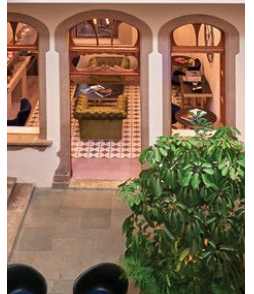




SUSTAINABILITY
REPORT 2019
GUESTS OF THE WORLD





About the Report

GRI STANDARDS **GRI- 102-03, 102-45, 102-50,102-53,102-54**

Website

<https://www.cityexpress.com>

Activity

Hotel chain focused on the dynamic traveler, offering practical facilities and modern rooms with the best price/value ratio. Countries where it is present: Mexico, Colombia, Costa Rica, and Chile.

Dissemination of the Annual Corporate Sustainability Report

Website, Email, and Global Compact page.

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A Message from Luis



Dear all

Under an economic and political panorama of great uncertainty, we are proud of our achievements and, as every year, we want to share them with you. We have maintained our sustained growth by adding new properties to our portfolio of 152 hotels distributed in more than 70 cities and four countries in Latin America. With our daily operation, we contribute to the generation of direct and indirect jobs, the strengthening of the hotel industry and the development of the communities where we operate.

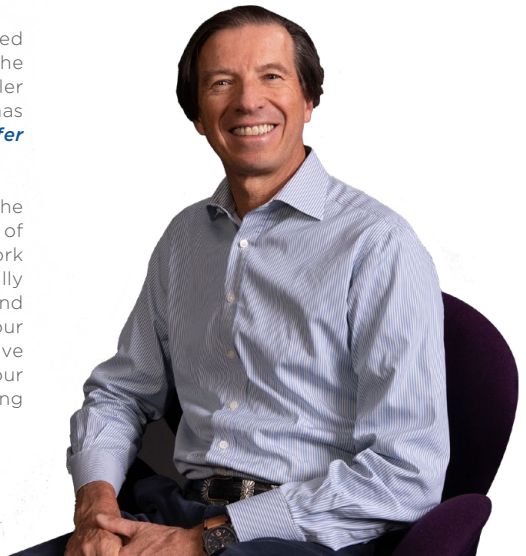
Our constant evolution and passion for service has led us to be the largest hotel chain in the limited services segment and with the broadest geographical presence in Mexico. **In 2019 we had more than five million SMART travelers staying in our more than 17 thousand rooms, with an average occupancy rate that exceeded 56% during the year, even with 20% of the inventory of rooms in the stabilization process.**

Throughout these 18 years we have established ourselves as the best lodging option for the intelligent, curious and on-the-move traveller across our locations. Our commitment has been maintained since our foundation: ***offer everything that matters.***

Throughout our history we have had the conservation of our environment as one of our main pillars. We will continue to work constantly, precisely, and systematically to adopt sustainability best practices and therefore leave a better planet for our children. This year, we are pleased to have a new measure that will ensure that our processes are more transparent, giving

greater certainty about the efforts we make every day in terms of sustainability. We are incorporating Sustainability Accounting Standards Board (SASB) standards. SASB is a non-profit organization that sets standards for financial reporting.

In addition, we **launched Impacto City, a sustainability platform that is born from the essence, values, and philosophy of our hotel chain**, which aims to integrate all our efforts in this matter. Through Impacto City we will be able to group our programs and initiatives in three strategic pillars: i) conservation of the environment, ii) creation of economic value, and iii) contribution to social well-being. The actions of each of the Impacto City's pillars are carried out in accordance with the United Nations Sustainable Development Goals.





*Throughout these 18 years we have established ourselves as the best lodging option for the intelligent, curious and on-the-move traveler across our locations. Our commitment has been maintained since our foundation: **offer everything that matters.***



It is worth noting that —like every year— **we have reduced our consumption of energy and resources during the last six years** (2013 to 2019): 10% energy, 20% gas use and 25% water consumption. Similarly, our waste generation has decreased in the same period by 19%.

For City Express Hotels, seeking alternatives for the supply of clean electrical energy has been a priority; finally during 2019 we managed to finalize a project that moves us towards a sourcing from sustainable energy. We are excited to report that, at the end of October 2019, a legacy PPA contract for the acquisition and supply of clean energy began generating, economic benefits for the company. We expect that in June 2020 this action will reduce operating costs and **improve eco-efficiency in the company's operation**, as well as neutralize our carbon footprint in at least 60% of the hotels. It is important to note that the future of these energies in our country is uncertain, which could create a risk in their continuous implementation next year.

We also incorporated the measurement of our carbon footprint in order to implement actions to mitigate it. Some of the projects that will help us address our carbon footprint include: **Vida rural sustentable**, a program that replaces wood ovens and stoves for solar mechanisms, and **Un árbol para ti, un bosque para todos**, a reforestation initiative that contributes to carbon capture. In terms of environmental initiatives that leave a positive mark, we have: i) Beach Cleaning Programs and ii) Earth Hour participation.

Under the Creation of Economic Value, we continue to promote entrepreneurs to

create scalable businesses. Among our main projects are Cuantrix, EpicLab, POSIBLE, XChallenge and #CityExpressMujerEmprende, each focused on a different stage of the entrepreneurship on process.

We contribute to social well-being through our Diversity and Labor Inclusion Program, implementing an awareness program to promote the integration of people with hearing disabilities into key positions in our operations. During 2019, we had auditory coaching awareness courses and health days courses for more than 250 employees.

We are thrilled to imagine everything we will continue to build in the future, generating positive impacts on the planet and the communities we serve. We are convinced that every action counts and we can make a difference.

Hoteles City Express continues to maintain its commitment to be a responsible guest in our planet.

As always, it has been a pleasure to have your support, trust and preference on this path.

Thank you.

Luis Barrios Sánchez
Founder, President and CEO
Hoteles City Express



Hoteles **City Express**



Our Philosophy



STANDARDS GRI- 102-7, 102-4, 103-3, 102-16, 203-2



Mission

Provide a hospitality service that makes it easier for the SMART traveler to achieve their business objective in a warm, inclusive and avant-garde environment that exceeds expectations throughout the travel experience.



Vision

Set trends through innovative hospitality services that accompany the evolution of our clients' lifestyle to fully earn their loyalty.

Our Values



Ingenuity and creativity

Open our minds to ideas of continuous evolution.



Personal excellence

Integral development and personal balance.



Integrity and sustainability

Transparency, consistency and our values.



Sense of success and achievement

Do things right the first time; become better every time.



Focus on the customer and passion for service

Anticipate the needs of our guests.

2020 Goals



Create unique experiences for the guest, in which the value of Responsible Tourism is transmitted and promoted.



Improve eco-efficiency in the company's operation and neutralize the carbon footprint in at least 60% of our hotels.



Create local alliances to contribute to both the development and conservation of the environment.



Incorporate **100%** of employees and suppliers in the **sustainable programs of Hoteles City Express**.



Implement a deep awareness program of the **Mexican National Code of Conduct for the Protection of Girls, Boys and Adolescents in the Travel and Tourism Sector** (CCN in Spanish).



Continue with **social programs that impact the communities** where we serve.



2019 Presence



152
hotels



17,227
rooms



4 countries

Mexico, Colombia
Costa Rica and Chile



4
new hotels in 2019



+70
cities



5 million
clients a year



30
states in Mexico



4,000
direct jobs created

in the daily operation
at each hotel, we create

25
direct jobs

90
indirect jobs



in the process of developing
a hotel, we create

90
direct jobs

150
indirect jobs



	2017	2018	2019
Installed Room Nights EoY	5,173,014	5,716,397	6,239,759
Occupied Room Nights EoY	3,115,579	3,421,509	3,549,451
Average Occupancy Rate	60.2%	59.9%	56.9%
Total area in lodging facilities (m ²)	693,909	761,417	794,426

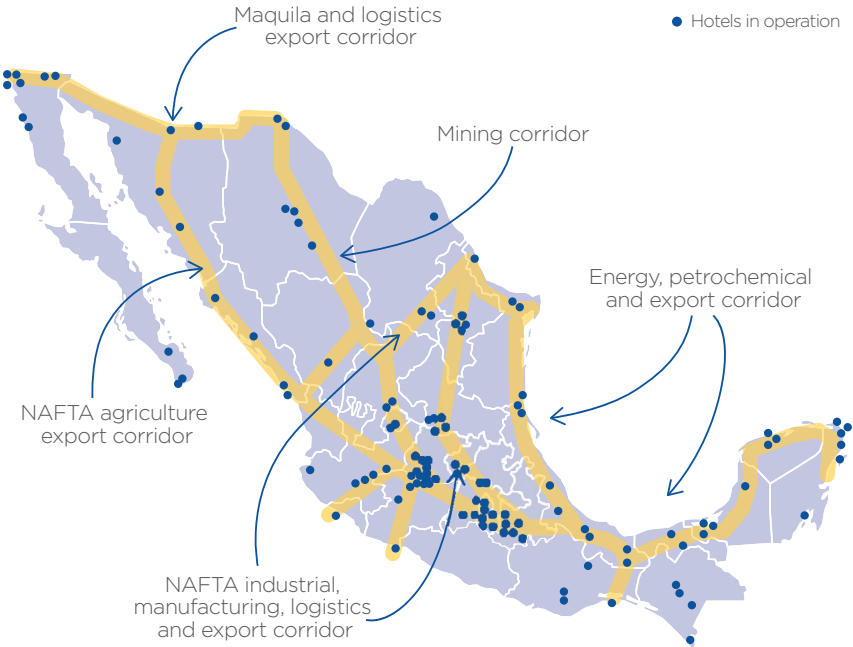
Number of lodging facilities:

	2017	2018	2019
Wholly owned	54 (40%)	57 (39%)	61 (40%)
Co-Invested	33 (24%)	39 (26%)	28 (25%)
Leased	14 (11%)	14 (9%)	14 (9%)
Franchise and Management	34 (25%)	38 (26%)	39 (26%)





Our Locations





GRI STANDARDS GRI-102-11

How do we make our **Business** **Sustainable?**



We are aware that our operation impacts the environment, society, local economies and the profitability of our business. For this reason, we remain committed to serving each of these in a constant, precise and systematic way. By identifying risks and impacts, we develop Business Continuity Plans, where we recognize environmental, social and economic aspects that are of great relevance for permanence in the market and its continuous growth.



