



2014 – 2015

Sustainability and Social Responsibility Report

Note to the Reader

The Sustainability and Social Responsibility Report of Hoteles City Express, S.A.B. de C.V. (“Hoteles City Express” or “the Company”) describes the Company’s initiatives and strategies in respect to its environmental commitment and social responsibility. All information contained herein has been obtained from the Company’s internal sources and key performance indicators, except for such indicators where the corresponding external sources are specified.

This Report has been prepared based on the Global Reporting Initiative’s (GRI) guidelines and in alignment with G4. While certain practices and results contained in this Report have been audited or revised externally by international organizations such as the World Bank, the U.S. Green Building Council and the UNESCO, among others, the Report’s content has not been certified by the GRI, nor has it been endorsed by any expert external auditors.

This document does not intend to be a comprehensive report and possibly does not include all information the reader would like to know in respect the the sustainability and social responsibility programs implemented by Hoteles City Express. The forward-looking statements contained herein are based on current work plans and management’s expectations and could be subject to changes.

For More Information...

For more information about the Company, please visit our Sustainability and Social Responsibility website at: www.cityexpress.com/en/sustainability

Hosting our
core values



cityexpress.
hoteles

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To our Shareholders...

Message from the CEO

As part of the Hoteles City Express team, It is with great pride that I present our second Sustainability and Social Responsibility Report.

The report reflects our efforts and strategic actions in corporate governance practices, business ethics, quality of life, energy savings, environmental innovations and community engagement. We also detail the projects and initiatives that are being implemented by the Company and that seek to have a positive impact in terms of long-term social, economic and environmental development.

The year 2014 was a year full of challenges and satisfactions for Hoteles City Express. For the second time in our history, we raised more than \$2,500 millions through a secondary offering of stock, we put into operation approximately 1,700 guest rooms in 14 hotels and we serviced close to 2.8 million guests, marking record numbers in our history.

The year at hand marked a turning point in our Sustainability and Social Responsibility strategy, as we strengthen our platform through the creation of efficient alignment mechanisms, the solid implementation of socially responsible investment criteria and finally through redefining our ultimate operating premise, our Social Sustainability Vision.

It is with great pride that I am able to say that Hoteles City Express is a value generating vehicle deeply focused in maximizing social, environmental and economic profitability for all stakeholders.

We will firmly continue to seek meeting our profitable growth goals and aim at becoming Mexico's leading hotel chain in Sustainability and Social Responsibility practices.

Thank you very much for your trust.

Mr. Luis Barrios Sánchez
CEO and Chairman
Hoteles City Express S.A.B. de C.V.





“All of our hotels seek to generate social and economic value in the communities where we operate, while caring and protecting the environment...”

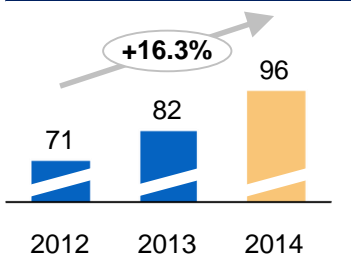
Mr. Luis Barrios Sánchez
CEO and Chairman
Hoteles City Express



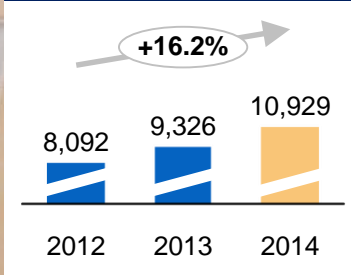
Hoteles City at a Glance....



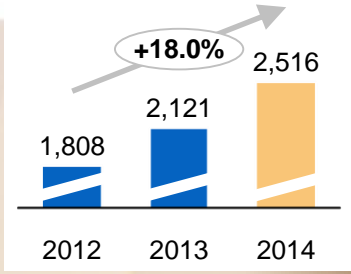
Growth in Number of Hotels



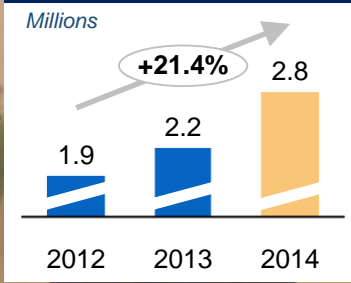
Growth in Guest Rooms



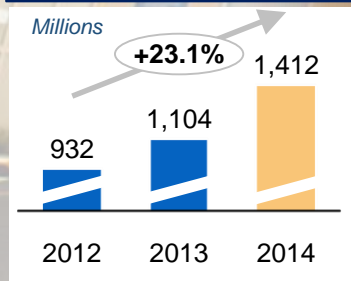
Number of Employees



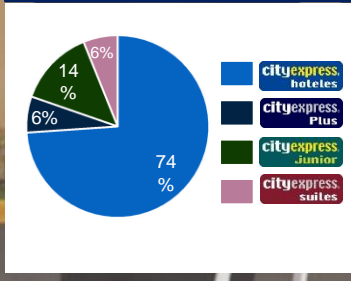
Guests



Total Revenues



Hotels per Brand





Wide Geographic Coverage



First International Hotel in San Jose, Costa Rica



Second International Hotel in Cali, Colombia



Properties Acquired in Chile



● Operating Hotels

● Hotels Opening in 2015

● Projects in Different Development Stages

With a market
share of
3.5%
in a highly fragmented
market,
Hoteles City Express
contributes
15%
of the industry's growth
in terms of number of
rooms





Sustainable Social Vision

Committed to a
brilliant future



Sustainable Social

Vision



Policy of Social Sustainability and Social Responsibility established throughout the Hotel Chain

1

2

Sustainability Committee duly established, reports directly to the Board of Directors



Sustainability and Social Responsibility Platform aligned to generate value for all stakeholders

3

4

Projects assessed in accordance with economic, **social and environmental** criteria



Best-in-Class Practices in Corporate Governance, Business Ethics and Quality of Life for our Collaborators

5

6

Social Engagement that generates results and creates long-term value





Sustainability and Social Responsibility Policy

To be an innovative hotel company in caring for the environment, seeking to optimize the use of energy and water, as well as to reduce the generation of waste, contributing with the communities we operate in by creating long-term value.

Furthermore, Hoteles City Express aims to become an important promoter of high-impact projects that will generate social value and improve the economic and social well-being of the communities where we operate in by supporting initiatives that relate to entrepreneurship, training and education that generate sustainable long-term benefits.





Sustainability and Social Responsibility Strategic Goals



Use of **renewable energy** in at least **15%** of the Chain's hotels in the next 5 years



Constant **Monitoring** of performance of **100%** the Chain's hotels



+5 new social responsibility initiatives endorsed each year



Enforcement of a **Sustainability and Social Responsibility Plan** to contribute in conserving the environment and creating long-term sustained value



Constant search and implementation of **new technologies** to reduce from **3% to 5%** annually energy, water and waste use

+3,000 direct and indirect **Jobs** created every year



Responsible hotel construction and operation management



Sustainability and Social Responsibility Committee

The Sustainability and Social Responsibility Committee establishes, approves and supervises the implementation of the sustainability strategy of Hoteles City Express.

