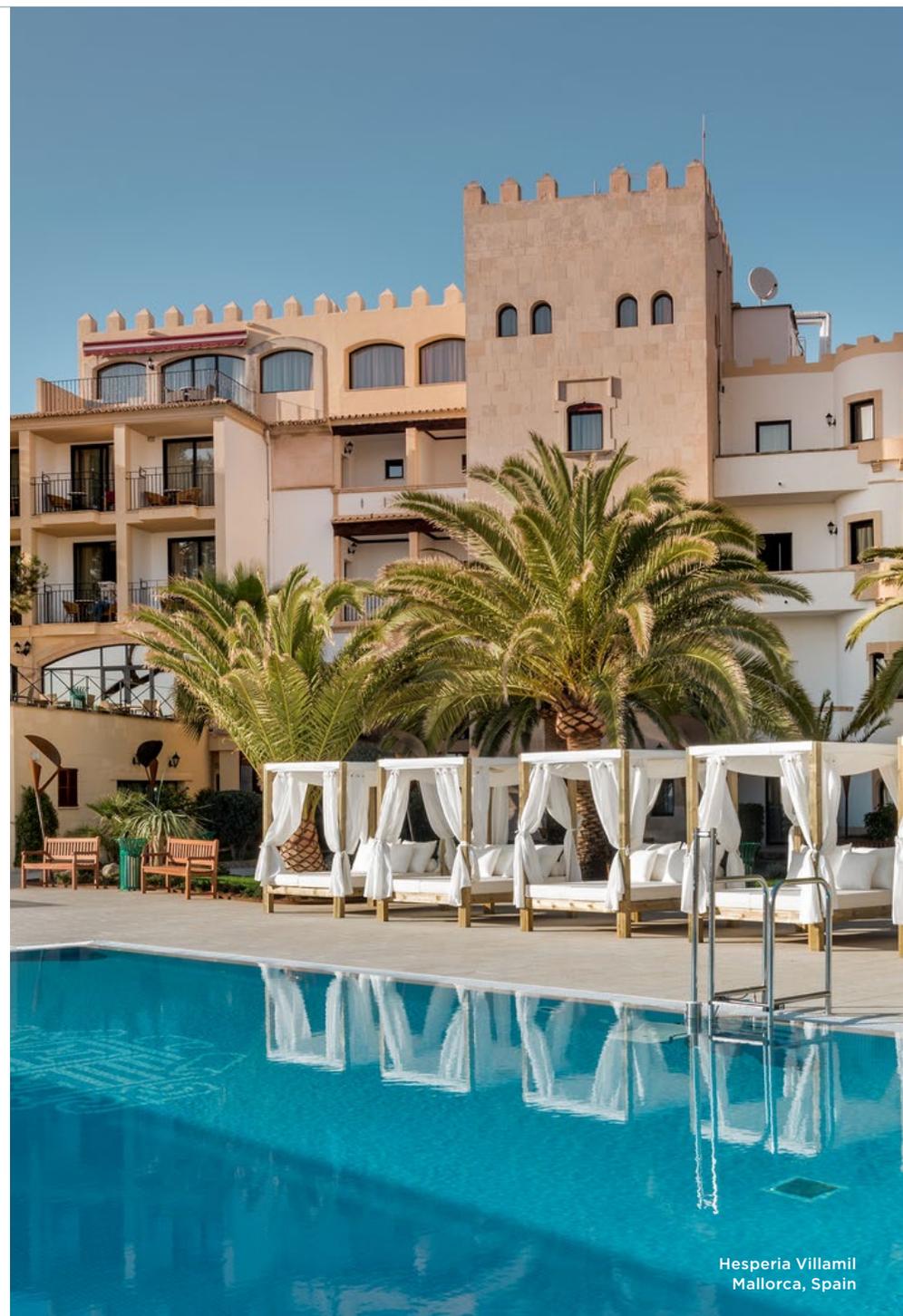
CERTIFIED HOTELS	CERTIFICATION	2013	2014	2015	2016	2017
Central Europe	ISO 14.001	18	23	24	24	24
	ISO 50.001	1	1	1	1	1
	BREEAM	-	-	1	1	1
Italy	ISO 14.001	17	29	39	39	41
	ISO 50.001	1	1	1	1	1
Spain, Portugal, Andorra and France	ISO 14.001	3	14	21	21	21
	ISO 50.001	3	14	21	21	21
	BREEAM	-	1	1	2	2
	GREENKEY	-	-	1	1	1
BU America	HOTELS+GREEN	-	-	-	3	4
	LEED	-	-	1	1	1
Benelux, United Kingdom and Africa	GREENKEY	32	35	40	40	40
TOTAL NO. OF HOTELS CERTIFIED		70	101	126	129	132

*The total value indicates the number of hotels. Each hotel may have one or more certifications.

Sustain Focus Platform

To keep exhaustive and rigorous control over these measurements of energy consumption, carbon footprint and water consumption, NH Hotel Group uses the Sustain Focus platform, from which the KPIs of the sustainability strategy are controlled. This is an online system to which almost all of the Company's hotels have access and which permits the reporting, control, monitoring and traceability of the sustainability indicators as well as the water and energy consumptions and costs.

During 2017, improvements have been made to this platform achieving greater speed and usability and optimising the information consolidation processes.



Hesperia Villamil
Mallorca, Spain

Commitment to the environment and sustainability agreements

NH Hotel Group is actively involved with a variety of initiatives that help reduce the emissions generated by hotels and the activities that take place in them. As a result, every hotel in the portfolio has carbon footprint reduction targets and a background history of data that has made it possible to show the commitment to reduction.

- Presence in the Carbon Disclosure Project

Since 2010, NH Hotel Group has reported to the Carbon Disclosure Project (CDP), an independent non-profit organization that analyses the environmental performance of companies and whose indicators are consulted by multiple stakeholders.

In 2017, the Company obtained a B Management rating, which places NH Hotel Group among the companies that are taking measures to reduce emissions efficiently and a clear indicator of its advanced environmental management.