2019 Sustainability Achievements

From 2013 to 2019 we achieved a reduction in:



10%
energy
consumption



20%
gas
consumption



25%
water
consumption



19%
waste
generation



Inclusion in the
Sustainable IPC of the
Mexican Stock
Exchange



Successful
implementation of
the Labor Inclusion
Program; currently
in expansion



Investment of **8.3%**
of net profit in
sustainable initiatives



Impact through our
actions on 12 of the
Sustainable
Development Goals
of the United Nations
World Organization



Our Stakeholders

GRI STANDARDS GRI 102-40, 102-42, 102-43

Our Report has always been carried out with two main approaches: The participation of the internal managers from various areas throughout the Company and the participation, through dialogue, of all other stakeholders.

At Hoteles City Express the stakeholders with whom we interact are very important to our business, and therefore, the selection and identification of these groups is carried out according to the closeness, representativeness, dependence, responsibility and influence that we have towards them.

Closeness	Representativeness	Dependence	Responsibility	Influence
Certifiers Clients Employees Communities Building Companies	Associations & Chambers like National Association of Hotel Chains (ANCH)	Shareholders	Shareholders	Alliances
Corporate agreements	Sustainability Committee	International Finance Corporation(IFC)	Mexican Stock Exchange	Industry Associations (i.e. Trip Advisor)
Guests	Communities Government Investors NGO Unions Spokespeople	Commercial Banks Employees Internal	Employees	Employees Communities Managers Government Guests Online Travel
Media ONG Sponsorships Providers	(Panels and Forums)	Hotel Operators Suppliers	Internal Committees Law Makers Communities Government Investors Unions	On-line Travel Agencies (OTAs) Sponsorships Suppliers





Materiality Analysis



The information that we include in the report considers both internal and external various stakeholders. These stakeholders are present throughout our value chain and either impact us or are impacted by our operations directly or indirectly. In both situations, it is necessary to establish communication to know their needs and expectations, and serve them in a timely manner, always aligned with our business strategy.

Through dialogue and consultation with our stakeholders, we prioritized the most relevant sustainability issues, according to the perception of our stakeholders and how important they are for Hoteles City Express' Business Strategy.

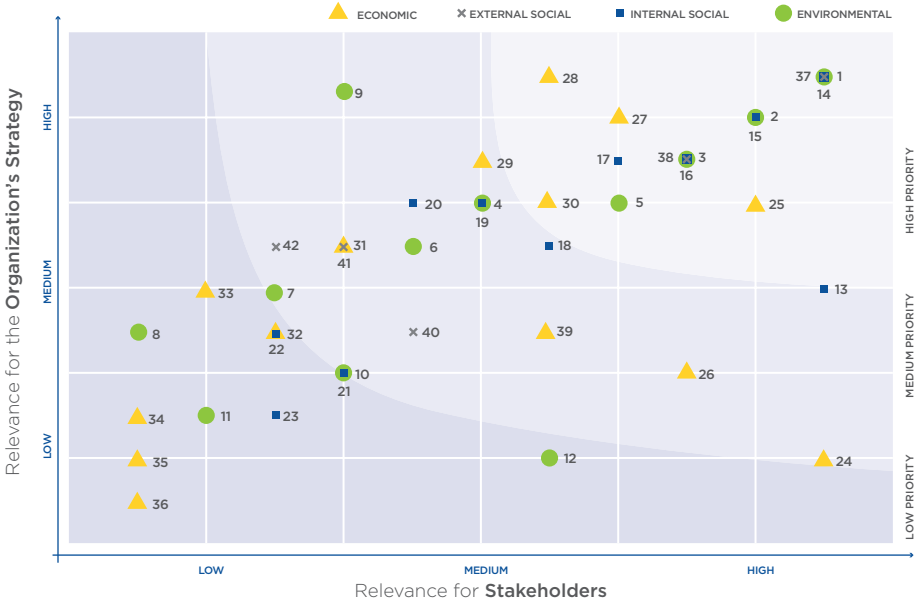
We considered the following stakeholders:

Stakeholders	Strategic Rationale for Consideration
818 hotel employees	We have a wide responsibility and closeness with our people, therefore this group has the highest representativeness in the sample.
250 guests	Guests are important stakeholders due to their proximity and influence. They make full use of the service.
107 members of communities surrounding the hotels we operate	Hotels are located in key places where there are also neighbours who, due to their representativeness and proximity to the operation, are highly relevant.
52 strategic suppliers	Suppliers are tactical due to their ability to influence the business; they provide us with raw materials to offer our service.
10 hospitality industry experts	Experts have representativeness and knowledge of the sector, which gives us a broader vision.
Investors representing 87% of our shareholders	Investors are a key from their support for the business and our operations
5 board members	The directors have broad representation and influence in decision-making and the company's strategy.



*Global Reporting Initiative ("GRI") is an international institution that provides guidelines for the preparation of sustainability reports, it is one of the most popular initiatives worldwide. GRI standards are currently used by companies and non-profit organizations to publicize their economic, social and environmental performance. By adhering to these standards, the Company provides information that is comparable, verifiable and relevant to their stakeholders. GRI standards include: company description, management and performance indicators. Hoteles City Express incorporates these standards into its sustainability reports since 2017.

Materiality Matrix



High Priority

1	Sustainable use of water
37	Preservation of local culture and natural heritage
14	Training
2	Environmental legal compliance
15	Occupational health and safety
25	Anti-corruption
3	Waste Management
16	Work life balance
38	Prevention of illegal sex tourism (Mexican National Code of Conduct)
5	Energy eco-efficiency
17	Diversity and equality of opportunities
27	Local economic impact through the creation of direct and indirect jobs
28	Transparency in information
30	Guest privacy

Medium Priority

13	Professional development
26	Guest health and safety
39	Innovation and investment in local communities
18	Compensation and recognition
29	Compliance and ethical commitment
4	Biodiversity, ecosystems and habitat protection
19	Motivation and sense of belonging
26	Guest health and safety
6	Atmospheric emissions (gas and energy)
40	Natural disasters support
31	Fair competition
41	Good relationship with communities
10	Type of materials used to provide the service
7	Environmentally responsible tourism
42	Partnerships with local civil society organizations
9	Construction on vulnerable sites or protected natural areas
24	Quality service

Low Priority

12	Sustainable food and beverages
32	Governance structure of the organization
22	Migrant workers
23	Volunteer activities
33	Innovation in operations
11	Construction materials
8	Environmental certifications
34	Brand strengthening
35	Indoor environmental quality
36	Social and environmental supplier assessment

city impact

GUESTS OF THE WORLD





We are a sustainable hotel chain and, today, with the aim of aligning each of our actions, we are a catalyst for change, we create value and promote community development in every city where we operate; this is how Impacto City was born.

Santiago Parra,
Chairman of the Sustainability Committee



At Hoteles City Express we know that, to ensure our commitment, it is necessary to define strategic axes that allow us to generate a positive impact on the environment, society and communities where we operate.

Under this scenario, we reaffirm our sustainable commitment through Impacto City, a platform that is born from the essence, values and philosophy of our chain.



Manifesto

"At Hoteles City Express we believe that we are all guests of the world. All that matters is that our stay leaves a positive mark for the future."

Impacto City is the reflection of our commitment as a company to improve our environment and the communities where we operate, through actions for sustainable development throughout our operation.

Impacto City has three strategic pillars:

ENVIRONMENTAL CONSERVATION:

For the mitigation of climate change, biodiversity protection and resources efficiency.

CREATION OF ECONOMIC VALUE:

To promote the integral development of communities, by generating well-paid jobs, supporting social entrepreneurship and guaranteeing ethical performance in its operations.

CONTRIBUTION TO SOCIAL WELFARE:

Develop fair and equitable practices in the workplace and improve the living conditions of local communities, by being a Socially Responsible Company.



Environmental conservation

- Biodiversity Protection
- Waste reduction and Energy Efficiency
- Responsible Tourism



Creation of **economic value**

- Innovation and Support for Entrepreneurship
- Direct and indirect Job Creation
- Ethics, Transparency and Governance



Contribution to **social welfare**

- Inclusion and Diversity
- Training and Development
- Partnerships with high impact organizations



For Hoteles City Express every action counts; that is why we continue to work in adherence to the Sustainable Development Goals of the United Nations, with an agenda aligned to ESG (Environmental, Social and Governance). In our Environmental Conservation pillar we include

everything related to E (Environmental), in the Economic Value Creation we include as part of the relevant topics G (Governance) and in Contribution to Social Welfare we include S (Social).



Sustainability Committee



Created in 2014, the Sustainability Committee is responsible for representing the actions of **Impacto City**, in terms of investment, development and operation decisions in order to comply with the best sustainability practices.

The main goal of this committee is to achieve a high social and environmental impact in communities where the Company operates through the initiatives we implement.

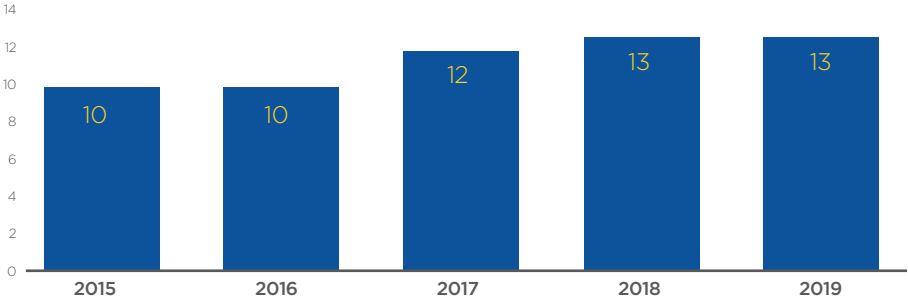
The Sustainability Committee reports directly to the Audit, Risks and Corporate Practices Committee, which in turn reports in a timely manner to the Board of Directors.

The Sustainability Committee is the entity that defines, approves and supervises the execution of the Sustainability Strategy at Hoteles City Express.

The Board of Directors meets at least quarterly, but may hold extraordinary sessions whenever it deems it necessary.



