

**PROCEDURE FOR CONFLICTS OF INTEREST AND RELATED OPERATIONS WITH
SIGNIFICANT SHAREHOLDERS, DIRECTORS, AND SENIOR MANAGEMENT OF
NH HOTELES, S.A.**

INTRODUCTION. DEFINITIONS

The Procedure for Conflicts of Interest and Related Operations with Directors, Significant Shareholders and Senior Managers (the “Procedure”), develops the provisions in the Board of Directors Regulations and in the Internal Code of Conduct in the Stock Market of NH Hoteles, S.A. (the “Company”) and aims to set out the rules to be followed in those situations where there is a conflict of interest between the Company or any of the companies in the group whose parent company, as set out in the law, is the Company (the “Group”) and the direct or indirect personal interest of the Directors or those persons subject to rules on conflicts of interest, as well as in the transactions which the Group performs with the Directors, with those persons subject to rules on the conflict of interest or with the Significant Shareholders.

For the purposes of these regulations:

Significant Shareholders: those shareholders of the Company who hold, directly or indirectly, an interest in the share capital equal to or greater than that legally regarded as significant at any time or have proposed or made the appointment of any of the Directors of the Company.

Senior Managers: Those persons directly dependent on the Board and/or the Chief Executive, the members of the Management Committee of the Company and, under all circumstances, the internal auditor of NH Hoteles, as well as any other manager considered as such by the Company’s Board of Directors.

Directors: The members of the Board of Directors of NH Hoteles, S.A. or, if applicable to its subsidiaries.

Board of Directors: Board of Directors of NH Hoteles, S.A. or, if applicable to its subsidiaries.

NH Group: When NH Hoteles has or may have direct or indirect control over one or more companies. In particular, it is presumed that there is control when NH Hoteles has a relationship with another company which will be classified as dependant, in any of the following situations:

- a) It holds most of the voting rights.
- b) It has the power to appoint or dismiss most of the members of the body of administration.

c) When as a result of agreements signed with third parties it has most of the voting rights.

d) It has appointed with its votes most of the members of the body of administration who occupy their office at the time when the consolidated accounts have to be formulated and during the previous two financial years. In particular, it will be presumed that this circumstance arises when most of the members of the body of administration of the subsidiary company are members of the body of administration or senior managers of the parent company or another of its subsidiaries.

NH Hoteles/the Company: NH HOTELES, S.A., with registered address in Madrid, c/Santa Engracia nº 120, constituted by Notary Public of Barcelona Mr José Falp, on 23 December 1881, and entered in the Companies Register of Madrid, in Volume 576 General, 176 of Section 3, Folio 34 back, page nº 1467, and C.I.F. (Tax identification code) A-28.027.944.

Persons Subject to Rules on Conflicts of Interest:

- a) The Senior Managers.
- b) Those persons designated by the Compliance Committee, once constituted, according to the possibility that they could enter into potential conflicts of interest considering the office they hold in the Company or its Group. The Compliance Committee, once constituted, shall inform them about their condition as persons subject to rules on conflicts of interest.

Related Persons: Those who in relation to the Director or any of the Persons Subject to Conflicts of Interest have a close link, including blood or family relationship and specifically but without limitation:

- The spouse or any person related to them by a similar emotional relationship to the spouse under national legislation.
- Their under age children subject to their parental responsibility and the adult children who live with them and economically depend on them.
- Those other relatives who live with the affected person or depend on them, since at least one year before the date on which the operation is performed.
- Any legal person or any fiduciary legal business in which the Person Subject to the Regulations or the persons provided for in the previous section are managers or administrators; or which is directly or indirectly controlled by any of the above; or has been created for his or her benefit; or whose economic interests are, to a great extent, equivalent to those of the above.
- Straw parties: considered as such are those who, on their own name, perform transactions over securities on behalf of the Affected Person. It shall be presumed that there is a straw party when the party bound to make the communication totally or partially covers the risks inherent in the transactions performed.

- As regards the legal entity Director: (i) the shareholders which are, in relation to said legal entity Director, in any of the situations of control set out in the law; (ii) the companies which form part of the same group, as defined in the law, and their shareholders; (iii) the individual representative, the legal or de facto administrators, the liquidators and the representatives with general powers over the legal entity Director; and (iv) the persons which in relation to the representative of the legal entity Director are considered Related Persons in accordance with the provisions of the previous sections.