- Spanish Green Growth Group

NH Hotel Group is also a part of the Spanish Green Growth Group (GECV) since 2016, the year in which this association was created as a strong platform for public-private collaboration to advance together in the battle against climate change and towards a low-carbon economy.



- #PorElClima Community

As part of its goal to lead responsible behaviour within the industry, in 2017 NH Hotel Group joined the #PorElClima Community, an initiative that started the day the Paris Agreement came into force with the aim of being part of a pioneering movement in the battle against climate change in Spain.

In its own words, this community brings together “the most innovative, those who build the new climate-friendly economy, those who act with hope and determination”. The purpose of the community is to be a driving force for society, helping and facilitating the execution of actions to stop climate change. A key matter is achieving visibility of its creation, to extend the number of individuals and entities who join in to accelerate the transition towards the low-carbon economy the planet needs.

In the Group’s hotels, customers are also encouraged to get involved during the celebration of their events, by offering them the “Eco-friendly Meetings & Events” service and the carbon-footprint calculation service for the events and meetings held. The compensation of emissions is also offered, thus achieving a smaller impact on the environment. For further information, see the section entitled ‘Green Hotel Project’.



- Earth Hour 2017 (World Wildlife Fund, WWF)

For the ninth consecutive year, NH Hotel Group joined in WWF’s global initiative known as “Earth Hour” held on 25 March, an environmental mobilization and awareness-raising campaign about climate change.

The almost 400 hotels of NH Hotel Group participated by switching off the lighting of their façades for one hour, and organized numerous activities to involve customers, giving them the opportunity to share their commitment to the planet. For example, candlelight dinners were organized with menus prepared under a low energy consumption approach.

GREEN HOTELS PROJECT

This project seeks to offer value to customers through sustainable actions, placing emphasis on the innovation attributes that improve the brand perception.

Eco-standards: Green Basics

- Sustainable operations guide for the hotel

NH Hotel Group has an environmental management and energy efficiency system. The policies and application procedures are available to all of the Company's hotels and departments. This guide is key in the face-to-face training courses and awareness-raising sessions for employees.

- Sustainable food

NH Hotel Group supports the local economy and culture of the places where its hotels are located by offering its customers healthy options, organic food and menus based on seasonal, local and certified products.

- Development/promotion of sustainable innovation

The Company collaborates with universities, technological institutes and suppliers on a wide variety of projects with the aim of promoting innovation, entrepreneurial initiative and education in the field of sustainable energy.

- Incorporating sustainability into commercial initiatives

Eco-friendly meetings have been organized as part of the NH meetings initiative for company events, thus enabling customers to hold carbon-neutral meetings and making up for any impact by supporting sustainable development and climate change projects managed by Carbon Clear.

In 2017 these projects included Fuel Efficient Cookstoves in Uganda, backed by the Gold Standard, which focuses on putting a stop to deforestation and the degradation of forests; and the Fuel Switch Project, backed by VCS and Social Carbon, which focuses on reducing carbon emissions in ceramic factories in Brazil.

- Green energy. Commitment to renewable energy

NH Hotel Group is committed to the use of green energy which allows it to reduce its carbon footprint. This green energy consumption with certified renewable origin is available in 99,6% of hotels in Spain, Italy, Germany, the Netherlands, Belgium and Luxembourg, covering 89% of the total electricity consumed in Europe.

In 2017, NH Hotel Group has made a commitment to green energy for the next two years in the hotels in the Italy region. It has also confirmed its commitment to use renewable energy in hotels in the Benelux region for the 2017- 2020 period.

- Sustainable mobility

Since 2014, NH Hotel Group has had a global sustainable mobility standard for its hotels, offering services such as car-sharing or bicycle hire. At present, more than 75 of its hotels offer a bicycle hire service and 54 offer battery recharge points for electric cars.

In 2017, the bid to offer electric mobility recharge services has been reinforced through an agreement reached in the Northern Europe Business Unit to increase the number of hotels with this service in forthcoming years.

During the year, NH Hotel Group has also joined in European Mobility Week, involving all the employees of its European hotels - a total of 316 - in a photography competition with the aim of promoting and rewarding sustainable mobility initiatives. Employees had to take a photograph on their journey to work that reflected a clean, shared and intelligent mobility experience.

WHAT IS A SUSTAINABLE HOTEL? FOR NH HOTEL GROUP, IT IS A HOTEL THAT ...

1. Reports water and energy consumption and carbon footprint every month
2. Is audited by an external company to verify compliance with NH Hotel Group's sustainability standards
3. Has external environmental certification (ISO, Green Key, Hoteles+Verdes...)
4. Has a green laundry programme for bed linen and towels
5. Has a recycling programme
6. Uses papers obtained from sustainable sources
7. Uses more than 75% LED lighting





NH Collection Gran Hotel de Zaragoza
Zaragoza, Spain

Customer satisfaction with sustainability

NH Hotel Group measures customer satisfaction in terms of sustainability, an indicator that at the end of 2017 scored 8.29 out of 10, surpassing the target set for the year.

This measurement is done using the Quality Focus Online Tool, which enables the user to monitor the rating given by the customer by following reviews shared through internal channels and online channels.

THE 10 NH HOTEL GROUP HOTELS WITH THE BEST SUSTAINABILITY RATING

	HOTELS	ASSESSMENT
Spain, France, Portugal and Andorra	NH Collection Victoria	8.86
	NH Collection Santiago	8.74
	NH Collection Palacio de Avilés	8.70
	NH Ciudad de Zaragoza	8.65
	NH Collection Palacio de Tropa	8.64
	NH Puerta de la Catedral	8.63
Italy	NH Collection Porta Rossa	8.77
Central Europe	NH Collection Wien Zentrum	8.69
BU America	NH Queretaro	8.68
	NH Centro Histórico	8.68

Specific sustainability actions in hotels

NH Hotel Group hotels take part in actions aligned with the Company’s sustainability vision, focusing attention on the local environment and encouraging its customers and neighbouring communities to play a role in sustainability.