In 2019 the Sustainability Committee held 13 sessions, reassuring commitment to the Company in order to consolidate specific sustainability practices for our entire operation.

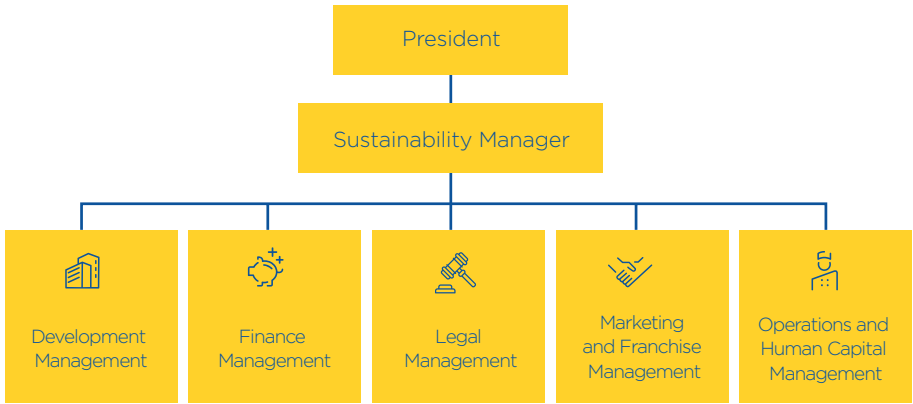


The Sustainability Committee is made up of Company leaders who are change agents and a source of influence within their areas. These people represent a mosaic of hierarchical positions so that the initiatives are adopted as a joint effort throughout the organization.

All the members define, approve and supervise the execution of the Chain's Sustainability Strategy and are responsible for sharing the initiatives with their teams so that they are adopted and the desired impact is achieved.



Representation of Areas in the Sustainability Committee



Objectives and Responsibilities of the Sustainability Committee

Define the profile, scope and goals of Hoteles City Express in terms of Sustainability.

Design, authorize, monitor and evaluate the results of the Sustainable Actions Program Impacto City.

Participate in programs developed by both public and private sectors, as well as private organizations and institutions, whose actions are related to the Sustainable Actions Program.

Define the manifesto and objectives of Impacto City.

Evaluate results and track the social investment budget exercise.

It also performs the following tasks:

Establish contact, define actions, and develop synergies with public and/or private institutions that have, within their work programs, actions similar to those defined in the Sustainable Actions Program at Hoteles City Express.

Present action plans or partnerships with institutions whose programs include actions related to those defined in the Sustainable Actions Program.

Communicate sustainability actions carried out by Hoteles City Express regarding sustainability through Impacto City, to all stakeholders.

Conduct the certification process (social and environmental) in the initiatives defined within the Sustainable Actions Program.

Encourage Hoteles City Express employees to join daily programs and actions that contribute to social and environmental management to maximize the positive impact in communities where we operate.

Examine compliance to social responsibility principles in all of our investments.



Environmental conservation

Through **Impacto City**, we contribute to mitigate climate change, protect biodiversity, be more efficient in the use of resources, neutralize our carbon footprint and offer more sustainable products and services in each of the communities where we operate.



Resource Optimization

At Hoteles City Express we are committed to efficient use of natural resources, always seeking strategies to save water, energy, and gas. This allows us to continue innovating in other mitigation and compensation initiatives, and betting on renewable energy sources.



Our Carbon Footprint



For the first time, we present our carbon footprint measurement. This allows us to know our impact and provides the opportunity to mitigate it, in addition to comply with the reporting standards established by the Global Reporting Initiative (GRI).

The carbon footprint is defined as the total amount of Greenhouse Gases (GHG) generated directly or indirectly by an organization, product or service. This is why a GHG inventory is measured in tons of CO₂ equivalent (CO₂eq).

To calculate the carbon footprint, Scopes 1 and 2 were defined based on the Greenhouse Gas Protocol methodology. Electricity and gas consumption records and an estimate of diesel and gasoline from financial receipts were used for the carbon footprint.

The gas emission calculation was made from the combination of direct measurements and documentation using conversion factors from the Official Journal of the Federation (DOF in Spanish) and the Energy Regulatory Commission (CRE in Spanish) considering the following greenhouse gases: CO₂, NH₄ y N₂O.

Our Carbon Footprint measurement or emissions inventory considers scopes 1 and 2:

- Direct emissions (Scope 1): GHG emissions from fixed or mobile sources that belong to or are controlled by our organization.
- Indirect emissions (Scope 2): GHG emissions generated outside our facilities as a consequence of our electricity consumption.



	Source	Tons of CO ₂ eq	Liters/kWh	Giga Joules	Clarifications
Scope 1	Gasoline	1,510.6	650,224.53 Liters	22,238	Used for hotel vans and leet of sales employees.
Scope 1	Diesel	58.2	22,423.86 Liters	866	Fire and safety systems and electricity emergency plant equipment.
Scope 1	Gas	10,083.72	4,439,045 Liters	114,083	Hot water service and food & beverage preparation.
Scope 2	Electricity	33,913	58,269,807 kWh	209,771.30	Electricity consumption of hotels located in Mexico and LATAM.



45,565.5 tCO₂eq total emissions in 2019

Our Carbon Footprint **Through Time**

For the first time we measured the CO₂eq emissions that Hoteles City Express has produced since 2013.

This analysis considers the two most significant inputs used in the daily operation of our hotels: gas and electricity.

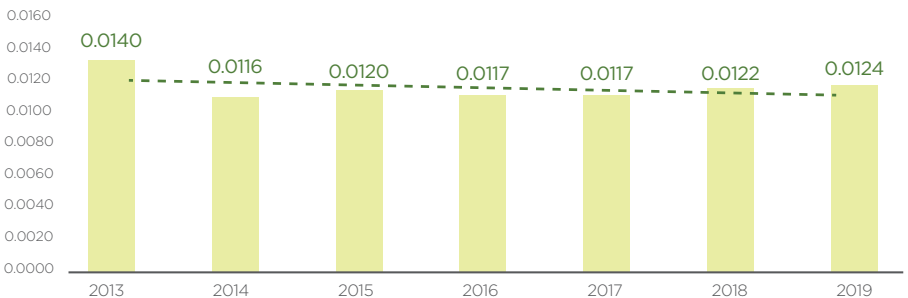


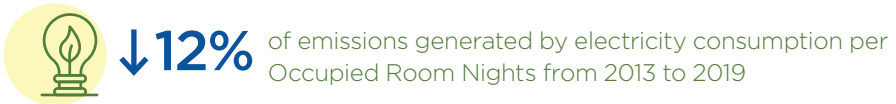
↓ 11% of emissions of tons of CO₂eq generated by gas and electricity, compared to the base year 2013

The comparative analysis of total emissions per Occupied Room Nights measures the Company's gas and electricity consumption and shows a decrease from 2014 that continues to

slightly fluctuate until reaching in 2019 0.0124 tons of CO₂eq. This is equivalent to emissions generated by an average car travelling for 49.5 kilometers.

Tons of CO₂eq per Occupied Room Nights





The reduction in emissions since 2013 represents the equivalent to the **emission savings** that would have been generated by the energy used in **525 average homes** over the course of a year or a trip of 18,153,650 kilometers in an average car¹.

Mitigation **Actions**

We currently have two mitigation projects that contribute to reducing our carbon footprint. The first is “**Vida Rural Sustentable**”, a program that replaces wood ovens and stoves for solar mechanisms and provides safe water to rural communities. The second program is “**Un árbol para ti, un bosque para todos**”, our reforestation initiative that contributes to carbon capture.



We Move Towards the **Future with Renewable Energy**

For Hoteles City Express, seeking alternatives for the supply of clean electrical energy has been a priority; in this sense, this year we managed to finalize a project that moves us towards a sustainable future. We are excited to report that, at the end of October 2019, a legacy PPA contract for the acquisition and supply of clean energy began generating economic benefits for the company. We expect that in June 2020 this action will reduce operating costs and improve eco-efficiency in the company’s operation, as well as neutralize our carbon footprint in at least 60% of the hotels.



¹ Source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>



Energy Efficiency

GRI STANDARDS GRI 103-1, 103-2, 302-1, 302-3, 302-4

SASB - ENERGY MANAGEMENT

Energy is one of the main inputs for our hotel operations. We care about guaranteeing the efficient use of this resource, as well as other fuels.

In accordance with our commitment to the environment, the company is currently implementing a program for energy efficiency and continuous innovation.



16.3 kWh of energy consumption per Occupied Room Nights

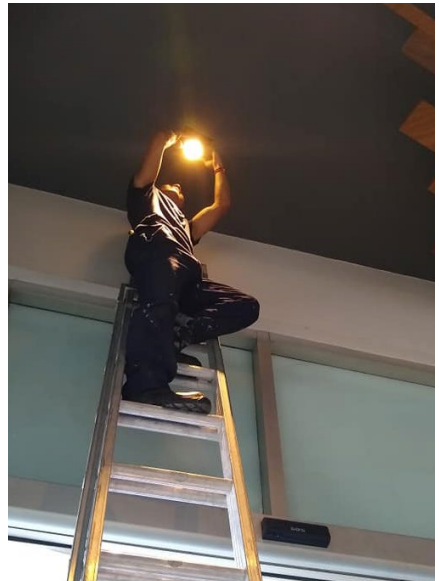


63% of our properties have LED lighting

Energy Savings Plan

We have a strategic energy savings plan that allows us to control expenses and optimize consumption for each business unit. We manage it through a control system where we monitor, record, evaluate, and improve consumption, in order to obtain the highest possible energy yield without reducing our guests' level of comfort.

All our properties comply with energy consumption controls, as well as regulations and laws related to the environment.



AVERAGE CONSUMPTION BY REGION (kWh per Occupied Room Nights)		Annual Consumption (kWh)
Northwest	17.3	10,126,006
Northeast	16.8	11,638,847
Central West	16.5	9,095,957
South	16.3	6,396,576
Southeast	24.1	10,609,743
Metropolitan	10.4	7,499,056
LATAM	16.4	2,903,622

The electrical energy consumed at Hoteles City Express is acquired through the Federal Electricity Commission (CFE in Spanish) for Mexico, and through independent suppliers according to the location for the LATAM region.