Related Operations: Those operations defined under article 10 of this Procedure.

Procedure: This Procedure for Conflicts of Interest and Related Operations with Directors, Significant Shareholders and Senior Management.

TITLE I. CONFLICTS OF INTEREST

CHAPTER 1. GENERAL REGULATIONS

Article 1. Scope of application

This regulatory compendium aims to establish and regulate the procedure to be applied to those operations or decisions here there is a direct or indirect collision between the interest of the Company or any of the companies in its group and the personal interest of the Directors, of the Persons Subject to Rules on Conflicts of Interest, and of their respective Related Persons.

For these purposes, this Title develops the provisions of article 43 of the Articles of Association, 32 of the Regulations of the Company's Board of Directors and article 5.1.5 of the Internal Code of Conduct in the Stock Market. It is expressly established that in the event of a conflict between the provisions of this Procedure and the aforementioned regulations, the provisions of this regulatory compendium shall prevail.

CHAPTER 2. CONFLICTS OF INTEREST OF THE COMPANY'S DIRECTORS

Article 2. Situation of conflict

It shall be considered that there is a conflict of interest in all those situations where there is a direct or indirect clash between the interest of the Company or of any of the companies in its Group and the Director's personal interest. The Director will have a personal interest when the matter affects him/her or a Related Person to them or, in the event of a *consejero dominical* (directors representing controlling shareholders), to the shareholder or shareholders which proposed or appointed them or persons directly or indirectly related to them.

The participation by any Director in the administration or management of a company which has a corporate purpose which is the same or partially analogous to that of the Company or which is its competitor, or the provision of services to said company, shall be governed, apart from by this regulation, by the provisions of article 32 and 33 of the Board of Directors Regulations on the Directors' duty of loyalty and non-competition.

Without prejudice to the provisions in the above paragraphs, in those cases where the conflict of interest is, or could reasonably be expected to be, of such a nature as to constitute a structural and permanent conflict between the Director (or a Person Related to them or, in the event of a *consejero dominical* (directors representing controlling shareholders), to the shareholder or shareholders which proposed or appointed them or persons directly or indirectly related to them) and the Company or the companies in the Group, it shall be considered that the Director is not, or is no longer, suitable in order to exercise said office for the purposes of the provisions of the Company's Board of Directors Regulations.

Article 3. Obligation to report the conflict of interest to the Board of Directors

3.1 The Director who incurs in a conflict of interest must report this situation in writing via notification to the Secretary of the Company's Board of Directors, who shall on a regular basis send a copy of the communications received to the Audit and Control Commission, through its Chairperson.

In the communication the affected Director must indicate whether the conflict of interest affects him/her personally or through a related person, in which case they must be identified. It shall also state the situation in which the conflict of interest arose, detailing if appropriate the object and main conditions of the planned operation or decision, its amount or approximate economic evaluation, as well as the Company department or person or those of any of the companies in the Group with which the corresponding contacts have been started. Once he/she becomes aware about the start of said contacts, the affected Director must immediately make the communications and under all circumstances before the corresponding decision is taken or operation executed.

3.2. In the event of any doubt for any reason about whether the Director could be in a conflict of interest, the Director must consult the Secretary of the Board of Directors. The Director must also abstain from doing anything until the Secretary of the Board of Directors replies to the consultation which may be sent to the Compliance Committee, once constituted, if deemed necessary.

The information listed in the above sections shall be published in the cases and with the scope set out in the regulations applicable at each time.

Article 4. Obligation to abstain from participating in the decision-making

4.1 The affected Director must abstain from attending and participating in the deliberation and voting on those issues where they are involved in a conflict of interest, both at the sessions of the Board of Directors and at any other company body, committee or management participating in the corresponding operation or decision.

4.2 At each of the meeting of the Board of Directors and of the Delegate Committee, the Secretary of the Board of Directors shall remind the Directors, before going on the agenda, about the rule of abstention set out in article 43 of the Articles of Association, and that this Procedure is in force. As regards the meetings of the Audit and Control Commission, the Appointments and Remunerations Commission, the provisions of this section shall be performed by the secretary of the corresponding commission.