• Southern Europe Business Unit

In 2017 the restaurants of the Group’s hotels in Spain joined “La Gran Cadena” project in collaboration with Ecodivrio. This initiative of the prestigious Roca brothers seeks to raise awareness of the importance of adding every possible support to glass recycling. Thus, the Company’s establishments have now established separation of this material at origin, reinforcing their commitment at national level.

In turn, the hotels in Italy took part in the 13th M’illumino di Meno, an initiative promoted by Radio2 Caterpillar. This initiative, held on February 21st 2017, seeks to raise awareness about saving energy through a campaign in which the main action involved switching off internal and external lighting, as well as shared information. Both employees and guests of 51 hotels were able to join in this initiative.

In this same region, NH Hotel Group hotels also took part at national level in the 8th edition of European Waste Reduction Week, from November 18th to 26th 2017. The awareness-raising campaign reached employees and customers of the 51 hotels in this country.

• Northern Europe Business Unit

Aware of the limited space for biodiversity in cities and of the critical situation of bees in Europe, in 2017 a new hotel joined the list of those who offer a space to care for a beehive.

This initiative is in line with the Group’s commitment to be active in the communities where it operates. There are now 5 hotels that host bees on their roofs with no danger to customers. Thus, the NH Vienna City (in Vienna, Austria) joined the NH Berlin Alexanderplatz (Berlin, Germany), NH Potsdam (Potsdam, Germany), NH Köln Altstadt, (Cologne, Germany) and the NH Barbizon Palace (Amsterdam, The Netherlands), which also has an urban vegetable garden.

Furthermore, the NH Conference Centre Leeuwenhorst (Noordwijkerhout, The Netherlands) won the National Green Team Award 2017. This competition, organized by Green Key, involved the participation of teams from accommodations that have been awarded this certification at national level. The subject chosen for 2017 was “the wastage of food leftovers and circular economy”.

In addition, for the second year in a row, Green Key NH Day was organized. In it, the persons responsible for maintaining and implementing environmental initiatives in the hotels get together to share experiences and debate results, objectives and new initiatives being carried out in their work places.

- **America Business Unit**

Among the great number of initiatives carried out, of particular note are the urban vegetable gardens and the advances in waste management.

URBAN VEGETABLE GARDENS

NH Collection Royal Medellín (Colombia) cares for an organic vegetable garden where aromatic herbs such as parsley, thyme, mint, rosemary, peppermint, basil or oregano are grown on a small scale. These herbs, pesticide-free and with a high nutritional value, are used in preparations in the kitchen.

The hotel takes care of the green area surrounding it, favouring the habitat of numerous animal species and thus maintaining the connection and transit area between natural areas. This green area is open for guests to enjoy, as well as favouring the mitigation of noise and pollution emissions.

NH Collection Royal Hacienda (Bogotá, Colombia) also has a small herb garden in its exterior gardens, where aromatic plants are grown such as camomile, mint, peppermint, thyme, oregano and bay leaf, which are also used in the hotel kitchen. Additionally, 50 additional species of ornamental plants were planted in this garden last year.

These urban gardens increase the gastronomic value of dishes and reduce their negative environmental impact, by reducing the need to transport these products.

PROGRESS IN WASTE MANAGEMENT

The hotels have waste separation systems in place (paper, glass, used oil, plastics...), through which materials are recovered for recycling and subsequent valuation.

At NH Collection Bogotá Teleport Royal, NH Collection Royal WTC Bogotá, NH Bogotá Metrotel Royal and NH Collection Bogotá Hacienda Royal, this system has managed to achieve a recycling ratio of more than 60% of the waste generated. The usable waste is managed by recycling co-operatives.

For example, NH Royal Terra 100, also in Bogotá, Colombia, separates unused soap to revalue it in other products. Thanks to the collaboration with a processing company, this product is turned into soap for pets, and following its chemical processing it is also used for vegetable compost.

In addition, a number of hotels in this continent separate PET lids and caps with the aim of collaborating by donating them to associations and foundations in the community for social purposes. The team at NH Coatzacoalcos, Mexico, collaborates actively with the City Council's recycling programme, promoting the recycling of paper and plastic bottles.

**NH Collection Friedrichstrasse
Berlin, Germany**

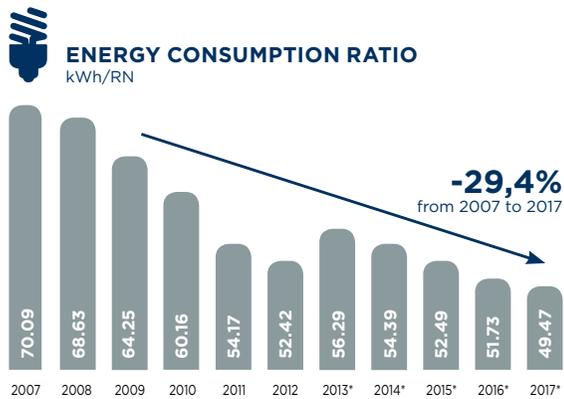




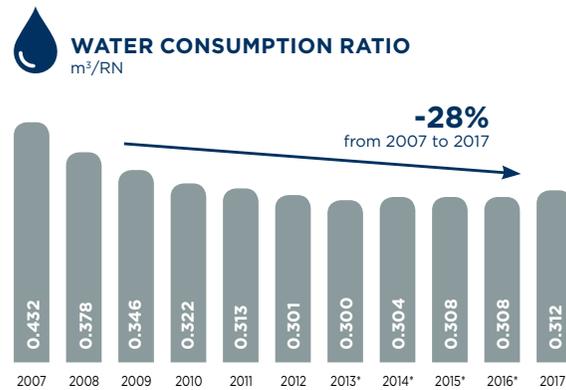
nhow Rotterdam
Rotterdam, The Netherlands