58,269,807 kWh

total energy consumption
in 2019

ENERGY CONSUMPTION
(kWh per Occupied Room Nights)

2013	18.2
2014	15.6
2015	15.6
2016	15.8
2017	15.1
2018	15.9
2019	16.3



10%

savings in energy consumption
compared to the base year 2013





Gas Consumption

As of 2019, we have 15 properties that use “natural gas”, a supply considered as clean energy, with an average consumption of 0.830

liters per Occupied Room Nights, representing a reduction of 42% at Chain level. In the future, we will continue to implement this type of facility.

GAS CONSUMPTION
(Liters per Occupied Room Nights)

2013	1.5
2014	1.1
2015	1.2
2016	1.3
2017	1.1
2018	1.2
2019	1.2



20%

reduction in gas consumption compared to the base year 2013

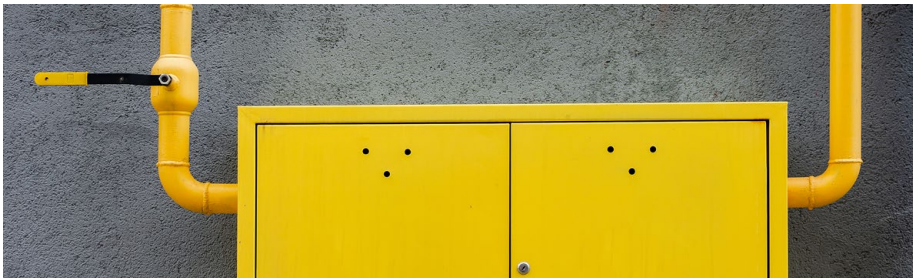


4,439,045 liters

total gas consumed during 2019

AVERAGE CONSUMPTION BY REGION
(Liters per Occupied Room Nights)

Northwest	1.3
Northeast	1.6
Central West	1.3
South	1.5
Southeast	1.1
Metropolitan	0.9
LATAM	1.1





Water Care

GRI STANDARDS GRI 103-1

SASB - WATER MANAGEMENT

One of our main impacts is the use of water, which is why we implement highly efficient and innovative equipment in our daily processes.

We continuously commit to the environment, operating with best practices that optimize the use of resources, such as water.

Water Use Management

Water is supplied through the municipal network and / or own tank trucks and wells. We measure it daily from the main gauge and additional gauges placed in the machine room and laundry room.

Water consumption has remained constant for the last 2 years.

WATER CONSUMPTION (Liters per Occupied Room Nights)

2013	412
2014	364
2015	305
2016	330
2017	300
2018	310
2019	310

AVERAGE CONSUMPTION BY REGION (Liters per Occupied Room Nights)

Northwest	362
Northeast	308
Central West	376
South	271
Southeast	388
Metropolitan	199
LATAM	288





25%

savings in water consumption compared to the base year 2013



1,106.121 m³

total water consumption at Chain level in 2019



Where does the Water we Consume Come From?



SASB - WATER MANAGEMENT

Municipal drinking water network: Our hotels consume water from the drinking water supply network that allows water to be brought to the homes of the inhabitants of a certain population, extraction and maintenance are responsibility of the government.

Municipal network combined with tank trucks: Water from the municipal system is used combined with the purchase of drinking-water tank trucks, depending on the supply needed at the moment.

Tank trucks: Some hotels are only supplied by tank trucks, which are operated and controlled by private suppliers.

Water wells: There is also the modality of direct extraction from wells, which is a vertical catchment that allows the use of the groundwater contained in the interstices or fissures of a subsoil rock, known as an aquifer.

At regional level, in 2019 the fresh water used in our units was distributed as follows:

Region	Municipal Network	Municipal Network + Tank Trucks	Tank Trucks	Water Wells
Northwest	80%	12%	8%	0%
Northeast	64%	20%	16%	0%
Central West	63%	22%	15%	0%
South	55%	25%	15%	5%
Southeast	70%	10%	5%	15%
Metropolitan	59%	26%	15%	0%
LATAM	100%	0%	0%	0%



Waste Management

GRI STANDARDS GRI 103-2

WASTE GENERATION
(Grams per Occupied Room Nights)

2013	455
2014	391
2015	371
2016	380
2017	350
2018	350
2019	370



19% reduction in waste generation compared to the base year 2013



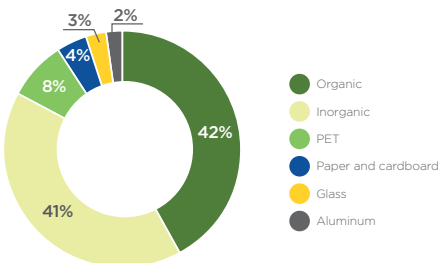
1,329 tons of waste at Chain level in 2019

Hoteles City Express promotes an internal environmental policy and a permanent recycling program, involving all staff at Chain level to lead the collection, separation, registration and recycling procedures of all the waste generated during the operation, to finally deliver it to

authorized collectors or managers who comply with local, state and federal laws.

All materials classified as hazardous are delivered to municipal governments.

Waste Classification per Occupied Room Nights



AVERAGE CONSUMPTION BY REGION
(Grams per Occupied Room Nights)

	2018	2019
Northwest	365	366
Northeast	358	354
Central West	358	362
South	348	379
Southeast	362	400
Metropolitan	328	378
LATAM	343	357

* NOTE: Biodegradable disposable waste is considered within the organic category due to its manufacturing and decomposition process in a period no longer than 240 days.



Biodiversity Protection

 STANDARDS GRI 103-1, 304-1, 304-2

 SASB- ECOLOGICAL IMPACTS

Operational Impact

The operations of our properties, despite having environmental impacts, are classified as non-negative adverse by the country's authorities, since the impact is compatible with the environment in which they operate. This is why we are allowed to establish measures that can counteract the effect or remove it.

In order to reduce our impacts, we do not use resources from the area that can alter the surroundings, thus avoiding interfering with natural processes of the areas where we operate. We have established different actions for biodiversity protection in Mexico.

Biodiversity Protection Initiatives



Sustainable
Rural Life



Reforestation



Recovery of Golden
Eagle Populations



Initiatives that
Leave their Mark

Number of Facilities Located Near or in Protected Areas

 SASB- ECOLOGICAL IMPACTS

Protected natural areas are those considered by the General Law of Ecological Balance and Environmental Protection. Until the end of 2019, we had a total of 13 hotels located near or in one of these areas, equivalent to 8.5% of all hotels.

Hotels that respect native vegetation:

1. City Express San José, Costa Rica
2. City Express Mérida
3. City Express Playa del Carmen
4. City Express Suites Playa del Carmen

Hotels near or in protected reserve areas

1. City Express Playa del Carmen
2. City Express Suites Playa del Carmen
3. City Express Suites Cabo San Lucas
4. City Express Plus Cabo San Lucas
5. City Express Junior Puebla Angelópolis
6. City Express Puebla Angelópolis
7. City Express Cancún
8. City Express Junior Cancún

9. City Express Paraíso
10. City Express Junior Villahermosa
11. City Express Tampico
12. City Express Tuxpan
13. City Express Veracruz

The hotels located in these areas meet all the requirements set forth in Federal legislation for their construction and operation.



Recovery of Golden Eagle populations and its Habitat in Mexico

 STANDARDS GRI 103-2, 413-1

 SASB-ECOLOGICAL IMPACTS

Over seven years we have promoted the conservation of the Golden Eagle through the Mexican Fund for the Conservation of Nature, A.C. (FMCN in Spanish). With various activities including ecosystem restoration and monitoring of the species, we seek to rescue populations and their habitat in 15 states of Mexico where Hoteles City Express has presence.



Thanks to the contribution of companies such as **Hoteles City Express**, in the last seven years, **the number of breeding pairs of the Golden Eagle has increased from 70 to 156** in Mexico.

With the following actions we are promoting the knowledge of this species to help its conservation and avoid its extinction:



16 pairs and 7 chicks monitored in Santa Elena Canyon; Sierra Gorda in Guanajuato; Janos, Chihuahua; Saltillo, Coahuila; and Mazapil, Zacatecas.



Strengthening of **community brigades**



227 people trained through educational conferences and workshops



Dissemination of a documentary in the media and notes on the **National Golden Eagle Day**



Maintenance of the **Golden Eagle Flight Rehabilitation Center** in El Diente, Monterrey.

In line with the objective of sensitizing local key stakeholders on the importance of the species, we contributed to the production of educational materials that include a game and a cartoon of **Iká, the eagle in danger**.

It tells the story of a Golden Eagle, from its birth until it leaves the nest, showing the risks that the species faces during its life to maintain its flight.



**FONDO MEXICANO
PARA LA CONSERVACIÓN
DE LA NATURALEZA, A.C.**

25 INSTITUCIÓN PRIVADA
AÑOS





Initiatives that Leave their Mark

At Hoteles City Express we continue to strengthen our commitment to the natural ecosystem by carrying out various actions in the communities where we operate, with the firm purpose of sustaining nature and its life cycles.

Participation in the Earth Hour

Year after year, Hoteles City Express joins the worldwide blackout in order to draw attention to the problems of climate change and raise awareness of what each one can do for the planet.



Beach Cleaning and Turtle Release Program

We connect with the environment.

With this program we promote the participation of local population in the conservation of the oceans, through activities that benefit the environment and the community, such as waste collection, habitat maintenance and species release.

- In Alliance with **Aeroméxico** and with the participation of 50 volunteers, we cleaned the Xcacel-Xcacelito beach, in Cancun, Quintana Roo, removing **146 kilograms of microplastics** from the beach, maintaining the surroundings and contributing to the **conservation of more than 100 nests** of turtles in nesting period.



Sustainable Rural Life

For yet another year we have joined the Mexican Fund for the Conservation of Nature (FMCN), to help rural communities in Mexico to increase their food security, have access to safe water sources and promote the use of new technologies reduce deforestation by replacing wood ovens and stoves for solar mechanisms that allow them to improve their family health and home economy conditions. Reducing at the same time, forest degradation, loss of biodiversity and greenhouse gas emissions.