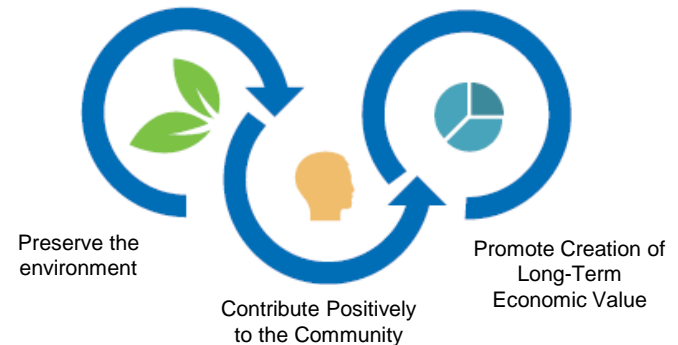
Reporting directly to the Corporate Practices Committee that timely advises the Board of Directors on the efforts and initiatives implemented, the Sustainability and Social Responsibility Committee is integrated by all departments and areas involved in development, operations, maintenance, finance and marketing thus covering the key areas of the organization.

The main objective of the Sustainability and Social Responsibility Committee is to guarantee that decisions regarding the Company's investments, development and operation are aimed at complying with the best sustainability practices. The goal is for the initiatives implemented to have a high social and environmental long-term impact in the communities where Hoteles City Express operate.

Through this mechanism, the Company aligns its strategies to strengthen its Sustainability and Social Responsibility Platform and appropriately serves all stakeholders.

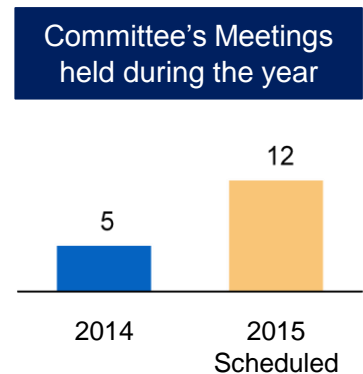
*"...The Committee's main function is to assess whether each of our projects complies with the criteria of a **Sustainable and Socially Responsible Investment**..."*

*Santiago Mayoral
Coordinator of the Sustainability and Social Responsibility Committee*



+90 hours

devoted to assessing and implementing **Sustainability and Social Responsibility** projects in 2014



1. The term Socially Responsible Investment corresponds to a mechanism that assesses investment decisions in accordance with the social, environmental and economic impact and influence thereof, and forms part of international sustainability and social responsibility best practices.



Sustainability is Our Best Investment



Consistent with its commitment to protect the environment, Hoteles City Express assigns approximately 140 million pesos to the adoption of sustainable measures and initiatives that include: water and energy conservation, reduction in generation of waste, as well as to support social responsibility projects in alignment with its **Sustainability and Social Responsibility Program**.

Notwithstanding the foregoing, Hoteles City Express is in a process of **continuous implementation** of the best Sustainability and Social Responsibility practices and therefore compares and attempts to regularly improve the initiatives and actions that are being implemented by the companies in the industry in general and leading companies in corporate sustainability.

Hoteles City Express is committed to aligning incentives among collaborators, suppliers, shareholders and partners in order to **consolidate** the **sustainable factor** in each of the decision.



In 2015, Hoteles City Express obtained the distinctive of **Socially Responsible Company (Empresa Socialmente Responsable)**

and is among **35%** of the applications with best practices

9%

of annual sales

12%

of the annual investment in assets

Is assigned to sustainability measures and initiatives implemented in the Company's hotels



Sustainability and Social Responsibility Strategic Management



Hoteles City Express approves, internally communicates and every year implements a **Sustainability and Social Responsibility Program** that is continuously revised by the Sustainability and Social Responsibility Committee.

The program has a **budget** assigned to each strategic initiative, and includes impact assessment mechanisms on the Company's social, environmental and economic profitability. Such budgets are proposed by the members of the Committee and authorized by the Finance Department and **General Management**.

Finally, in order to guarantee the implementation of efforts with real impact, the Sustainability and Social Responsibility Committee, through its President, reports in a quarterly manner the outcome of the initiatives to the Corporate Practices Committee, which in turn reports to the Company's **Board of Directors**.



“Hoteles City seeks to be a catalyst of positive impacts constantly giving back to all communities we operate in...”

Ms. Blanca Herrera
Chief Marketing and Franchise Services Officer



Corporate Governance

A Company focused
on creating value for
its Shareholders



Corporate Governance Mechanisms

Hoteles City Express is led by a **solid Board of Directors** that represents the interests of all shareholders and is the highest authority within the Company.

The Board is composed of a group of **9 experts** in different areas of the hospitality industry and with wide experience in developing successful companies. 7 of its members are independent thus guaranteeing the correct alignment with the interests of investors. The Board has a strict annual assessment mechanism to monitor its decisions and results.

Currently, no group controls Hoteles City Express and management holds less than 6% of the Company's equity interest. Likewise, the Company counts with solid institutional support through the participation of national and international funds, the World Bank through the International Finance Corporation and Wamex Participaciones, among others.

Hoteles City Express has implemented a **Code of Ethics**, and has assumed a strict Anti-Corruption Commitment that all of its collaborators, directors or suppliers are bound to comply.



Broadly Qualified Board of Directors and Management Team

+100
years
of experience
altogether

+20
thousand
rooms developed

66%
Float

The **best team** in the development and management of Latin America's hospitality industry



Code of Ethics
effectively implemented



+200
meetings with national
and international
investors in 2014

Balance in Decision-Making and Protection of Minority Shareholders



7 of 9

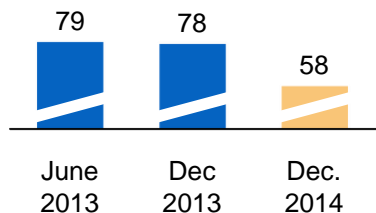


of Hoteles City Express' Board

Members are **Independent** and are not directly involved with the business' management and operation

Ranking in Stock Market Index of the BMV²

ranks 1 represents the most tradable issuer and rank 160 the least tradable



95%

Compliance with **Code of Best Corporate Practices** of the BMV²

Since its incorporation, Hoteles City Express has worked looking towards expansion and in order to obtain a return for its shareholders, therefore, the Company has implemented control mechanisms to guarantee the rights of all shareholders and interest groups set forth in the **by-laws** aimed at **protecting the minority shareholders**.

Hoteles City Express is deeply committed with the transparency of its information and results delivering timely and accurate results to all investors. **Internal and external auditing** practices have been implemented, results of the company are published through different communication channels, encouraging investors to comment on the Company's performance at periodical meetings and telephone conferences.

Close Relationship

with Brokerage Houses and Shareholders to encourage their participation in decision-making at Meetings

2. BMV: *Bolsa Mexicana de Valores* (Mexican Stock Exchange). The Code of Best Corporate, Practices is a code implemented by the *Bolsa Mexicana de Valores* to have issuers align to the minimum ethic and corporate governance standards, for more information: http://www.bmv.com.mx/wb3/wb/BMV/BMV_cmpc

Corporate Ethics and Commitment to Best Practices



Hoteles City Express has implemented several **mechanisms to guarantee ethical performance** in all of its operations.