RESULTS FOR 2017 AND OBJECTIVES FOR 2018

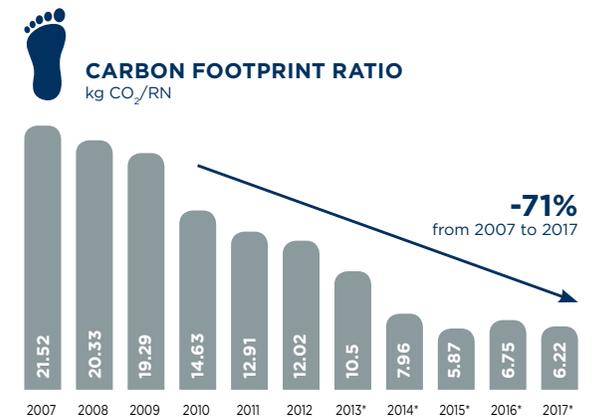
ENVIRONMENTAL INDICATORS



Revised and externally verified data.
 *Figures for 2007-2012 of comparable Hotels according to 2013 criteria.
 *Figures for 2013, 2014, 2015 and 2016: figures have been restated according to consolidated and comparable results.



Revised and externally verified data.
 * Figures for 2007-2012 of comparable Hotels according to 2013 criteria.
 * Figures for 2013, 2014, 2015 and 2016: figures have been restated according to consolidated and comparable results.



Revised and externally verified data.
 * Figures for 2007-2012 of comparable Hotels according to 2013 criteria.
 * Figures for 2013, 2014, 2015 and 2016: figures have been restated according to consolidated and comparable results.

RESPONSIBLE BUSINESS

In its commitment to Responsible Business, NH Hotel Group manages its operations and its hotel service based on a responsible value chain, dialogue with stakeholders, promoting responsible alliances with other organizations and a strong ethical commitment.

nh ROOM 4 RESPONSIBLE BUSINESS

DIALOGUE WITH STAKEHOLDERS

NH Hotel Group maintains a constant and fluid dialogue with its stakeholders, through multiple channels and formats, with the aim of keeping the Company up to date on new demands and needs and to respond better to stakeholders' concerns and opinions.

In recent years, social media have become essential for relations with customers and society. For NH Hotel Group, other channels are also very important in assuring stable relations with its stakeholders, such as satisfaction surveys with customers and employees and regular meetings and encounters with other stakeholders, such as shareholders, suppliers, employee's representatives and third-sector agents.



NH Collection Abascal
Madrid, Spain

RESPONSIBLE ALLIANCES

GLOBAL COMPACT

NH Hotel Group adhered to the United Nations Global Compact in 2006 and follows its 10 principles and the Sustainable Development Goals - SDG - as a reference framework for designing the Company's Corporate Responsibility strategy and management.

WORLD TRAVEL & TOURISM COUNCIL (WTTC)

This prestigious international forum for the travel industry includes the main companies of the business community at global level and works with governments to create awareness about the travel and tourism industry.

INTERNATIONAL TOURISM PARTNERSHIP (ITP)

A global platform that brings together the international leaders in Corporate Responsibility within the hotel sector. In 2017, ITP and its members have continued to work on their most ambitious plans to establish four common goals related to carbon emissions, water scarcity, human rights and youth unemployment.

The purpose of the agreement in these areas is to complement the individual targets set by the Companies in the belief that only through collaboration and working together can the most significant impact be achieved on these responsible aspects, which are the most pressing issues facing the industry at the moment.

YOUTH CAREER INITIATIVE (YCI)

In 2017, NH Hotel Group has continued its participation in Mexico City with this alliance for the training and professional development of disadvantaged youth, together with the leading chains that are part of the ITP. This year, a total of 32 young people have participated in the programme, at 5 of the Company's hotels.

SERES FOUNDATION

NH Hotel Group has been a trustee of the SERES Foundation since 2016, to further its strategy of becoming a leader in social responsibility within the tourism industry. SERES Foundation encourages businesses to commit to the betterment of society through responsible actions aligned with the Company's strategy and generating value for all.

PRESENCE IN SUSTAINABILITY INDEXES



FTSE4Good

FTSE4GOOD

FTSE4GOOD is an index created by the London Stock Exchange to help investors include environmental, social and corporate governance (ESG) factors in making investment decisions. NH Hotel Group became part of this index in 2013 and renewed its presence in 2017 thanks to the responsible management of the business and the improvements made.



ETHIBEL EXCELLENCE INVESTMENT REGISTER

This index comprises leading companies in Corporate Social Responsibility in different sectors. Being part of this index highlights the good performance of NH Hotel Group, above the average in the sector, and promotes Socially Responsible Investment (SRI) amongst investors and funds.



CARBON DISCLOSURE PROJECT (CDP)

CDP's Climate Change Programme recognizes the efforts made by leading global companies to help stop climate change. In 2017 NH Hotel Group has obtained a B Management rating, placing it among the companies that are taking further steps to reduce emissions effectively.

To find out more about NH Hotel Group's commitment to help stop climate change, consult the section entitled 'Planet' in this report.



The White Room
NH Collection Grand Hotel Krasnapolsky
Amsterdam, The Netherlands

RESPONSIBLE VALUE CHAIN - SUPPLIERS

NH Hotel Group bases its business on a responsible value chain and on fluid communication with its stakeholders. In this regard, the Company's relations with its suppliers are based on a bilateral, transparent and effective dialogue that facilitates the development of tools and solutions that are both sustainable and innovative.

The Procurement Department of NH Hotel Group has met the goals of the five-year Strategic Plan and, specifically, has reached the milestones set for 2017:

- Compliance with Procurement's commitment to the Operation, absorbing inflation in most countries. Where this milestone was not reached, increases were below 50% of inflation.
- TraNHsformation Plan. The Procurement Area is part of this strategic plan that affects some areas of the Company at global level with the aim of improving processes, procedures and goals (Procurement to Pay Process).

PROCUREMENT POLICY

The consolidation of NH Hotel Group's Procurement Policy has made it possible for all tender processes to be carried out based on the same criteria of equality of opportunity, transparency and rigour. The Awards Committee has participated in a total of 14 tender processes, mostly for hotel refurbishments.