14 communities

benefited in Coahuila and Nuevo León



12 wood-saving stoves

and 12 solar pots delivered



90 people

increased their food security with the installation of 20 family gardens



94 people

have access to safe water sources



12 families

decreased their monthly firewood consumption by 40%



60 tons

of CO₂eq of avoided per year.



Reforestation and Volunteer Program

UN ÁRBOL PARA TI, UN BOSQUE PARA TODOS

At Hoteles City Express we seek that our City Premios employees and partners be part of environmental conservation programs.

We carried out the 2019 Reforestation Day in the Amanalco Valley in the State of Mexico.

With the support of Outward Bound Mexico, in alliance with the Mexican Council for Sustainable Forestry. Participants connected with nature and generated awareness of its care and protection, in addition to valuing all the efforts the company makes in the environmental pillar.



+ 50
participants



2.5 hectares
of reforested forests



340 tons
of CO₂eq will be captured
by trees in reforested areas
in 20 years



+ 6,000 liters
of water provided to CDMX
by this basin



This activity provides more benefits:



More fertile soils, and healthier rivers and aquifers to shelter local fauna.



Increased awareness of tree polyculture and the environment.



Reducing cities' temperatures



Responsible **Tourism**

At Hoteles City Express we are committed to our environment. We adopted a philosophy to collaborate and be part of responsible tourism. This is why we have generated alliances and have joined different organizations such as the Responsible Tourism Institute (ITR in Spanish), the World Tourism Organization (UNWTO) and the United Nations Global Compact (UNGC). We have a strategy aimed at preventing, reducing and eliminating the negative impact and maximizing the positive impact in all the communities where we operate.

To achieve this, we commit ourselves to:

- Motivate and train employees with the principles of Responsible Tourism.
- Promote the participation of employees and guests in sustainable practices that benefit local population.
- Reduce waste and the consumption of energy, water and non-renewable resources
- Support entrepreneurship and technology initiatives to promote economic development.
- Obtain internal and external customer satisfaction, perform a sustainable management and ensure safety and hygiene measures are taken.
- Contribute to the development of the local economy by consuming local products and crafts.





Sustainable Purchases



57%

of our supplies are biodegradable and / or recyclable

For Hoteles City Express, suppliers are an important part of the Strategy of Sustainability, Innovation, and Commitment to the Community. This is why we seek to encourage a commercial relationship with them, based on our institutional values, thus ensuring a supply chain that is sustainable over time and responsible towards society and the environment.

We have an internal and external audit system to validate that all inputs pertaining to the environmentally friendly category comply with the Sustainable Suppliers and Purchases Policy.



Hotels Located in Flood Zones



SASB - ADAPTATION TO CLIMATE CHANGE

In 2019, an analysis to identify hotels located in areas with a high risk of flooding within the Mexican territory was carried out. As a result and according to the municipal risk atlas of the National Center for Disaster Prevention (CENAPRED in Spanish), 35 hotels at risk were identified, representing 23.6% of our hotels in Mexico.

Each hotel has an internal civil protection plan that allows it to adequately prevent and manage different risks to which it is exposed.

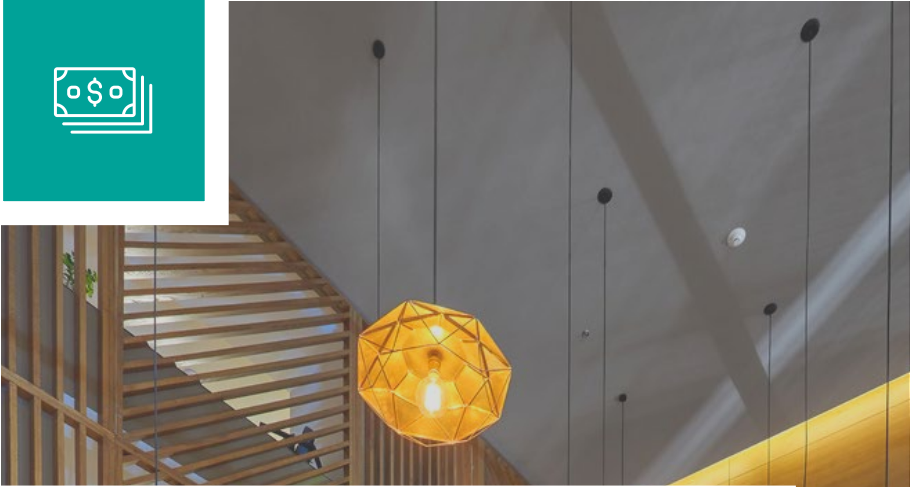
Although located in these areas, during 2019 there were no floods in our hotels in Mexico and LATAM.



Total Compliance to Environmental Legislation

As part of our DNA, at Hoteles City Express we are totally committed to complying with environmental legislation in each of the communities where we operate. Throughout all

stages, from development to the operation of our hotels, we demonstrate our commitment and concern for the environment.



Creation of **economic** value



Throughout the history of Hoteles City Express we have set ourselves apart as the fastest growing hotel chain in Latin America. During 2019 we managed to put 438 rooms into operation, reaching a total of 152 hotels in more than 70 cities.

We are committed to society by generating well-paid jobs, as well as to the comprehensive development of the communities where we operate. Our social investments are based on the yearly growth of the company's net profits.



Growth

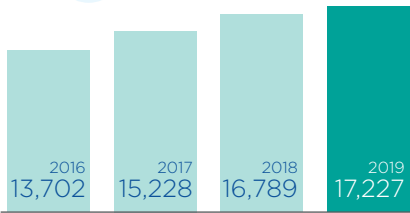
We are the fastest growing hotel chain in Mexico in terms of number of hotels.

We have continuously generated a positive economic impact by creating of direct and indirect jobs throughout our hotels' development and operation stages.

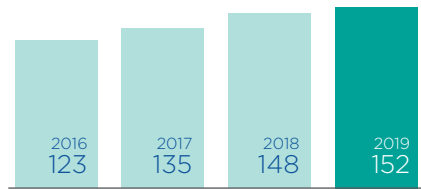
In 2019 we maintained our sustained growth, opening 4 new hotels and adding 438 rooms, expanding our offer once again.



Number of **Rooms**



Number of **Hotels**





Corporate Governance

Hoteles City Express is a public company listed on the Mexican Stock Exchange (BMV in Spanish). To comply with the Mexican Securities Market Law, our corporate governance abides by the best practices in the matter. The board of directors is made up of 11 members, 10 of which are independent. 96% of our shareholding is in hands of the broad investing public and the other 4% is under the authority of the management team.

Both men and women participate in our board, which is essentially independent

Independent Directors comply with the criteria established in the Company's Statutes, Article 26 (twenty-six) of the Securities Market Law and by any other provision issued by the Mexican National Banking and Securities Commission.



Committees

- Audit, Risk and Corporate Practices Committee - 100% independent, among its main functions is to prevent corruption in the company.
- Planning and Finance Committee.
- Acquisition and Construction Committee.
- Compensation and Nomination Committee.



Ethics and Transparency

Hoteles City Express has the following mechanisms to guarantee ethical performance:

- Code of Ethics
- Information Security Policies
- Confidential Means of Reporting
- Anti-Corruption Policy
- Fair Market Practice Guidelines
- Human Rights and Non-Discrimination Policy
- Objective Evaluation Mechanisms
- Ethics Committee
- Civic Commitment

We are deeply committed to transparency, by delivering timely and truthful results to all of our investors.

We have internal and external audit practices, as well as the publication of results through different communication channels, encouraging the Company's investors to comment on our performance through periodic meetings and conference calls.

In Hoteles City Express we have
ZERO tolerance for corruption

“We are proud to be part of the ‘500 Companies Against Corruption Ranking’ of *Expansión* Magazine”

A methodology applied by *Integridad Corporativa 500* (IC500), a joint initiative of *Mexicanos Contra la Corrupción y la Impunidad* and *Transparencia Mexicana*, which verifies

the existence and evaluates the quality of anti-corruption policies presented as public information in the Company's digital media.





Integrity

GRI STANDARDS GRI 102-17

SASB LABOR PRACTICES



CONFIA

Confía Program

It promotes the Code of Ethics' principles, as well as the culture of integrity and transparency, based on our mission, vision and values. *Confía* relies on the Code of Ethics and on an anonymous, independent, confidential and secure communication channel to report irregularities and violations of our Code of Ethics.

All complaints are dealt with in a timely manner by the Ethics Committee and are considered as anonymous and highly confidential complaints to protect the integrity of the complainant at all times.

Reporting channels:

Mexico: 01-800-1223-3312

Colombia: 01-800-752-2222

Costa Rica: 01-800-054-1046

denuncias.hotelescity@resguarda.com



Since 2014, through our **Confía Program** complaint line, we have received complaints on various topics and all of them have been **100% dealt with**.





Code of Ethics

GRI STANDARDS GRI 415-1

SASB-LABOR PRACTICES

 **100%**

Through the Code of Ethics we establish a framework of behavior that defines the principles that drive our company. The Code of Ethics is a mechanism to prevent corruption at any level.

Our Code of Ethics establishes that, under no circumstances, may Hoteles City Express' employees make contributions, monetary or in kind, to political campaigns or organizations or to any other group whose objective is to lobby for changes in legislation. During 2019, no such contribution was made.

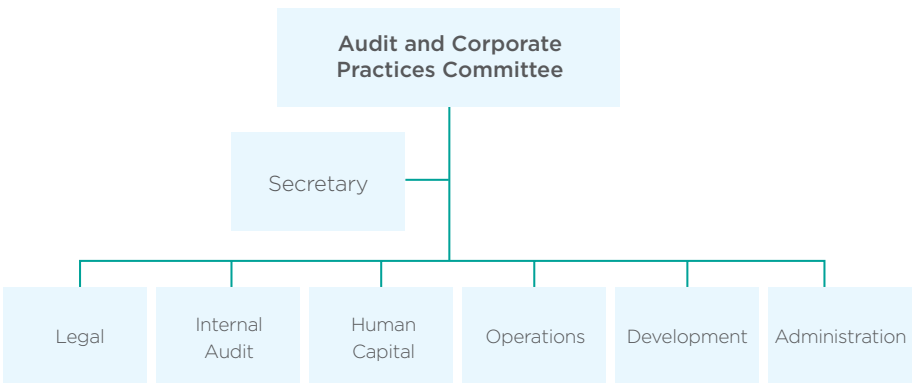
It is available for consultation on our website, and disseminated through internal communication channels, public materials, statements to the media, tenders with suppliers, among others.

of our employees, managers, directors, and suppliers have signed the Code of Ethics.