- **Code of Ethics** adequately implemented and permeated throughout the entire organization by holding annual training sessions and by having the employees and suppliers agree to it in order to operate under high standards and eliminate any conflicts of interest.
- **Anti-corruption Policy** and adherence to anti-corruption guidelines and standards of international organizations such as the World Bank and the International Finance Corporation (IFC).
- **Guidelines on Fair Market Practices**, antitrust and antidumping applicable to both our internal transactions, as well as our suppliers.
- **Human Rights and Anti-Discrimination** aimed at completely eliminating discrimination and promoting gender equality.
- **Mechanisms on assessments** of collaborators and Compensation Committee directly reporting to the Board.

Furthermore, Hoteles City Express counts with anonymous and **confidential means to denounce** managed by third parties, as well as an **Ethics Committee** with extensive experience that reports to the Board and guarantee elimination of conflicts of interest and the correct enforcement of the Code.

Also, the Company's **civic commitment** goes beyond its hotels; the Company encourages all collaborators to participate together with the community and to act as catalysts of positive impacts in the caring for the environment and social engagement in the communities we operate in.



Zero
Tolerance for
Corruption



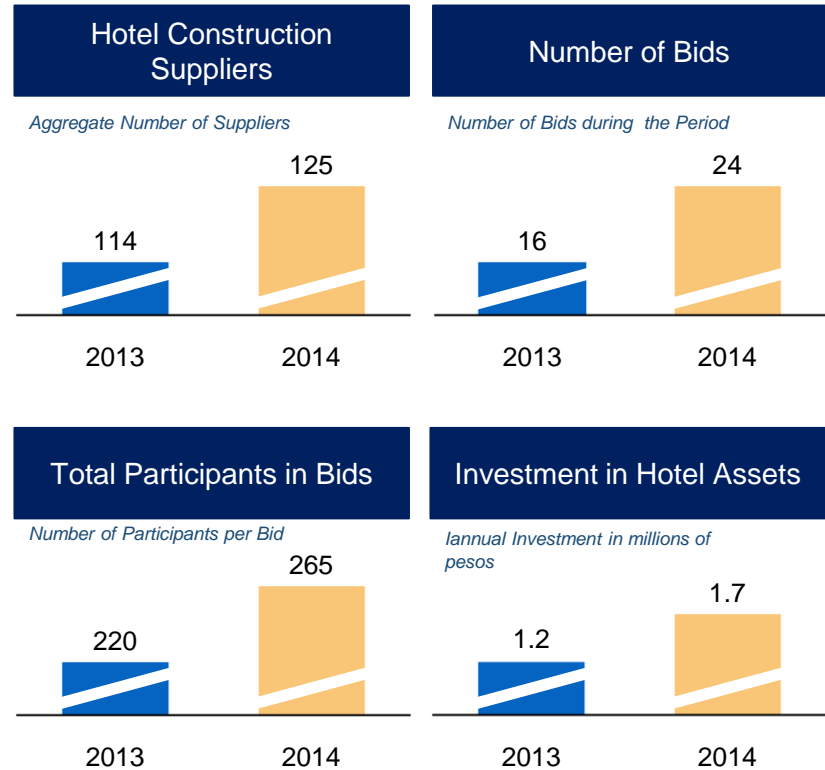
Commitment to Transparency and Fair Market Practices

Hoteles City Express is the fastest growing hotel chain in Mexico, with its number of rooms growing an average of 30% annually during the last decade. The Company intends to continue growing and duplicate its size in the following years putting into operation between 18 and 20 properties each year during the next 3 years.

During the development process of each hotel, Hoteles City Express guarantees **transparency** through bidding and tendering processes for the construction and equipping of its new hotels. Furthermore, during its ongoing operations, the Company exercises special care in the selection of all suppliers.

All of the Company's suppliers must go through an approval process that assesses their commitment to ethics, to protecting the environment, their economic competitiveness and the impact that engaging their services would have on the social and economic welfare.

Also, all suppliers of Hoteles City Express have been selected based on their compliance with a **Suppliers and Sustainable Purchasing Policy**.



Open and 100% Transparent Bids for all construction processes of hotels, encouraging participation of new competitors

“At Hoteles City Express we believe in doing things right, we embrace a culture of lawfulness...”

*Dina Moreno
Legal Counsel
President of Ethics Committee*



For more information on the **Code of Ethics**, Anti-corruption Policy, Human Rights and Anti-Discrimination Policy and other **Corporate Governance** documents, please go to:

www.cityexpress.com/en/inversionistas/gobierno-corporativo



Quality of Life at the **Company**

Ensuring that working at
Hoteles City Express is
the best experience



Highly Motivated and Talented Teams

Hoteles City Express seeks that every day in the lives of our collaborators be a pleasant experience, and therefore we are always looking for them to be **highly satisfied** in order to obtain their full commitment to the organization's projects.

Through clearly defined processes and mechanisms, all collaborators become an integral part of our strategy, participating and proposing initiatives on **innovation and continuous improvement**.



Committed
to gender equality



57%
of our collaborators
are **women**

+3,000

Direct and indirect jobs are generated each year at the work site, as well as in operations

“What I like most about my job is the potential to innovate and change, as well as the pace at which all of us and the Company adapt...”

*Heidy de la Cruz
Environmental Management and Processes Coordinator
Department of Operations*



High Growth and Generation of Quality Jobs

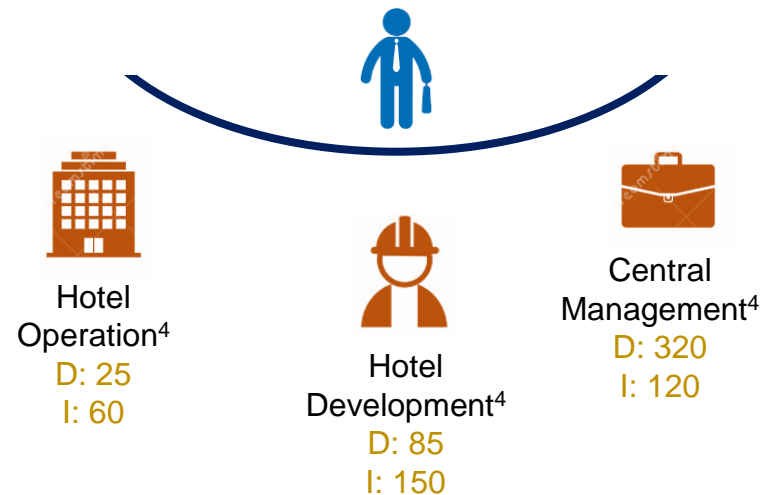
Hoteles City Express is the leading chain in terms of growth in Mexico, with an increase in its planned portfolio of approximately 20 hotels per year during the next 3 years, which numbers place it as one of the hospitality industry's companies with the highest generation of employment rate.

Thanks to its efficient planning and operation, Hoteles City Express generates approximately **25 direct jobs and 60 indirect jobs** during its day-to-day operation in each hotel. Additionally, in the development process of such hotels, the Company generates **85 direct jobs and 150 indirect jobs**.

The foregoing makes Hoteles City Express an important source of employment for Mexico, creating a positive impact in different communities thus increasing their social well-being.