Article 5. Information on conflicts of interest

The Secretary of the Board of Directors shall prepare a register of Directors' conflicts of interest which shall be kept constantly up to date, with detailed information about each of the situations which have occurred. The information contained in said register shall be made available to the Compliance Committee, once constituted, whenever requested, and on a regular basis available to the Audit and Control Commission.

Additionally, the directors' conflicts of interest register shall include the information provided by the Directors on their participation in the capital of a company with the same, analogous or complementary type of activity to that which constitutes the corporate object of the Company or the companies in its Group and the offices or functions which they hold in them, and about the performance for themselves or for others of the same, analogous or complementary type of activity as that which constitutes the Company's corporate purpose.

CHAPTER 3. CONFLICTS OF INTEREST OF THE PERSONS SUBJECT TO RULES ON CONFLICTS OF INTEREST

Article 6. Situation of conflict of interest

It shall be considered that there is a conflict of interest in all those situations where there is a direct or indirect clash between the interest of the Company or of any of the companies in its Group and the personal interest of Person Subject to Rules on Conflicts of Interest. The Person Subject to Rules on Conflicts of Interest will have a personal interest when the matter affects him/her or a Related Person to him/her.

Article 7. Obligation to report the conflict of interest to the General Council

7.1 The Person Subject to Rules on Conflicts of Interest must report this situation in writing via notification sent to their immediate manager who will in turn send said communication to the General Council, who will send a copy of said communication to Compliance Committee, in case this Committee has been constituted.

In the event that the conflict of interest affects a Senior Manager of the Company, the communication referred to in the previous section must be sent directly to the General Council.

In this Communication, the Person Subject to Rules on Conflicts of Interest affected by the conflict of interest must indicate whether the conflict of interest affects him/her personally or through a related person, in which case they must be identified. It shall also state the situation in which the conflict of interest arose, detailing if appropriate the object and main conditions of the planned operation or decision, its amount or approximate economic evaluation, as well as the Company department or person or those of any of the companies in the Group with which the corresponding contacts have been started. Once he/she becomes aware about the start of said contacts, the Person Subject to Rules on Conflicts of Interest affected by said conflict of interest must immediately make the communication and under all circumstances before the corresponding decision is taken or operation executed.

7.2 In the event of any doubt about whether the Person Subject to Rules on Conflicts of Interest could be for any reason be in a conflict of interest, said person must consult their immediate manager who will in turn send said communication to the General Secretariat. If the conflict of interest affects a Senior Manager of the Company the consultation referred to in this section must be sent directly to the General Secretariat.

7.3 The Person Subject to Rules on Conflicts of Interest must also abstain from performing any act until the General Secretariat replies to their consultation. If considered appropriate, the General Secretariat can refer the consultation to the Unit.

Article 8. Obligation to abstain from participating in the decision-making de

8.1 The Person Subject to Rules on Conflicts of Interest must abstain from taking part or influencing the decision-making by any company body, committee or department which participates in the corresponding operation or decision, which could affect the persons or entities with which there is a conflict.

8.2 The Person Subject to Rules on Conflicts of Interest must also abstain from accessing confidential information which affects said conflict.

Article 9. Information on conflicts of interest

9.1 The General Secretariat shall prepare a register of conflicts of interest of the Person Subject to Rules on Conflicts of Interest which shall be kept constantly up to date with detailed information about each of the situations which have occurred. The information contained in said register shall be provided to the Compliance Committee, once constituted, when thus requested.

9.2 The information referred to in the previous section shall be published in the cases and with the scope required under the regulations in force at each time.

TITLE II. RELATED OPERATIONS

CHAPTER I. COMMON REGULATIONS

Article 10. Scope of application

The Related Operations are all those transfers of resources, services or obligations, regardless of whether there is consideration or otherwise, which are made by the Significant Shareholders, Directors, the Persons Subject to Rules on Conflicts of Interest and/or any Persons Related to them with the Company or with any of the companies in its Group.

In the event that any of the operations referred to in section 1 of this article involves the successive performance of different transactions, in which the second and successive acts are merely to perform the first transaction, the provisions of this title shall only apply to the first transaction which is performed.