The company has an Ethics Committee to monitor adherence and compliance with the Code of Ethics.

The Ethics Committee is made up of 7 (seven) members, who are appointed by the Board of Directors of Hoteles City Express. They are preferably chosen from among officials from each of the following areas: legal, internal audit, human capital, operations, development and administration. It has a secretary who may or may not be one of its members. It reports directly to the Audit and Corporate Practices Committee.

Ethics Committee



Every year our suppliers, directors and third parties related to the company revisit our Code of Ethics to maintain compliance.



Code of Ethics Training

GRI STANDARDS GRI 205-2



4,356 (100%)

trained employees



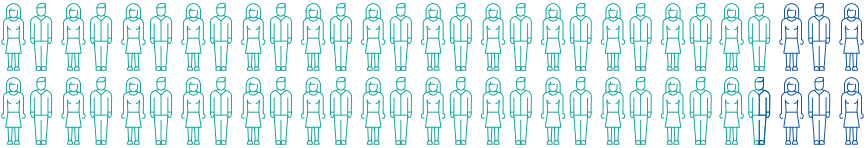
34,848 MHT

man-hours training



8

hour course

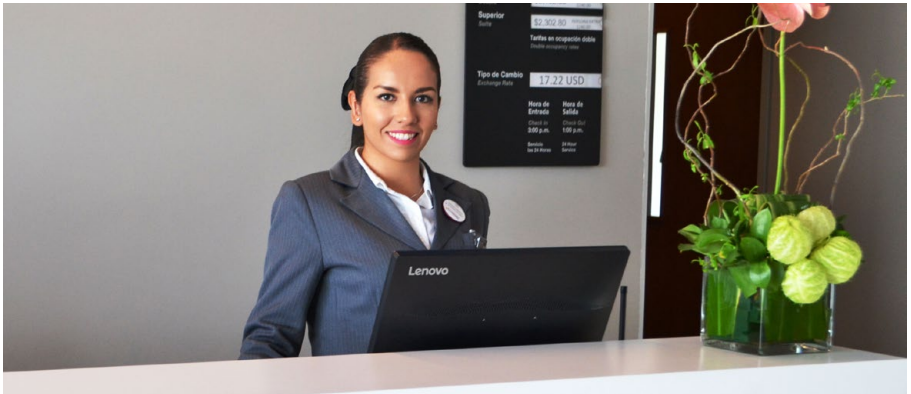


3,893

employees trained at our hotels, representing **89% of our workforce**

463

employees trained at headquarters, representing **11% of our workforce**



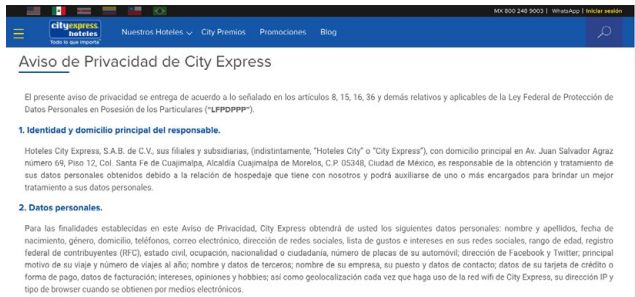


Customer Security and Privacy

Information Security Policies help us make Hoteles City Express a safer place. We develop work plans that strengthen cybersecurity and security of our clients' information.

In the last three years (2017, 2018, and 2019) we reported ZERO Information Security breaches or

other cybersecurity incidents, breaches involving personal identification information of customers and fines paid in relation to Information Security violations or other cybersecurity incidents. We are very careful about the information we have in our hands.



Tender with Suppliers



We have a tender mechanism for the construction and equipment of our new hotels that's 100% transparent and fair.

In this bidding process, Hoteles City Express evaluates the following aspects:

- Ethical Commitment.
- Environmental Protection.
- Economic Competitiveness.
- Impact on Social and Economic Well-being that the hiring would generate.

Likewise, all the providers of Hoteles City Express have been selected based on compliance with the Sustainable Suppliers and Procurement Policy.

All of the Company's suppliers know and have signed our Code of Ethics.



5,500 Suppliers with whom we have business relationships.

In 2019, 500 new suppliers joined our catalog as service and product providers.



95% of suppliers are national and operate in the localities closest to our headquarters; only **5% of suppliers are foreign.**



200

suppliers dedicated to construction



150

suppliers participated in a tender in 2019

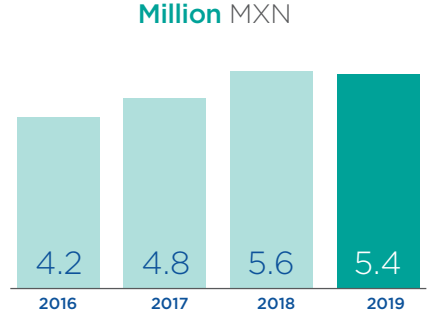




Social Investment

Our Social Investment rate is a clear example of the commitment that Hoteles City Express has with society.

In 2019, the amount allocated for this purpose was 8.3% of our net income, which reflects our deep interest in promoting the economic and social well-being of the communities where we operate, while protecting their environment.



Direct and Indirect Jobs Creation

GRI STANDARDS GRI 201-1, 103-1, 103-2

Daily, each of our hotels generates



25

Direct Jobs



90

Indirect Jobs

In the hotel development process, Hoteles City Express generates



90

Direct Jobs



150

Indirect Jobs

	2018	2019
Total Sales	\$2,887,502	\$3,150,624
Hotel Operation Costs	\$1,428,791	\$1,645,038
Salaries and Related	\$535,713	\$630,684
Investments	\$2,346,595	\$1,758,987
Tax Payment	\$55,913	\$16,303
Net Profit	\$279,696	\$65,213
Social Investment	\$5,600	\$5,400
% Social Investment / Net Income	2.0%	8.3%
Cash Flow from Operations	\$605,914	\$770,740
Created Economic Value	\$871,322	\$712,199
Distributed Economic Value	\$591,626	\$646,987
Retained Economic Value	\$279,696	\$65,213

*The figures are shown in thousands of pesos





Innovation and Entrepreneurship Programs

GRI STANDARDS GRI 103-1, 103-2

“

Through our programs, we encourage entrepreneurs to develop their ideas and consolidate their companies. At Hoteles City Express we are convinced of the power that a well-executed idea can have for the economic development of a community.

Mónica Narro
Deputy Director of Public Relations
Hoteles City Express

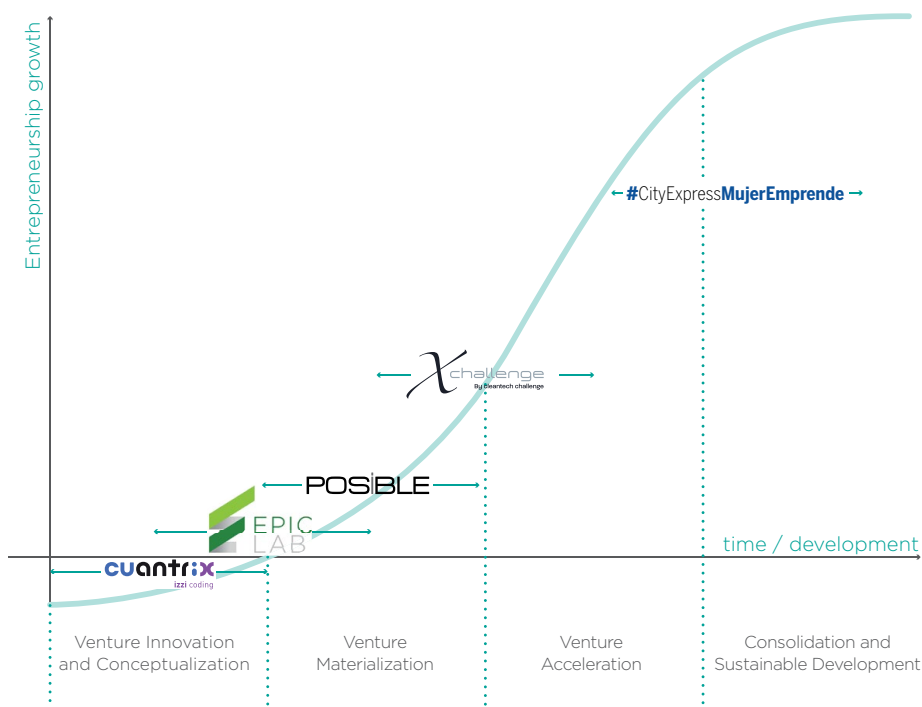
”



Entrepreneurship Process

Impacto City, in its innovation and entrepreneurship section, continues to drive from ideas to consolidated projects. It is one of the strongest programs in the industry due to its presence throughout the entire entrepreneurship process.

For Hoteles City Express, having a good idea is not everything - companies must also be encouraged to create a scalable business. This is why we collaborate with important actors in the Mexican entrepreneurial ecosystem, such as: Cuantrix, EpicLab, Posible, X Challenge and #CityExpressMujerEmprende, which have allowed us to strengthen this program and cover the different stages of entrepreneurship.



We are present throughout the entrepreneurship process

CUANTRIX

Through this collaboration we seek to generate equality of opportunities in Computer Science so that, each year in Mexico, one million girls, boys and young people learn to program in two fundamental axes: Cuantrix Lessons and Reto Cuantrix.

Our objectives are focused on:

INSPIRING millions of girls and boys and their families to learn how to program.

EMPOWERING with free online, school-based and competitive national learning opportunities.

SUPPORTING the most committed and highest-performing students to become success stories that inspire others.

Furthermore, with Reto Cuantrix we promote children's creativity and talent by encouraging them to design, program and build functional prototypes that solve a social problem.

cuantrix
izzu coding



Monitoring Results + Reto Cuantrix

 **32 states**

and 539 schools implemented the Program and Reto Cuantrix

 **32,088**

impacted students

 **612**
impacted teachers

 **6,464**
lessons taught



EPIC LAB

EPIC Lab is the Center for creativity, Innovation and Entrepreneurship of the Instituto Tecnológico Autónomo de México ITAM. With the renewal of this alliance, we promote an entrepreneurial culture inside and outside their classrooms, in addition to providing tools and skills to new entrepreneurs who contribute to generating long-term value.