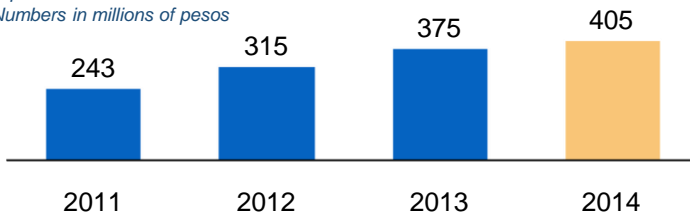
Similarly, Hoteles City Express trusts in its selection of talent processes, as well as in the shared value obtained upon engaging its collaborators through **direct hiring schemes**.

Sources of Employment



Economic Value Generated and Distributed

Payroll corresponding to hotel operation and management, fees and corporate expenses.
Numbers in millions of pesos



4. D: Direct jobs generated, I: Indirect jobs generated; in the event of Hotel Operation, it means average jobs during the putting into operation of a new hotel; in the event of Hotel Development, it means the average jobs during the development process thereof; and in the event of Central Management, it means average jobs generated by Hoteles City's Central Offices.

“At Hoteles City Express we contribute to the personal and professional development of our collaborators encouraging them to improve day after day...”

Ms. Sandra Ávalos

Director of Human Capital and Talent
Attraction





Quality of Life Guaranteed at the Company

Code of Ethics

Guiding principle of Hoteles City Express, it guarantees anti-corruption principles, fair market practices, respect to human rights and establishes express commitments towards all interest groups.



Assessment Mechanisms

Implementation of an incentive program that combines the objective assessment of individual skills, abilities and performance, together with a collective assessment of results. Employee's remuneration is fixed in market terms and never lesser.



Open-Door Policy

We are at all times available, always opened to new ideas and we never discriminate. There are no invalid questions, to innovate, we have to always inquire.
Workplace flexibility for working mothers



Policy on Minimizing Work Risks

Constant training to reduce and eliminate work risks with results externally validated by the World Bank.



Growing Together with the Organization

Constant training and feedback to ensure collaborator's growth while adding value to the Company



- Training
- Success
- Growth



Policy on Talent Attraction and Retention

We make sure we attract and retain all of our talented employees through attractive compensation plans, exponential career and personal growth programs.



Human Rights and Anti-Discrimination Policy

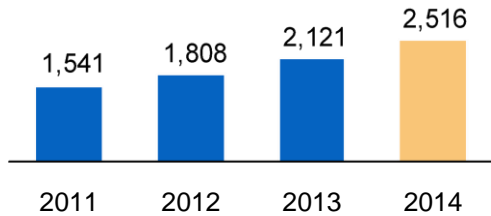
At Hoteles City Express we are all entitled to the same rights, and discrimination is entirely forbidden.



Labor Management Indicators

Growth in Employments Generated

Number of Employees Hired



+27,000

Hours of training offered in 2014

39 years

is the average age of the workforce

35%

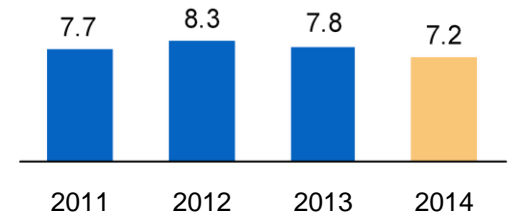
of the workforce are single mothers

44%

of the directors and managers are women

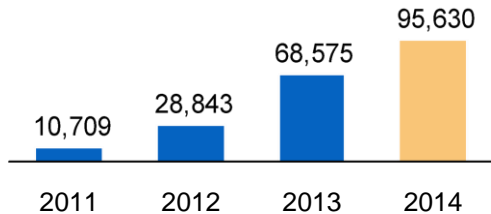
Turnover Ratio

Dismissals and Resignations / Number of Collaborators



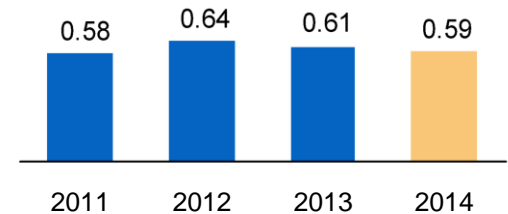
Training Offered to Collaborators

Hours of Training Offered Per Year



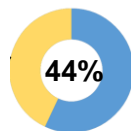
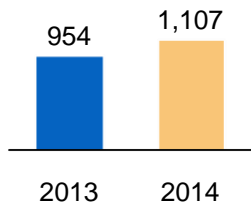
Absence Ratio

Number of Absences / Number of Working Days



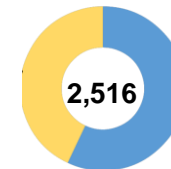
Relationship with Unions

Number and percentage of Union workers



Union Workers in 2014

Gender Equality



2014

Collaborators per Gender

- Female: 1,434 (57%)
- Male: 1,082 (43%)

Communication and Trust Dialogues



Hoteles City Express builds and maintains relationships and dialogues based on trust with all of its collaborators and officers by periodically communicating its results, actions and initiatives, as well as its strategies, attaining inclusion of all interest groups.

To guarantee such communication, the Company has implemented several strategic actions such as:

- Publishing the “Comunidad City” Magazine to permeate the Company’s strategy.
- Strengthening the Internal Communications Department.
- Creating innovation campaigns and organizational changes.
- Training and Coaching officers on how to disseminate communications from the executive level towards the operative level.
- Constantly apply Organizational Climate Surveys anonymously, to be completed by all personnel.

In addition, Hoteles City Express promotes flexible working practices that enable its collaborators to attain the appropriate balance between their professional development and family while adding value and contributing to the success of the organization.

All collaborators of Hoteles City Express are completely free to join any existing or new unions and be registered therewith. Also, the Company is deeply committed to respecting human rights including full support to single mothers, workers with disabilities and pregnant women.



Support to
mothers and future
mothers

“We encourage an open door policy that facilitates dialogue, the exchange of opinions, innovation and team work...”

Héctor Navarro
Human Capital Manager



Environmental Commitment

Building and operating
truly green hotels



Our Green Commitment

As part of its sustainability efforts, Hoteles City Express carries out continuous assessments to detect the best practices that will contribute to the caring of the environment.

Hoteles City Express is deeply committed to sustainable development, applying innovative technology to reinforce the optimization of water and energy use and reduction of waste. This improves productivity of its properties and protects the environment.

To achieve the foregoing, the Company is in the process of establishing and implementing certain indicators known as **Sustainable Key Performance Indicators (SKPIs³)**. In this line, Hoteles City Express has adopted an external and internal audit system to verify that all of the hotel's cleaning supplies are biodegradable and comply with the Suppliers and Sustainable Purchasing Policy.

The Company has implemented these initiatives in furtherance of its main goal, that is, to achieve **Eco-efficiency** in all of the business' operations, from the central office to each of the hotels.

Additionally, thanks to all of these efforts, the Company has the highest productivity margin in the hospitality industry in Mexico, a consequence of the implementation of sustainable measures and its commitment to the environment that is expressed from its architectonic design and configuration of each of its properties.