NUMBER OF SUPPLIERS	
Benelux, UK and South Africa	3,209
Central Europe	3,723
Spain, France, Portugal and USA	4,713
Italy	1,668
BU America	1,686

**Variations 2016-2017 are the result of the volume of refurbishments/ investment concentrated in 2016.
**Figures for Spain include HQ (Corporate)*



- 23.60% Central Europe
- 22.60% Benelux, United Kingdom and Africa
- 8.50% Headquarters
- 24.60% Spain, France, Portugal and USA
- 16.50% Italy
- 4.20% BU America



- 52% Furniture, refurbishment and equipment
- 11% Food and beverage
- 37% Operational cost and services

471.64M€
ANNUAL PURCHASE VOLUME
(EXPENSE + INVESTMENT) IN 2017

14,683
NATIONAL AND INTERNATIONAL
SUPPLIERS IN 2017

93.4%
OF SUPPLIERS ARE LOCAL

75%
TOTAL VOLUME NEGOTIATED BY
PROCUREMENT DEPARTMENT AT
GLOBAL LEVEL

95.6%
OF VOLUME IS CONCENTRATED IN THE
EUROPEAN BUSINESS UNITS

64%
OF PURCHASE VOLUME COMES
UNDER OPERATING EXPENSES
AND SERVICES



NH Collection Aránzazu
San Sebastián, Spain

NH Collection Monterrey
Monterrey, Mexico



SUPPLIER CERTIFICATION

Code of Conduct

During 2017, a total of 372 new suppliers at global level have adhered to the Code of Conduct. At December 2017, 1,496 Ethical Codes have been signed with active suppliers.

Environmental commitment

Since 2015, the Company has had a Supplier Rating module in the Electronic Business Platform. In this module, all suppliers included in the Electronic Business Platform are assessed using a series of parameters associated with environmental management, commitment to the fight against climate change, carbon footprint reduction, responsible consumption of resources and utilization of recycled materials.

Innovation and transparency: Electronic Negotiation

The use of the Electronic Business Platform in most tender processes makes it possible, through the RFI (Request for Information) option offered by the tool, to pre-assess all the suppliers submitting offers, analysing their legal, financial, environmental, operational and labour situation. This makes it possible to minimize possible risks that suppliers could generate in future operations with the hotels.

SAP MATERIAL MANAGEMENT

After continuing with the implementation of the SAP MM module in all of the Group's Business Units, NH Hotel Group continues to be engaged in its strategic TranHsformation Plan in order to ensure the on-going improvement of the participating areas. The Procurement Department has not only participated in this process but has also managed to meet its targets in terms of compliance rates. In addition, in 2017 electronic billing has been successfully extended to all of Europe.

COPERAMA: CONSOLIDATION AND INTERNATIONAL EXPANSION

Coperama is the central procurement platform for NH Hotel Group hotels, which has been driving the Company's growth since 2010. The consolidation of Coperama Italia, the creation of new Coperamas (Central Europe, Mexico and Colombia) and the start of the activity of Coperama Holding, have been the Company's main expansion actions in 2017.

With these new operations, the process of outsourcing NH Hotel Group's Procurement departments which started in 2010 with the creation of Coperama Spain is now completed.

Situation of Coperama (Spain, Benelux & Italy)

Accordingly, the establishments adhered to the different Coperamas is as follows:

	ASSOCIATES		
	HOTELS	RESTAURANTS	Other
Coperama Spain	483	115	195
Coperama Benelux	46	4	0
Coperama Italy	15	7	5

The total number of establishments is 870, of which 544 are hotels.

AWARDS AND RECOGNITIONS IN 2017



NH Torino Centro,
Turin, Italy

NH HOTEL GROUP

HOTEL VISIONARY AWARDS

NH Hotel Group has been awarded the “Best Enterprise Innovator” prize for its Transformation Plan, which has had global implementation and coverage and has allowed the Company to extend knowledge of customers to respond better to their needs.

CAPITAL MAGAZINE AWARDS

Capital magazine has awarded NH Hotel Group the Price for Work-Life Balance thanks to its “New Way of Working” project which has made it possible to adopt a corporate culture where what is fundamental is the quality of work in time and form.

I RESPONSIBLE TOURISM AWARD

These awards, handed out in FITUR 2018 in Madrid, recognise efforts done by travel and tourism companies with regards to promoting a sustainable and responsible business model. In this first edition, NH Hotel Group was a finalist with the “Cork2cork” project which aims to recover and recycle the corks of the bottles used in the chain’s hotels to turn them into cladding and insulation material and then use them in the refurbishments or building processes of new establishments.

EL MUNDO ZEN Y ADECCO (SPAIN)

The “Hotels with a Heart” programme has been awarded another prize. This time for the Best Solidarity Project in the II Edition of the Mundo Zen y Adecco Awards, which recognizes companies that have solidarity projects or activities aimed at generating an added value for society, the environment and people.

TOURISM EXCELLENCE AWARDS 2017

The Company has received the Tourism Excellence Award 2017 for the “Mood Room” project. These awards seek to encourage excellence in different spheres, all of them related to tourism and culture.

NH Collection Doelen
Amsterdam, The Netherlands



NH Collection Suecia
Madrid, Spain

HOTELS

STELLA AWARDS 2017 (USA)

Several of NH Hotel Group’s hotels have been honored in this years edition of the Stella Awards for their outstanding offer within the M&E segment. Thus, NH Collection Doelen (The Netherlands) won the award for Best Boutique Property, nhow Berlin (Germany) the award for Best Design Hotel and NH Collection Eurobuilding (Spain) for Best Gastronomy.

WORLD LUXURY HOTEL AWARDS 2017

This international recognition rewards the best hotels in the luxury sector at worldwide level, based on users’ votes. In 2017, NH Collection Doelen (The Netherlands) received the award for Best Historic Luxury Hotel and Best Urban Luxury Hotel while the award for Best Hotel for Events was for NH The Lord Charles (South Africa).