900 participants
in 2019

Actively participating in the following activities:



5 short workshops to consolidate a culture of entrepreneurship and innovation for students, alumni and members of the ITAM community **432 attendees.**



4 Epic Nights - networking events and dialogue exchange with entrepreneurs.

Interuniversity entrepreneurship training program “EPIC Entrepreneurship & Innovation Bootcamp”

Aims to provide students with tools and knowledge that allow them to evaluate new business opportunities and turn their own ideas into scalable companies.

Bootcamp Impact:



62

students from 5
participating universities



1

Entrepreneur in Residence, The Martin
Trust Center for MIT Entrepreneurship



36

lectures



12

projects



POSIBLE

We renewed our alliance with the POSIBLE entrepreneurship program (from Fundación Televisa). Through the program, we offer tools, contacts and resources to promote scalable entrepreneurship based on innovation.

We join efforts to make:

STATE PANELS: Selection forums where participants present their ideas and receive feedback.

CAMPAMENTO POSIBLE: Event where entrepreneurs give a better structure to their venture and delve into their business model.

POSIBLE



Participation in Mexico



51

panels made in 40 cities
and 27 states



1,500

presented projects



119

registered employees



+20,000

developed business models



X-CHALLENGE

X Challenge (formerly Cleantech Challenge México) is an open process of ideation and modelling of solutions to the big problems that affect Mexico and Latin America.

Through this collaborative work, we seek to increase the development and massive adoption of sustainable innovation that reduces the negative impacts of climate change in any industry.



With this great collaboration, the following results were obtained during 2019:



Sustainable Innovation Award

For the fifth consecutive year, we awarded the **Hoteles City Express Sustainable Innovation Award**, seeking to recognize high-impact initiatives that propose real and viable solutions

to combat climate change, and which can also be integrated into one of the most dynamic and fastest growing sectors in the country: Tourism.

2019 Winner

Catálisis: Chemical - Enzymatic Recycling of PET

Innovation that proposes a circular economy solution for the consumption of PET, by producing food grade bottles from a 100% recycled resin.



Catálisis is a startup that has technical knowledge and basic infrastructure to synthesize enzymes. Since 2018, it has focused on research and development to design enzymes that allow for a sustainable chemical-enzymatic process, on an industrial scale, for the recycling of PET.

With the implementation of the PET chemical-enzymatic recycling process, the properties of the recycled resin are equalled with the properties of the virgin resin, closing the circle of plastic and allowing its circular economy.



We are excited to contribute to the development of innovative ideas for the environment and our current and future well-being

Javier Arce
Director of Development
Hoteles City Express



#CityExpressMujerEmprende

Through the **#CityExpressMujerEmprende program**, we focus on promoting female entrepreneurs to consolidate their companies, bringing them the knowledge and tools necessary to develop business skills, all with the aim of achieving better economic performance.

With this edition, Hoteles City Express forms a new generation of enterprising women, committed and willing to break paradigms, continuing to demonstrate our commitment to closing the gender gap in entrepreneurship in Mexico.



Launch of the Second Edition



+ 140 business models of various registered sectors



40

pre-selected



16

entrepreneurs



“

#CityExpressMujerEmprende guides us to secure the foundations of our business and lead them to be sustainable models

-Entrepreneurs, Second Edition

”



Contribution to
social welfare

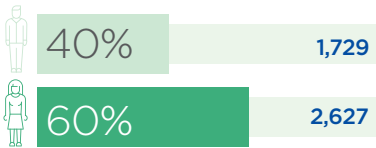
Through **Impacto City**, we strive to contribute to our society through the services we offer, promoting operation practices that are fair and equal for

all our employees, as well as for our guests and the communities that surround us.

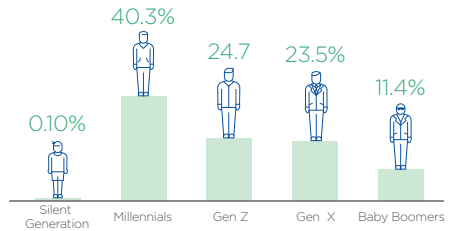


Our Employees

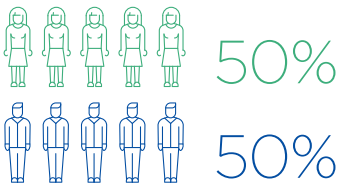
4,356
total employees



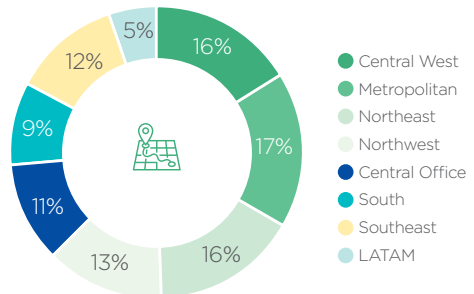
Employees by generations



Management positions by gender



Employees by region





City Express Culture

At Hoteles City our aim is that our employees' life is a gratifying experience every day; this is why we strive for their highest satisfaction in order to gain a full commitment towards our organization's projects.

All our employees are an integral part of our strategy, participating and promoting continuous improvement and innovation initiatives.

Average employees by hotel



4,356 direct jobs and more than
10,000 indirect jobs annually



5.2%

absenteeism rate



19%

of the employees
are single moms



60%

of employees
are women



31 years

is the average
age of employees



50%

of the management
positions are held by women



10.3%

turnover rate



10.10%

voluntary turnover



0.18%

involuntary turnover



Learning, Trust and Communication

GRI STANDARDS GRI 103-1, 103-2, 103-3, 404-1



Aprendizaje Organizacional

Through our *Aprendizaje Organizacional* program we have a training plan that provides us with different courses for personal and professional development, as well as orientation for employees to the company's culture and the work model.



62

courses



5,746

participants



46,883

training hours



Work Environment

#Orgullo City

The work environment survey, #OrgulloCity is proof of Hoteles City Express' continuous effort to strengthen its Organizational Culture and Environment.

In 2019, we applied a rigorous survey at chain level, through the **Top Companies** consultancy firm, obtaining the following results:



96%

participation



No. 17

in the Top + America Ranking at LATAM level



Position in the Super Companies 2020 Ranking “**Places where everyone wants to work at**” published by the *Expansión* magazine.

Freedom of Association

All of our employees at Hoteles City Express have a total freedom of association to the current labor unions or new unions that wish to be registered.



139

registered labour unions



Internal **Communication**

Click - **Workplace**

Is our digital communication platform that allows us to connect in a dynamic and permanent way. With this, we facilitate the company's productivity as well as professionalize internal communication in a friendly and familiar way.

We gathered more than 1,700 employees within this platform and generated conversations regarding everything that matters for Hoteles City Express.



Workchat

Is a digital integrated messenger within Click (Workplace). It enables instant messaging, to communicate immediately and in real time, in a personal and individual form among employees.



Mailing

Through this means of communication we share institutional valuable information such as openings, campaign launching, designations and more.

Communication **dashboard**

Directed to employees that due to their functions, do not have computer equipment nor institutional mailing address in each of our hotels, our dashboard allows us to keep the heart of our business, the operation team, informed about everything that matters.

Comunidad City **Magazine**

It's through our magazine that we share stories and experiences of the value chain, as well as inform about everything that matters for Hoteles City Express, its surroundings and its culture.





Performance Evaluation

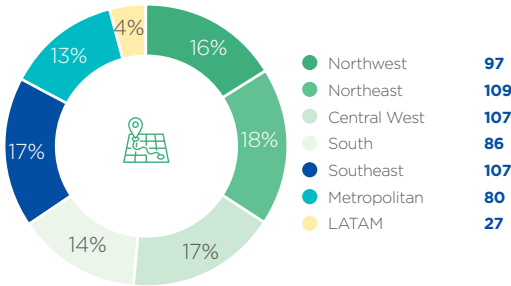


Hoteles City Express has the main objective of assessing the performance, providing growth opportunities and effective participation conditions to our employees.

In 2019 the performance evaluation was applied to the following work categories in different regions:

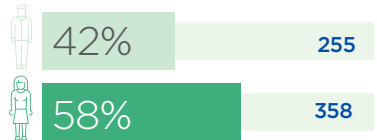


Professional growth assessment applied by region

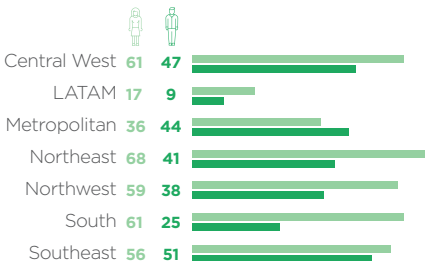


613
employees assessed for positions with professional growth

Applied evaluations by gender



Applied evaluations by gender and region



67%
of our managers have been promoted internally



Salaries and Benefits



SASB- LABOR PRACTICES

At Hoteles City Express, **100% of our employees** earn a salary higher than the Mexican national minimum, which complies with the law and enables us to surpass the law's standards.

Mean hourly wage
(Amount in national currency)

Northwest RC	\$30.28
Northwest FZ	\$34.68
Northeast RC	\$30.37
Northeast FZ	\$28.6
South	\$27.02
Southeast	\$30.65
Central West	\$30.11
Metropolitan	\$31.00

RC and FZ (Rest of the Country and Frontier Zone) the HW in these zones vary according to these 2 factors.

*Amounts as stipulated by wage in 2019.



At the hotels, the hourly wage at a national level is **\$30.34 MXN**, higher than the established by law during 2019.

Our operations comply with the labor law; therefore, we do not have monetary loses derived from violating the labor law and we comply with the regulatory framework at 100%.

Benefits

At Hoteles City Express we work daily to build a work environment that enables professional and personal growth, as well as attract and retain the best talent through diverse actions as part of our culture.