Sustainable Actions Through Functional Design of Hotels



Treatment and recycling⁴ of 87.6 million liters of water per year, equivalent to **35 Olympic swimming pools**

Use of only **2 buckets** of water to clean 1 room



Installation of **high efficiency energy and water equipment** (AC, water and air valves, etc.)

Indirect efficient lighting (**LED**) to reduce energy use



Water recirculation system that reduces the time for **hot water** flow in showers

Maximization of **natural light**



Use of soap bars that degrade in **2 hours**



Installation⁴ of **solar panels** to save energy

3. SKPIs means *Sustainability Key Performance Indicators*, and represent one of the main criteria used to measure environmental impact of the companies with the best sustainability practices in the world.

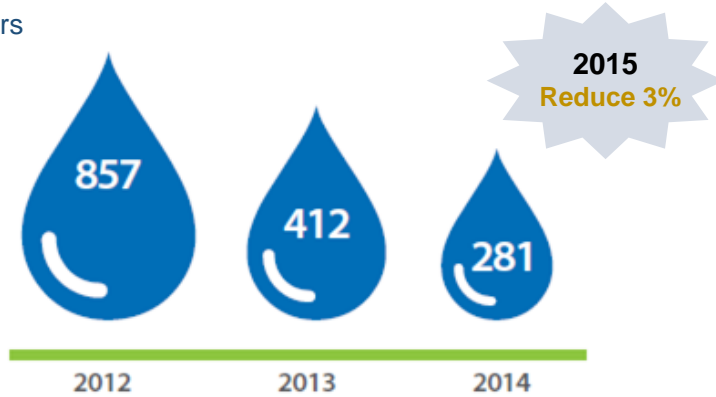
4. Hotels that use water treatment or recycling plants are: Ce Mérida, Ce Ciudad del Carmen, Cj Veracruz, Ce Querétaro, Cj Ciudad del Carmen and Ce Paraíso. Hotels using solar panels are: Ce Insurgentes Sur, Ce Santa Fe, CS Santa Fe and Ce Puebla Centro.



Sustainability Key Performance Indicators

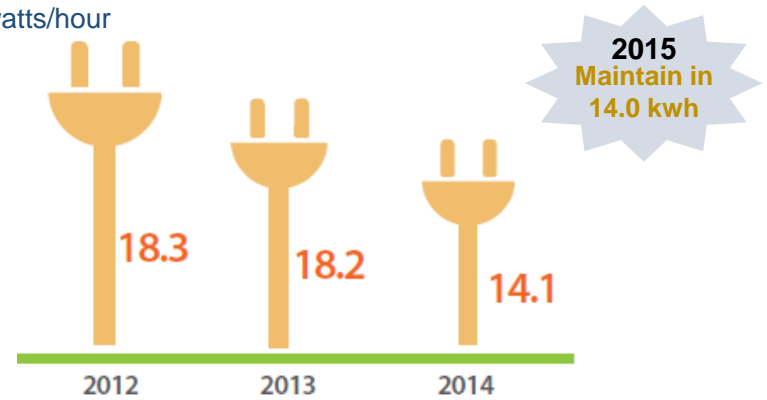
Average Water Consumption per Occupied Room Night

Liters



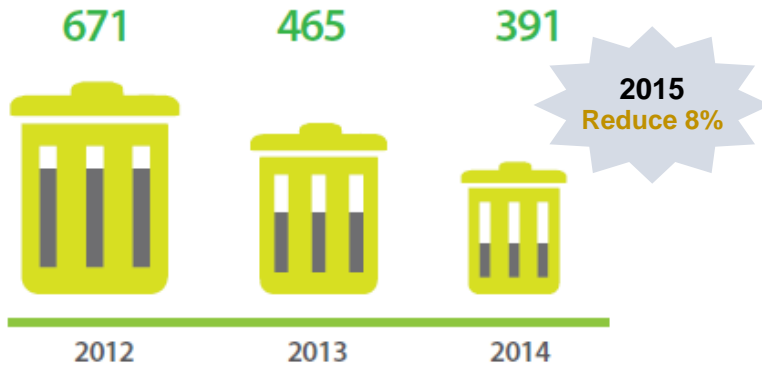
Average Energy Consumption per Occupied Room Night

Kilowatts/hour



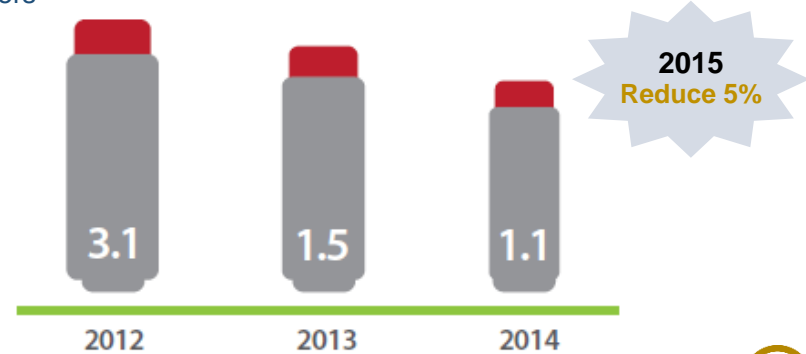
Waste Generation per Occupied Room Night

Grams



Average Gas Consumption per Occupied Room Night

Liters





Sustainable Development

Hoteles City Express is the fastest growing hotel chain in Mexico, with its number of rooms growing an average of 30% annually in the last 10 years and with plans to open between 18 and 20 hotels each year during the next 3 years.

The foregoing implies a disbursement of approximately 1,500 million pesos per year as investment in hotel assets.

For purposes of guaranteeing a sustainable and profitable growth, Hoteles City Express has established a **Sustainable Development** area entrusted with ensuring that each of the properties complies with the highest international standards in sustainability, from its construction process to the daily operation.

In this regard, the Sustainable Development area shall continue with improving the functional design of each of the Company's properties in order to achieve water and energy efficiency and reduce waste.



*“At Hoteles City Express we see improving our environmental performance as an **investment** that will benefit all of our **interest groups**...”*

*Paulina Morales
Sustainable Development Coordinator
Development Department*



Efforts Implemented with Immediate Impacts





“Hoteles City Express is committed to conserving Mexico’s nature, we will work tirelessly to have our children and future generations enjoy the Country’s natural resources...”

Mr. Luis Barrios
CEO and Chairman
Hoteles City Express

Biodiversity Support Programs



FONDO MEXICANO
PARA LA
CONSERVACIÓN
DE LA NATURALEZA, A.C.
Institución Privada.

Joint Efforts with Fondo Mexicano para la Conservación de la Naturaleza

As part of the Sustainability and Social Responsibility Program, Hoteles City Express supports the **Fondo Mexicano para la Conservación de la Naturaleza** (“F.M.C.N.”) through different programs that promote the Country’s biodiversity.

Specifically, during 2014 and 2015, Hoteles City Express joined a campaign to protect the Mexican Golden Eagle, such campaign consists in granting donations throughout the geographic areas where the chain’s hotels are located in order to positively impact their ecosystems and help in their conservation.

Today, the “Águila Real”, symbol of Mexico, is being threatened due to the loss of its habitat, accidental poisoning, persecution, nest looting, illegal sale, etc. Hoteles City Express joins this cause in its efforts to promote conservation of Mexico’s nature.