I TECHNOLOGY AND INNOVATION AWARDS

The belief in technology as a differentiating element has been recognized in NH Collection Eurobuilding (Spain), which won the award for Best Technological Hotel at the I Edition of the Technology and Innovation Awards given by the newspaper “La Razón”.

VI “LA RAZON” TOURISM AWARDS

NH Collection Suecia received the award for Best Lifestyle Hotel, in this high - profile Spanish hospitality industry awards.

CORPORATE RESPONSIBILITY REPORTING CRITERIA AND INDICATORS



NH Collection Gran Hotel Calderón
Barcelona, Spain

PRINCIPLES GOVERNING THE PREPARATION OF THE CORPORATE RESPONSIBILITY REPORT

This Report is the twelfth edition of the Annual Corporate Responsibility Report of NH Hotel Group. It integrates the activity and main results of the 2017 fiscal year, with the economic, environmental and social performance.

SCOPE OF THE INFORMATION

In this Report, NH Hotel Group publishes the global management results for the 2017 financial year broken down by Business Units and countries in which the Company operates, and areas in which comparable measurement systems are available. In some cases, the data are reported only for comparable hotels in the corresponding fiscal year. In each case the scope of such data is detailed for more accurate and comparable information, together with the according explanation. This report has not been externally verified.

BALANCE AND COMPARABILITY

The report aims to publish a balanced, accurate and coherent report of its performance, linked to the issues relevant to the Group, its strategic projects and its stakeholders. In this sense, the comparability of data and information regarding previous years is key as a tool for traceability and evolution of such information. This Report, as in previous editions, has been drawn up with the involvement and participation of the heads of business areas and the dialogue with each interest group, making it possible to align the reported information with the relevant aspects for the stakeholders and to respond to their expectations. In this sense, there has been an internal process of gathering and checking information against indicators and quantitative and qualitative measurement data of the sustainable management of NH Hotel Group.

DEFINITION OF CONTENTS

The Group has different systems to dialogue with its stakeholders that are the source of analysis to define the relevant contents to be included in the report. The results of this communication make it possible to keep active the mechanisms to identify needs, as well as the aspects of greater relevance to be included in the Report, as well as the follow-up of the commitments and successful completion of the challenges posed in the previous year. These processes allow the materiality analysis to be kept up to date, as an integrative tool for the relevant business and stakeholder issues. On this basis, the key contents to be reported this year in the Report can be defined, including the main specific indicators that reflect the evolution of the business and the relationship with NH Hotel Group stakeholders.



NH Collection Wien Zentrum
Vienna, Austria

NH Collection Porto Batalha
Oporto, Portugal



MATERIALITY ANALYSIS

The analysis of the relevant issues for the business and for stakeholders, or materiality analysis, is key in the Corporate Responsibility management process, both in reporting and in defining the strategy, initiatives and relations with stakeholders.

In 2017 NH Hotel Group has updated this analysis to define the contents of this Report. This process has been carried out in different phases:

IDENTIFICATION

Material matters have been identified based on an analysis of internal and external sources that have made it possible to determine a preliminary list of relevant matters for NH Hotel Group and for its stakeholders.

STRATEGY AND PRIORITIES FOR NH HOTEL GROUP	SUSTAINABLE DEVELOPMENT GOALS - SDG	PRESCRIBERS AND TRENDS IN THE SECTOR	CSR TRENDS
Strategic Plan 2017-2019	SDG in which NH Hotel Group has a direct and indirect impact	Materiality of the sector drawn up by the International Tourism Partnership (ITP)	Social and CSR trends at global level and in Spain
Responsible Commitment Plan 2017-2019 Room4		Benchmarking in CSR of eight leading national and international companies in the sector	
NH Hotel Group Report and materiality 2016		Sustainability Yearbook 2018 of RobecoSAM	

Subsequently, a semantic review of the matters has been carried out with the aim of linking similar concepts or areas and integrating them in the terms of NH Hotel Group and the sector's business approach. The matters have been grouped according to the pillars of the Responsible Commitment Plan 2017-2019 Room4: Business, People and Planet.