CHAPTER II. TRANSACTIONS WITH DIRECTORS AND SIGNIFICANT SHAREHOLDERS

Article 11. Authorisation of the Board of Directors

Every transaction referred to in this chapter shall under all circumstances be subject to the prior authorisation from the Company's Board of Directors or, in the event of urgency, by the Delegate Committee, following a favourable report from the Audit and Control Commission. In the event that due to urgency the authorisation has been given by the Delegate Committee, it shall report this at the next meeting of the Board of Directors.

The Board of Directors shall ensure, through the Audit and Control Commission, that the transactions with the Directors and Significant Shareholders or with the respective Related Persons are performed under market conditions and with respect for the principle of equal treatment of shareholders under identical conditions.

This Board authorisation shall not however be necessary for those Related Operations which comply with all three of the following conditions:

- That they are performed under contracts with standard conditions applied en masse to many clients.
- They are performed at general prices established by the party supplying the goods or service in question.
- That their amount does not exceed 1% of the company's annual revenue according to the individual annual accounts audited in the last financial year closed on the date of the operation in question.

Article 12. The Directors' Obligation to report

Without prejudice to that indicated in article 12 above, and unless expressly excused by the Board of Directors, the Directors must inform in writing about the transactions performed by them or by their respective Related Persons, by notification sent to the Secretary of the Board of Directors. In the event that no transactions have been performed by the Directors or their respective Related Persons, this shall be reported by the Directors. Said communication must be sent every six months within the first week of January and of July of each year.

The communication must include the following content: the nature of the operation; date on which the operation began; payment terms and conditions; identity of the person performing the transaction and if applicable their relationship with the director; amount of the transaction; and other aspects, like prices policies, guarantees given and received, as well as any other aspect of the operations which allows for a proper interpretation of the transaction, including information about operations which have not been performed under market conditions.

For these purposes, the Secretary of the Board of Directors shall every six months send the Directors a communication requesting appropriate information from them which they have to send to the Company.

Article 13. Information on transactions with Directors and Significant Shareholders

The Secretary of the Board of Directors shall prepare a register of the transactions performed with Directors and Significant Shareholders or with the respective Related Persons. The information contained in said register shall be made available to the Compliance Committee, once constituted, when thus requested, and on a regular basis made available to the Audit and Control Commission, through the Internal Audit Corporate Department.

The transactions in said register shall be published in the cases and with the scope set out in the regulations applicable at each time.

CHAPTER III. TRANSACTIONS WITH PERSONS SUBJECT TO RULES ON CONFLICTS OF INTEREST

Article 14. Authorization from the General Secretariat

14.1. Every transaction referred to in this chapter shall be subject to the authorisation from the General Secretariat.

The General Secretariat shall ensure that the transactions with the Persons Subject to Rules on Conflicts of Interest or with Persons Related to them are performed under market conditions.

The transactions within the ordinary course of the company business and which are normal and recurrent shall only require the generic authorisation from the line of operations and of its performance conditions.

14.2 The authorization from the General Secretariat shall not however be necessary for those transactions which comply with all three of the following conditions: That they are performed under contracts with standard conditions applied en masse to many clients; They are performed at general prices established by the party supplying the goods or service in question; That their amount does not exceed one per cent of the company's annual revenue according to the individual annual accounts audited in the last financial year closed on the date of the operation in question.

Article 15. Obligation to report the transactions to the General Secretariat

Without prejudice to that indicated in article 15 above, and unless expressly excused by the General Secretariat, the Persons Subject to Rules on Conflicts of Interest must inform in writing about the transactions performed by them or by their respective Related Persons, by notification sent to the General Secretariat. Said communication must be sent every six months within the first week of January and of July of each year.

The communication must include the following content: the nature of the operation; date on which the operation began; payment terms and conditions; identity of the person performing the transaction and if applicable their relationship with the director; amount of the transaction; and other aspects, like prices policies, guarantees given and received, as well as any other aspect of the operations which allows for a proper interpretation of the transaction, including information about operations which have not been performed under market conditions.

For these purposes, the General Secretariat shall every six months send the Persons Subject to Rules on Conflicts of Interest a communication requesting appropriate information from them which they have to send to the Company.

Article 16. Information on transactions

The General Secretariat shall prepare a register of the transactions performed with the Persons Subject to Rules on Conflicts of Interest. The information contained in said register will be provided to the Compliance Committee, once constituted, when thus requested.

The transactions included on said register shall be published in the cases and with the scope set out in the regulations applicable at each time.