For each room sold, the hotel, the F.M.C.N. and the Company’s Central Offices make a tripartite contribution to the project.

Results to Date:

- Establishment of the **Natural Protected Area** in the Arid Desert of Zacatecas.
- Implementation of **monitoring systems** in locations where “prey” species and species that are essential for the survival of the Golden Eagle are found in Zacatecas y Baja California.
- Strategy regarding **environmental education** with respect to the Golden Eagle and its habitat to inhabitants of vulnerable areas.

\$1



Chain’s
Hotel

\$1



F.M.C.N

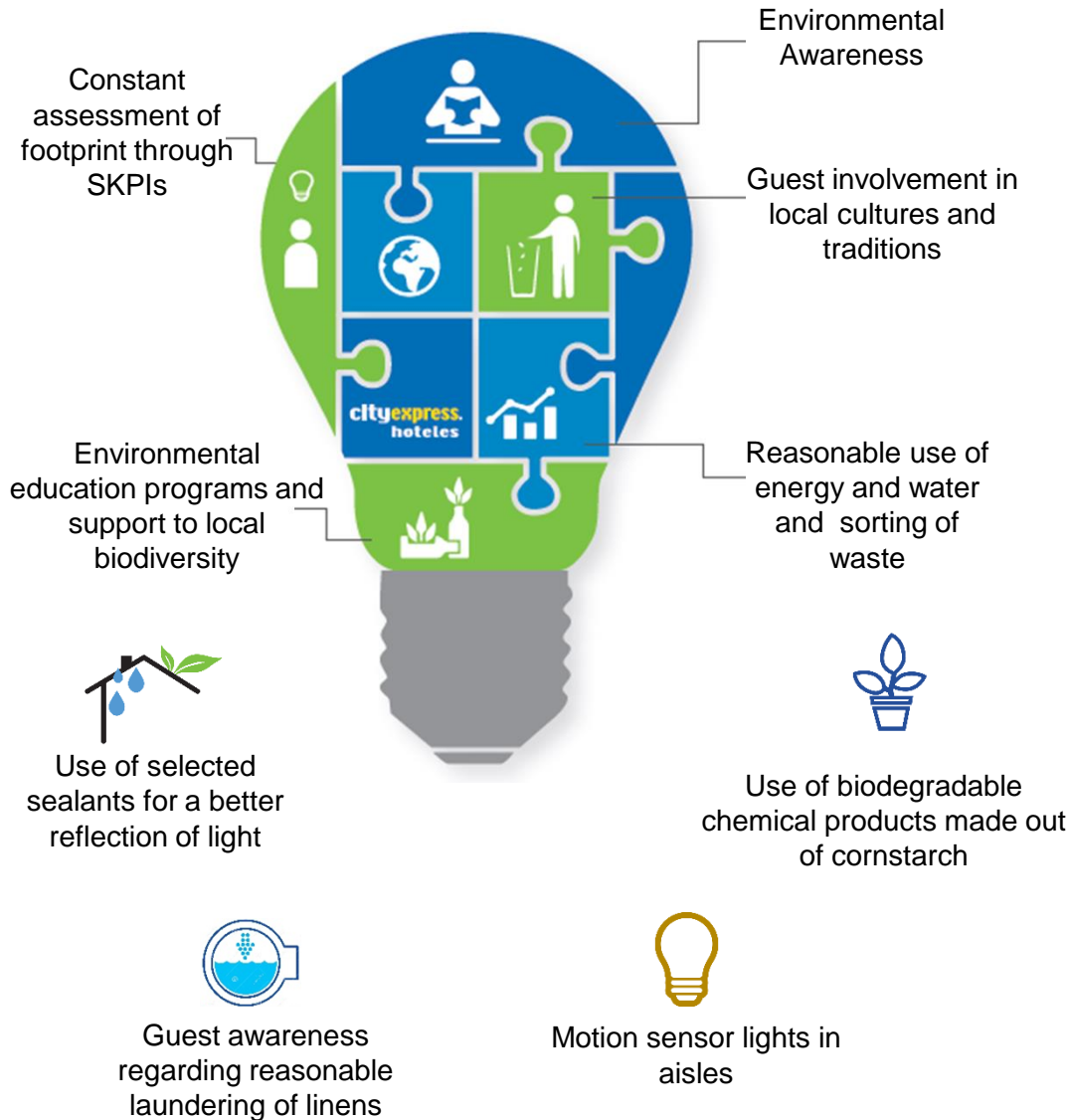
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Central Offices
of
Hoteles City
Express



Responsible Tourism Program



As part of its sustainability initiatives, Hoteles City Express has implemented a **Responsible Tourism Program**, aimed to have a positive impact on the guests visiting the Company's hotels.

Some of the responsible tourism program's initiatives are:

- **Awareness** of guest in respect to reasonable use of energy and water
- **Involvement** of guest in programs aimed at protecting biodiversity (supporting the Fondo Mexicano para la Conservación de la Naturaleza).
- **Use of recycling products** such as disposable plates and cups made out of cornstarch.
- **Identification and Sorting Out** of waste in specific containers (paper, cardboard, metal, plastic, organic waste, etc.).

This positions Hoteles City Express as a Mexican hotel chain preoccupied for the impact it has on the environment.



Sustainable Facts

Our hotels save:

+50% in energy
in water **45%**
36% in efficiency of
construction materials
in comparison with other
buildings⁵



Sustainability Certifications Endorsed by International Organizations

Hoteles City Express has a vast Portfolio of Certifications that vouch for its commitment with Sustainability and Social Responsibility.

To be able to certify its hotels, the Company has to go through a complex **assessment and audit** process performed by international organizations for purposes of verifying that it complies with the **highest standards on environmental protection**, it optimizes the use of energy, water and waste, and implements strong practices concerning social engagement.

In this regard, **100% of the Company's hotels operate under the same standards** in terms of construction, equipment and energy and water use, which enables Hoteles City to keep an accurate control in real time of the consumption and savings occurring in each of its properties.

In addition to the foregoing, the Company continuously trains its collaborators to ensure compliance with the sustainability standards implemented in its hotels from their opening.

Furthermore, every year Hoteles City Express goes through a review process that is carried out by external entities for purposes of verifying compliance with sustainability codes and regulations; among such entities are environmental specialists of the **World Bank and UNESCO**.



Hotel

Environmental Management Guidelines effectively implemented



Internal Audit Department

in charge of ensuring compliance with sustainability policies and codes



Reviewed by International Organizations

in charge of assessing certified hotels

“Every Day, our goal is to become a source of positive social and environmental impacts in order to offer to our guests a valuable alternative...”

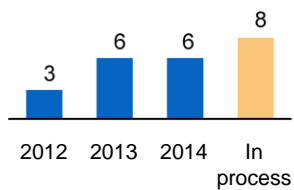
Sayuri Romero
Quality and Service Subdirector



Portfolio of Certifications



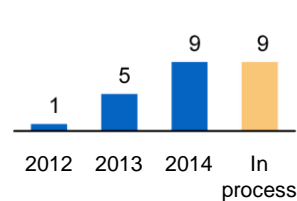
Certified Hotels



Issued by the United States Green Building Council (USGBC), recognizes urban design and architectural projects that show a commitment to sustainable planning and green architecture, complying with the highest standards in energetic performance, human comfort and environmental protection.