PRIORITIZATION

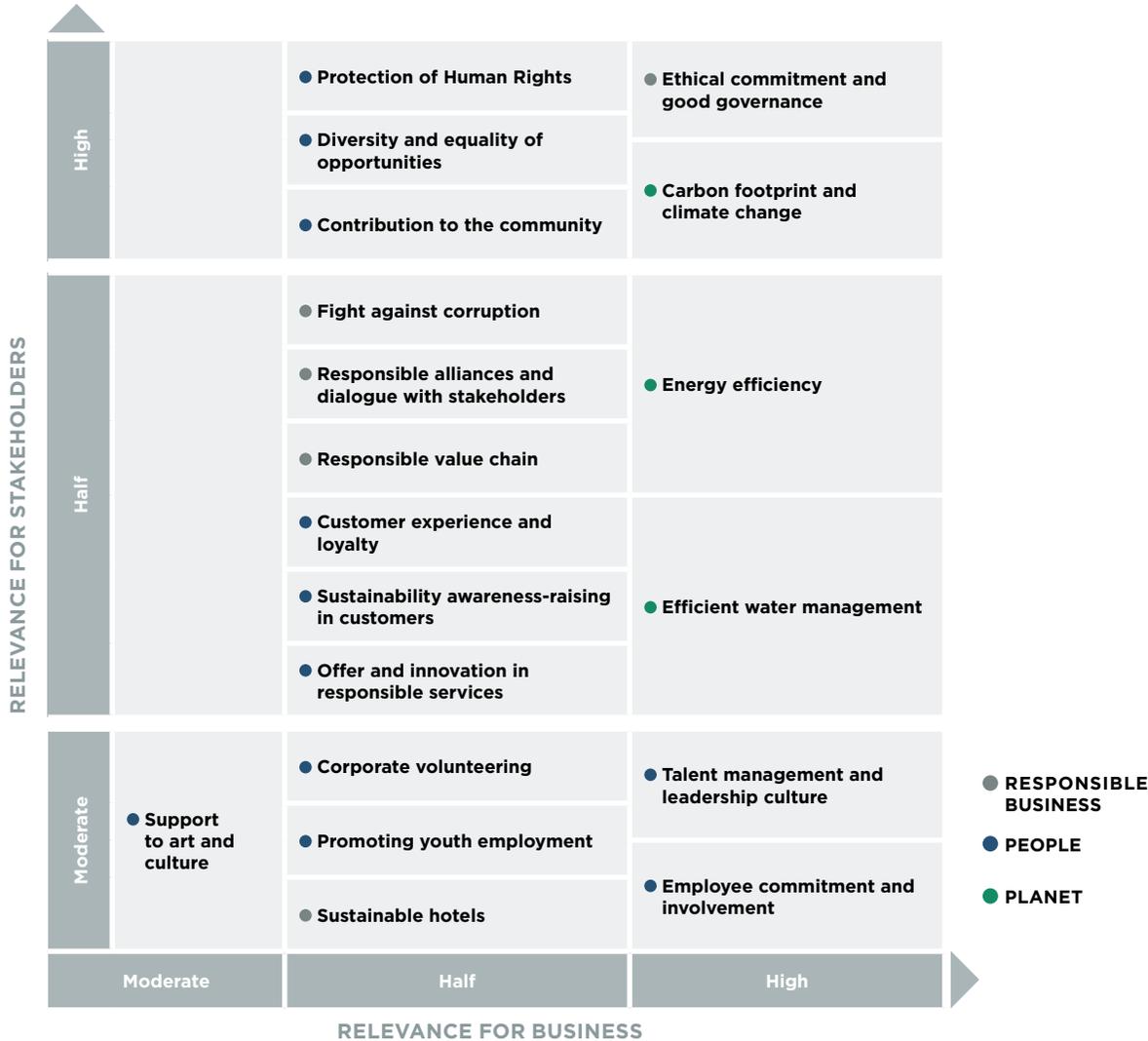
The prioritization of material issues has been determined according to two variables:

- **Impact on the business:** importance of each matter in the Company's business activity based on its strategy, the sector's trends and key sustainability opinion leaders.
- **Impact on stakeholders:** importance of each matter among the different priority stakeholders based on NH Hotel Group's available information, trends and social concerns, SDG's and discussions in media regarding these topics.

VALIDATION

The prioritization has been validated internally with NH Hotel Group's Corporate Responsibility Management Area by checking the relevance of the material issues and their importance in relation to the business objectives.

With this, the Materiality Matrix for the CSR 2017 Report has been drawn up according to the two relevant guidelines for the activity of NH Hotel Group and for its stakeholders.



NH Collection Brussels Centre
Brussels, Belgium

GRI STANDARDS CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Core option.



GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
GRI 101: Foundation 2016		
	ORGANIZATIONAL PROFILE	
	102-1 Name of the organization	Page 10
	102-2 Activities, brands, products and services	Pages 10-13; 31
	102-3 Location of headquarters	Back cover
	102-4 Location of operations	Pages 10-11
	102-5 Ownership and legal form	Page 20
	102-6 Markets served	Pages 10-13
GRI 102: General Disclosures 2016	102-7 Scale of the organization	Pages 3; 14-15
	102-8 Information on employees and other workers	Pages 38-39
	102-9 Supply chain	Pages 71-72
	102-10 Significant changes to the organization and its supply chain	Pages 10-15; 71-72
	102-11 Precautionary Principle or approach	Pages 24-26
	102-12 External initiatives	Pages 64; 69-70
	102-13 Membership of associations	Pages 64; 69-70
	STRATEGY	
GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	Pages 7-8
	ETHICS AND INTEGRITY	
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	Pages 21; 24-25
	102-17 Mechanisms for advice and concerns about ethics	Pages 21; 24-25; 28
	GOVERNANCE	
	102-18 Governance structure	Pages 22-24
	102-19 Delegating authority	Pages 22-23; 26
GRI 102: General Disclosures 2016	102-22 Composition of the highest governance body and its committees	Pages 22-23
	102-23 Chair of the highest governance body	Pages 22-23
	102-24 Nominating and selecting the highest governance body	Page 23
	102-25 Conflicts of interest	Page 23

GENERAL DISCLOSURES

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) OR DIRECT RESPONSE
STAKEHOLDER ENGAGEMENT		
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Pages 36-37
	102-41 Collective bargaining agreements	Page 47
	102-42 Identifying and selecting stakeholders	Page 37
	102-43 Approach to stakeholder engagement	Page 76
	102-44 Key topics and concerns raised	Pages 77-78
REPORTING PRACTICE		
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Pages 3-4
	102-46 Defining report content and topic Boundaries	Pages 76-78
	102-47 List of material topics	Page 78
	102-48 Restatements of information	There are no restatements of information regarding previous years
	102-49 Changes in reporting	No significant changes regarding previous year
	102-50 Reporting period	Page 4
	102-51 Date of most recent report	Last report published refers to previous tax year, 2016
	102-52 Reporting cycle	Page 76
	102-53 Contact point for questions regarding the report	Back cover
	102-54 Claims of reporting in accordance with the GRI Standards	Page 79
	102-55 GRI content index	Pages 79-85
	102-56 External assurance	Page 76

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBERS OR DIRECT RESPONSE
MATERIAL TOPIC: ETHICAL COMMITMENT AND GOOD GOVERNANCE		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 20
	103-2 The management approach and its components	Pages 20-26
	103-3 Evaluation of the management approach	Pages 20-26
NHHG's indicators	Percentage of employees trained in criminal risk prevention	Page 25
MATERIAL TOPIC: FIGHT AGAINST CORRUPTION		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 21
	103-2 The management approach and its components	Page 21
	103-3 Evaluation of the management approach	Page 24-25
GRI 205: ANTI-CORRUPTION		
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Pages 21; 24-25
MATERIAL TOPIC: RESPONSIBLE ALLIANCES AND DIALOGUE WITH STAKEHOLDERS		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 69
	103-2 The management approach and its components	Pages 69-70
	103-3 Evaluation of the management approach	Pages 69-70
MATERIAL TOPIC: PROTECTION OF HUMAN RIGHTS		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 69
	103-2 The management approach and its components	Pages 57; 69
	103-3 Evaluation of the management approach	Pages 57; 69
MATERIAL TOPIC: RESPONSIBLE VALUE CHAIN		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 71
	103-2 The management approach and its components	Pages 71-72
	103-3 Evaluation of the management approach	Pages 71-72
GRI 204: PROCUREMENT PRACTICES 2016		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 71
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016		
GRI 208: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 72