Certified Hotels

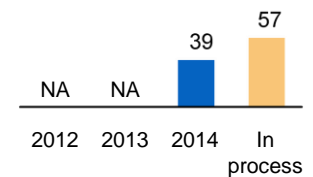


The EDGE program is an innovative certification tool that offers ideal technical solutions to reduce energy and water consumption, taking into account initial costs and possible savings during operation.



BIOSPHERE RESPONSIBLE TOURISM

Certified Hotels



The Biosphere certification is issued by the Responsible Tourism Institute of UNESCO and is focused in the transformation of properties as a source of positive social and environmental impacts.



The distinctive ESR is issued by *Centro Mexicano para la Filantropía* (CEMEFI) together with *Alianza por la Responsabilidad Social Empresarial en México* (AliaRSE). Such recognition is granted to Mexican companies with the best practices in terms of sustainability, social responsibility, work ethics and quality of life.



Hoteles City joins United Nations Global Compact adopting as its own the principles established therein relating to human rights. Such initiative is based on 10 principles such as protection of fundamental rights, abolition of discrimination practices and promotes initiatives that encourage social responsibility.



In process in 2015

The Tourism Water Sustainability Alliance (*Alianza por la Sustentabilidad Hidrica en el Turismo*) is a distinctive that promotes best practices in water efficiency in the tourism sector. To be accredited with the distinctive, hotels must demonstrate their initiatives to reduce and use water reasonably, guest awareness, etc. The Company expects to have 15 properties accredited with this distinctive by 2016.



“Our main goal is to achieve **eco-efficiency** in all of the Chain’s operations...”

Mr. Rogelio Avendaño
Chief Operating Officer



Social Engagement

Communities growing
together with Hoteles
City Express



Social Long-Term Value

Hoteles City Express is a positive social impact network amply diversified in Mexico. The Company supports socially responsible projects that **create long-term benefits** in the communities we operate in.

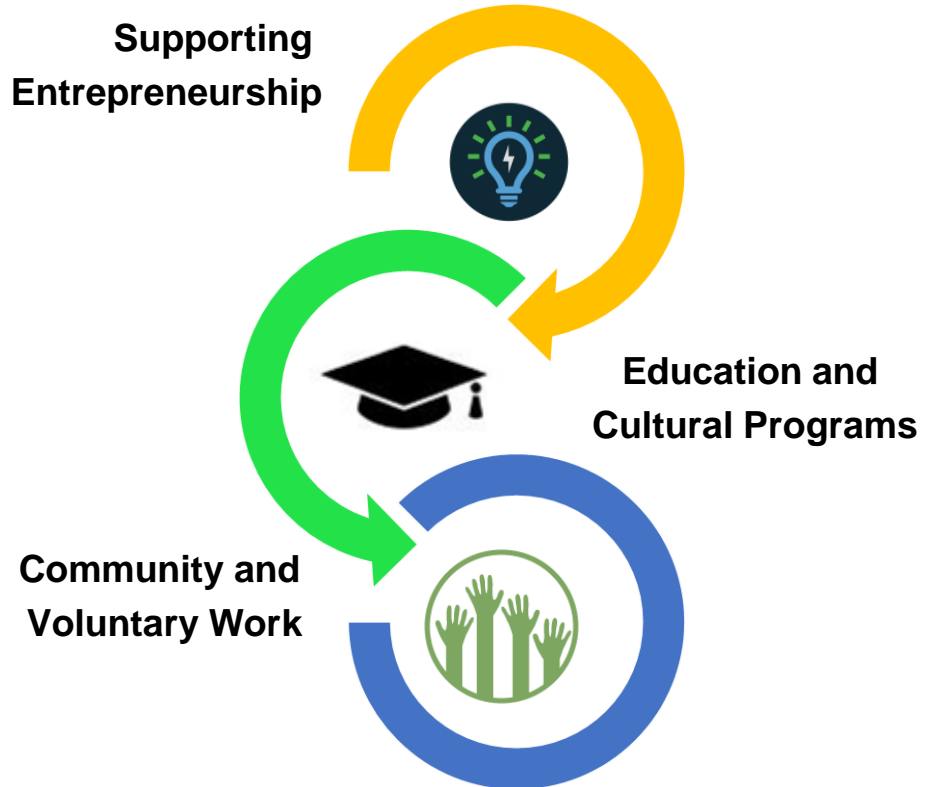
In addition, Hoteles City Express seeks to promote social, environmental and economic development focusing its efforts through its Sustainability and Social Responsibility Program where the main initiatives and strategic aid for **social engagement** programs are set forth.

Hoteles City Express aims at becoming a valuable catalyst and at maintaining a stretch relationship of dialogue and collaboration with each of the communities to which its hotels belong. The Company still has a long road ahead, but considers to be in the right track.

Hoteles City Express' social responsibility efforts are classified in 3 dimensions that contribute to creating a long-term economic and social value: a) Supporting Entrepreneurship, b) Education and Culture and c) Community and Voluntary Work.

Additionally, the Sustainability and Social Responsibility Committee of Hoteles City Express continuously evaluates new social innovation opportunities to continue strengthening our social engagement platform.

Social Responsibility Strategic Pillars



2%

of the Company's Net Profits is assigned to supporting Social Responsibility initiatives

Supporting Entrepreneurship



Institutions Being Supported



- Not for profit organization that helps entrepreneurs throughout Mexico through its **Startup Weekend** program.



- Alliance with *Instituto Tecnológico Autónomo de México* for purposes of empowering the university community to resolve challenges and real problems with innovative products and services through **promotion of entrepreneurs, ongoing training, research and innovation.**



- Entrepreneurs club focused on **creating and strengthening companies** that contribute innovative prospects to the Company.
- Project focused on developing and **expanding Mexican green companies** that led to the creation of the Clean Tech Challenge Mexico.



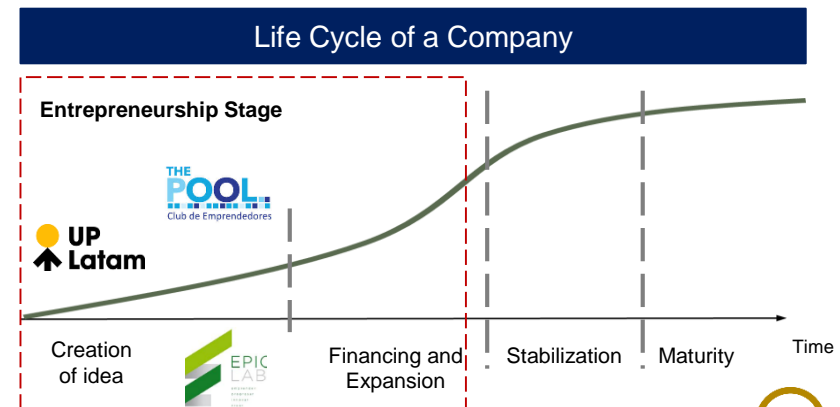
“Supporting talent is fundamental for the Country’s development and success for which reason Hoteles City Express as a Socially Responsible Company are **deeply committed to with these initiatives ...**”

Abelardo Loscos
Director of Corporate Finance and Investor Relations

In Mexico, small and medium-sized enterprises (Pymes) constitute a an essential part of the Country’s economy. Currently, there are approximately 4 million registered companies in Mexico, of which 95.8% fall under the Pymes category.