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBERS OR DIRECT RESPONSE
MATERIAL TOPIC: TALENT MANAGEMENT AND LEADERSHIP CULTURE		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 38; 40
	103-2 The management approach and its components	Pages 40-46
	103-3 Evaluation of the management approach	Pages 40-46
GRI 401: EMPLOYMENT 2016		
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	Pages 38-39; 56
GRI 404: TRAINING AND EDUCATION 2016		
Education 2016 GRI 404: Training and Education 2016	404-1: Average hours of training per year per employee	Page 43
	404-2: Programs for upgrading employee skills and transition assistance programs	Pages 40-46
	404-3: Percentage of employees receiving regular performance and career development reviews	Page 40
MATERIAL TOPIC: DIVERSITY AND EQUALITY OF OPPORTUNITIES		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 23; 39
	103-2 The management approach and its components	Page 39
	103-3 Evaluation of the management approach	Page 39
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 23; 39
MATERIAL TOPIC: EMPLOYEE COMMITMENT AND INVOLVEMENT		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 41
	103-2 The management approach and its components	Pages 41-42
	103-3 Evaluation of the management approach	Pages 41-42
NHHG's indicators	Number of downloads of app MyNH in 2017	Page 42
	Number of editions and hits of newsletter Tell The World in 2017	Page 42
	Number of Town Halls organised in 2017	Page 42
MATERIAL TOPIC: CORPORATE VOLUNTEERING		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 58
	103-2 The management approach and its components	Pages 58-59
	103-3 Evaluation of the management approach	Pages 58-59
NHHG's indicators	Number of Volunteers in 2017	Page 58
	Number of volunteering initiatives in 2017	Page 58

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBERS OR DIRECT RESPONSE
MATERIAL TOPIC: CUSTOMER EXPERIENCE AND LOYALTY		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 48
	103-2 The management approach and its components	Pages 48-54
	103-3 Evaluation of the management approach	Pages 52-54
NHHG's indicators	Allocation to Brilliant Basics in 2017	Page 48
	Overall perception of quality in 2017	Pages 52-53
	Volume of business generated through the NH Hotel Group website in 2017	Page 54
MATERIAL TOPIC: SUSTAINABILITY AWARENESS-RAISING IN CUSTOMERS		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 66
	103-2 The management approach and its components	Pages 54; 66-67
	103-3 Evaluation of the management approach	Pages 54; 66-67
NHHG's indicators	Customer satisfaction with sustainability in 2017	Page 66
MATERIAL TOPIC: OFFER AND INNOVATION IN RESPONSIBLE SERVICES		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 48
	103-2 The management approach and its components	Pages 49-52; 62-67
	103-3 Evaluation of the management approach	Pages 49-52; 62-67
MATERIAL TOPIC: CONTRIBUTION TO THE COMMUNITY		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 55
	103-2 The management approach and its components	Pages 55-59
	103-3 Evaluation of the management approach	Pages 55-59
GRI 413: LOCAL COMMUNITIES 2016		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pages 55-59
MATERIAL TOPIC: SUPPORT TO ART AND CULTURE		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 55
	103-2 The management approach and its components	Page 59
	103-3 Evaluation of the management approach	Page 59
NHHG's indicators	Allocation to cultural promotion in 2017	Page 59

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBERS OR DIRECT RESPONSE
MATERIAL TOPIC: PROMOTING YOUNG EMPLOYMENT		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Pages 57; 69
	103-2 The management approach and its components	Pages 57; 69
	103-3 Evaluation of the management approach	Pages 57; 69
NHHG's indicators	Key figures of employment programs in 2017	Page 57
MATERIAL TOPIC: ENERGY EFFICIENCY		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 60
	103-2 The management approach and its components	Pages 60-62; 65; 68
	103-3 Evaluation of the management approach	Pages 60-62; 65; 68
GRI 302: ENERGY 2016		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Pages 61; 68
	302-4 Reduction of energy consumption	Pages 61; 68
MATERIAL TOPIC: EFFICIENT WATER MANAGEMENT		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 60
	103-2 The management approach and its components	Pages 60-61; 68
	103-3 Evaluation of the management approach	Pages 60-61; 68
NHHG's indicators	Water consumption ratio in 2017 and reduction of consumption compared to previous years	Pages 61; 68
MATERIAL TOPIC: CARBON FOOTPRINT AND CLIMATE CHANGE		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Page 60
	103-2 The management approach and its components	Page 61-68
	103-3 Evaluation of the management approach	Pages 61-68

MATERIAL TOPICS

GRI STANDARD	DISCLOSURE	PAGE NUMBERS OR DIRECT RESPONSE
GRI 305: EMISSIONS 2016		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pages 61; 68
MATERIAL TOPIC: SUSTAINABLE HOTELS		
	103-1 Explanation of the material topic and its Boundary	Page 62
GRI 103: Management Approach 2016	103-2 The management approach and its components	Page 62-63; 65-67
	103-3 Evaluation of the management approach	Page 62-63; 65-67
NHHG's indicators	Number of certified hotels by 2017	Page 63

nH | HOTEL GROUP

nH
HOTELS


nH COLLECTION
HOTELS

nhow
HOTELS

Hesperia
RESORTS

Santa Engracia, 120
28003 - Madrid
T: +34 91 451 97 18
nh-hotels.com
nhhotelgroup.com