In turn, Pymes contribute with approximately 52% of the GDP and with 72% of the Country’s employment⁶. Therefore, Hoteles City Express focuses in promoting social development providing aid to programs that support entrepreneurship and assist in consolidating companies making the Country grow.

Similarly, Hoteles City Express is deeply committed with **developing social and economically profitable projects** in Mexico; as a result thereof, it has decided to support entrepreneurs with innovating ideas through different instances depending on the stage of each project or idea.





Supporting Entrepreneurship

Up Latam Initiative



UP Latam is a not for profit organization engaged in promoting entrepreneurship, leadership and strong communities.

The organization has implemented different initiatives of which the one with the greatest impact is **Startup Weekend**, where speakers present their ideas and projects and become part of a community of entrepreneurs during **54 hours**, while having access to a **global network of leaders** with a mission to inspire, educate and empower other entrepreneurs.

Hoteles City Express has become an extension of Startup Weekend even when held in their own facilities. This year they will continue working together with new initiatives in order to increase the impact of this platform.

Supporting Entrepreneurship

EPIC Lab Initiative



EPIC Lab is ITAM's Center for Creativity, Innovation and Entrepreneurship. An initiative and model implemented by *Instituto Tecnológico Autónomo de México* (ITAM) to promote and support culture within and outside its classrooms while contributing in creating a long-term economic value.

The initiative focuses on training entrepreneurs through high-impact workshops, as well as coordinating entrepreneurship contests. Currently, EPIC Lab together with the Massachusetts Institute of Technology (M.I.T.) effectuate the Global Founders' Skills Accelerator contest, where young people are able to present their projects before a panel of experts and have the right to receive mentoring and support therefore.

During 2014 and the first quarter of 2015, Hoteles City Express supported the initiative by hosting in its Mexico City Express' hotels 2 workshops and approximately 40 hours of training, as well as through the organization of lectures and additional Epic Lab initiatives.



Supporting Entrepreneurship

The Pool Initiative



The Pool is a leading center in entrepreneurship, development and a high impact businesses accelerator.

The Pool's **mentors** include Pablo Slough, Commercial Director of Google Inc., Fernando Fabré, President of Endeavor Global, and Álvaro Rodríguez, Chairman of Compartamos, among others.

Currently, The Pool has a base of more than **30 projects** in different stages of maturity and development.

Through its alliance with The Pool, Hoteles City Express has sponsored 4 projects relating to information technologies and digital innovation in connection with tourism in Mexico.

The projects selected are:

- **Appetite:** Mobile service that enables the guests of each hotel to order food from nearby establishments for room delivery.
- **Local-e:** A community of travelers offering travel guides written and elaborated by local people for purposes of creating a unique experience.
- **Yal Ku:** Platform of travel guides focused on “adventure” tourism and sustainable tourism.
- **Cerebro U:** Energy efficiency system through intelligent plugs that reduce consumption through reasonable use of energy.



Club de Emprendedores



Supporting Entrepreneurship

The Pool Initiative – Selected Projects

1



2



THE POOL

3



4



Supporting Entrepreneurship

Green Momentum Initiative | Clean Tech



GreenMomentum

Together with Green Momentum, through Clean Tech, Hoteles City Express supports the development and growth of enterprises that focus on clean technologies.

Clean Tech is a challenge that seeks to develop innovative green technology companies with disruptive business models in order to promote sustainable innovation entrepreneurship.

Clean tech is an open accelerator and coaching model for technology companies that promotes and reaches out to funding and investment sources.

Through this initiative, Hoteles City Express promotes entrepreneurships focusing on projects that have an innovative influence on the environment.

+900

Initiatives were received in 2014

+3,000

Entrepreneurs participate

+300

Green companies receive support

+4,000

Jobs are generated by participating companies

cleantech
challenge
mexic 2015



Education and Culture



Support to Education and Cultural Promotion Programs



Internal and External Training



Support to Museums and Cultural Diffusion



Promote Reading and Liaison with Universities

As part of its initiatives on education and culture, Hoteles City works together with several organisms to encourage learning and foster culture in Mexico.

Some of Hoteles City Express' alliances include the following:



▪ **National Institute of Adult Education (*Instituto Nacional de Educación para Adultos*) (INEA)**: through a continued effort, the Company encourages collaborators at operative levels to complete their high school education. Additionally, Hoteles City Express supports the institution by publicizing their literacy and training programs.



▪ **National Education Council for Life and Work (*Consejo Nacional de Educación para la Vida y el Trabajo*) (CONEVYT)**: through this alliance, Hoteles City Express joins in the continued training efforts to improve the work conditions of its collaborators, as well as those of other companies.



▪ **Communications Board (*Consejo de la Comunicación*) –Diviértete Leyendo Program**. The Company, as member of the Communications Board's Board of Trustees, joins in the campaign "Leer más" that encourages young people and adults to read in order to improve their linguistic and expression abilities.



▪ **Museo Universitario de Arte Contemporáneo**: The Company supports the MUAC by donating room nights for purposes of organizing exhibitions and lodging key speakers on international contemporary art, as well by promoting culture through electronic means.

Support to Community and Voluntary Work



In addition to its social responsibility initiatives, Hoteles City Express, on an ongoing basis, helps in the improvement of the communities it operates in through simple local actions that allow for their integral development.

- **Direct support to organizations with high social impact:** Hoteles City Express in 2014 provided support to the private assistance institution *Fundación Michou y Mau* for the burnt child by offering free lodging to children who must travel to receive their treatment.
- **Support to Programa Paisano** by offering preferential rates, specific travel guides and tourist and travel orientation to co-nationals during the December vacation.
- **Donations in kind campaigns** such as providing linens in good conditions, air conditioning equipment, mattresses and TVs, among others, to not for profit organizations or the community.
- **Reforestation Days**, establish programs to create organic compost and other local initiatives aimed at conserving the environment and social engagement.

These efforts are coordinated and regulated through the Donations and Voluntary Work Policy that is effectively implemented and enforced by the Company's Sustainability and Social Responsibility Committee.

In addition to the referred efforts, Hoteles City Express is committed to the progress of local suppliers that through fair market practices are able to grow economically.



Support to organizations with **high social impact**



Donations and Voluntary Work Policy



In 2015 participate for the first time in the **International Volunteer Day**



Constant **donations in kind** (linens and equipment)

Constant comparison to social responsibility efforts of other companies



Support to **Programa Paisano** aimed at welcoming Mexicans



Suppliers growing together with the Company



Local **social engagement** activities focused on caring for the environment.

“Our social responsibility strategy in four words: *make a better Mexico...*”

Mr. Javier Arce
Chief Development Officer





Sustainability and Social Responsibility Comprehensive Platform





At Hoteles City Express we are a large family aimed to host our core values