Preferential accommodation rates at the hotel chain



Development and training program



Annual planning meetings



Integration events



Partnerships with different businesses



Inclusion and Non-discrimination policy



En Buena Compañía program

"En buena compañía"

For more than 4 years, our "En Buena Compañía" program has been responsible for organizing and structuring activities that promote our

well-being with 3 action axes: **Physical Health, Financial Health and Emotional Health.**

Physical Health

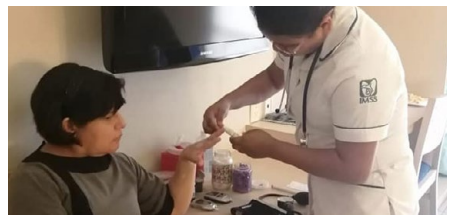
- IMSS Campaign
- Nutritionist
- Active Pauses
- Food Campaigns
- Sexual Health
- Prevention Campaigns
- Employee Dining Hall
- Internal and External Tournaments

Financial Health

- Financial Health Workshops
- Loans for Employees
- Corporate Sales
- Employee Discounts

Emotional Health

- Employee Recognition
- Bimonthly Meals
- Birthday Celebrations
- Holidays
- Children's Painting Contest
- Corporate Games
- Onboarding Kids
- Diversity and Inclusion



Civil Protection

To improve our internal Health and Security indicators, several Civil Protection courses and activities have been implemented for our employees.



Employees Trained in Health and Security



Hours of Health and Safety Training



Number of Courses



Total Drills



Total Brigade Members



Diversity and Labor Inclusion Program



GRI STANDARDS GRI 103-1, 103-2

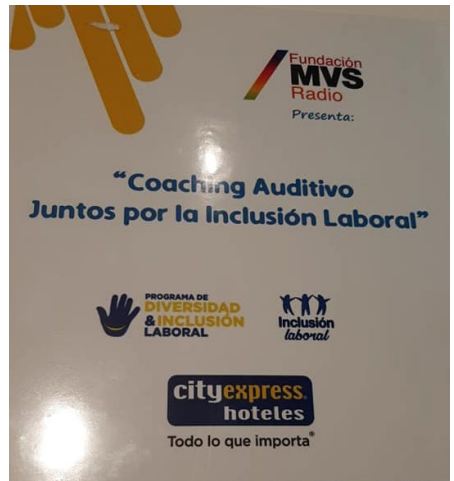
We promote equity and gender equality as well as non-discrimination for sexual preference, age, ideology, ethnic origin or disability, valuing diversity in all its forms.

- Human Rights and Non-discrimination Policy established and in complete validity
- Diversity and Inclusion Model is implemented and in deployment process throughout all the company.
- Free of prejudice Recruitment Processes

Deaf Community

At Hoteles City Express we make an effort to recognize and reintegrate diverse groups with different abilities into society in an active way.

During 2019 we started a program to promote interaction and awareness in key positions of our team, with the purpose of sharing the deaf community's culture and the Hoteles City Express guidelines to be an inclusive chain.



15

Auditory coaching awareness courses



188

impacted persons (Hotels and Central Office)



100

persons benefited through the hearing health sessions



In our continuous commitment to inclusion, at Hoteles City Express we created "City Incluye", an internal certification that regulates the incorporation of employees with hearing impairment to our hotels, recognizing the best labour practices.



+31

hotels in our chain have this internal certification

Main allies



Gender Equality

We promote equality and equity regardless of gender, our objective is to respect each individual's capacity, as well as their condition, age, sex, race, etc.



60%

of the employees at Hoteles City Express are women



50%

of the management positions are held by women



Diversity

At Hoteles City Express we know diversity is a factor that increases creativity and talent, generating value to our company. We align and promote diversity in all its forms, focusing on the value of each of our employees through the knowledge and abilities they possess.



Mexican National Code of Conduct



GRI STANDARDS GRI 103-2

Protecting children and adolescents' rights in the tourism sector is a fundamental matter for the hotel industry. To deal with this important aspect, our company has implemented different actions and a large awareness campaign for all management, employees and our suppliers. This will allow us to prevent any type of illegal actions within our facilities.

We reject any form of people trafficking, especially sexual and/or labor exploitation of girls, boys and adolescents.

The company currently has **138 hotels aligned** to the Mexican National Code of Conduct to protect girls, boys and adolescents in the travel and tourism sector.

Developed actions:

- Trainings per region and at chain level, conducted by an agency specialized and certified by the Tourism Ministry.
- Institutional Action Protocol for Hoteles City Express.
- Application of the Protocol to comply with the Mexican National Code of Conduct.
- Certification per property.





Social Investment and Strategic Alliances

GRI STANDARDS GRI 102-13

Hoteles City Express maintains a robust social investment program. This program is carried out through partnerships with social actors, experts in various areas with the ability of getting involved in social causes and being true catalysts for positive impacts.

City Re-Construye Program

We continue joining efforts to support those mostly affected by natural disasters.

This year we partnered with the *Un Hogar para Chiapas* organization carrying out "Corriendo

por un Hogar", a sports and inclusion event. The activity was done with the purpose of raising money to continue reaching more families affected by the 2017 and 2018 earthquakes.

Event carried out in Tuxtla Gutiérrez Chiapas



100

participants



10

benefited families





INSTITUTO
PEDAGÓGICO PARA
PROBLEMAS DEL
LENGUAJE, I.A.P.

This year, with the coordination of the *Instituto Pedagógico para Problemas de Lenguaje y Audición A.P.*, we provided support to carry out the XV training seminar for teachers of kids with hearing impairments in all the country, where

teachers specialized their actions to improve their attention to deaf children that come to the Multiple Attention Centers and Educational Inclusion Program.



390

teachers from 29 states of Mexico



10

work sessions in 4 days

Through this partnership we contributed towards:



18

deaf young adults finishing
middle school



20

deaf kids finishing
elementary school



+150

kids and young adults continuing basic education
in the 2019-2020 school period



Volunteering and Interactive Rally

Hoteles City Express joined MVS Radio corporate volunteering activity to develop an interactive rally and Children's Day activity, an event carried out for the children of the *Instituto Pedagógico para Problemas de Lenguaje y Audición A.P.*, where we strive to recognize the accomplishments of the hearing impaired children, as well as promote inclusion and reinforce our awareness program, an essential part of the organizational culture of the company.

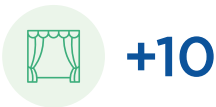


Talking about Inclusion in Art

Once more, in partnership with the *Ilumiteatro Monumental* we provided innovative shows highlighting popular Mexican art through “*La fiesta de Coloricuario*”, a theatre production with lightened *alebrijes* which has the purpose of showing our social values and a message of inclusion, peace, respect and tolerance to the communities where we operate.



We are all the same because we are different



shows



assistance of kids



assistants from different
states of the country



assistance of adults





In-kind Donations

We contributed to the improvement of communities where we operate through local actions that enable us to positively impact non-profit organizations and improve their

development, this is how we reflect our coordinated efforts through the Donation and Volunteering Policy applied at chain level.



87,647

benefited persons



135

partnerships with associations
and NGOs



24,500

pieces of donated equipment
and supplies



Rizos de Amor

This year, we contributed again to Mexican boys and girls that suffer from chronic hair loss or other illnesses related to cancer, to re-establish their self-confidence, in partnership with *Rizos de Amor y Alegría A.C.*, providing spaces to perform haircuts and collect hair, as well as the delivery of wigs.



1,620

participants



580

persons participating in hair donation



3

persons benefited through the delivery of wigs



Mujeres Unidas con Salud, Amor y Seguridad

Through *Mujeres Unidas con Salud, Amor y Seguridad A.C.*, we contributed to carry out actions to reduce cases of cancer in Mexican women through education and the promotion of health care. This year we joined efforts through in-kind donations to gather resources that allow them to stock up their shelter and provide support to patients.



“*Mujer Resiliente*” workshop for employees at Hoteles City Express Central Office



Pillow donation



Plastic caps



PET and newspaper



Amenities

INEA

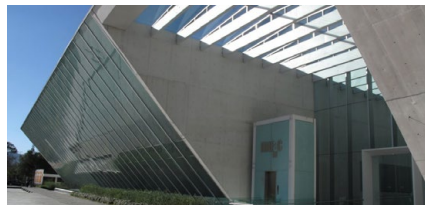
We continue to encourage our staff in operative levels to complete their middle and high school studies.

Likewise, Hoteles City Express supports this institution in the dissemination of its literacy programs and continuous training. With this program, the company contributes to the decrease of educational backwardness in the country.



Museo Universitario de Arte Contemporáneo

Committed to art, we reinforced our partnership with the *Museo Universitario de Arte Contemporáneo*, contributing to provide cultural diffusion through digital media and the donation of nights to accommodate speakers during the assembly of their exhibitions.





Certifications

Hoteles City Express has a broad certification portfolio that proves our commitment to sustainability, meeting national and international standards in environmental protection, optimization of energy, water and waste resources, as well as the implementation of strong community outreach practices.

This enables us to continuously work at vanguard in the quality we provide for our guests.



Código de Conducta Nacional
para la Protección de las Niñas, Niños
y Adolescentes en el Sector
de los Viajes y el Turismo





GRI and SASB Contents Index



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GRI 102: General Disclosures 2016	Disclosure 102-45 Entities included in the consolidated financial statements	2
	Disclosure 102-49 Changes in reporting	No meaningful changes have been done with respect to previous report
	Disclosure 102-50 Reporting period	2
	Disclosure 102-51 Date of most recent report	The last published report corresponds to the previous year, 2018
	Disclosure 102-52 Reporting cycle	The cycle for the sustainability report is annual
	Disclosure 102-53 Contact point for questions regarding the report	2
	Disclosure 102-54 Claims of reporting in accordance with the GRI Standards	2
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GRI 201: Economic Performance 2016	Disclosure 201-1 Direct economic value generated and distributed	50
GRI 202: Market Presence 2016	Disclosure 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	The employees' salaries are regulated by an agreement and exceed the local minimum wage.
	Disclosure 202-2 Proportion of senior management hired from the local community	100% of the Operations Committee is locally hired
GRI 203: Indirect Economic Impacts 2016	Disclosure 203-1 Infrastructure investments and services Supported	50
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GRI 204: Procurement Practices 2016	Disclosure 204-1 Proportion of spending on local suppliers	39
GRI 205: Anti-corruption 2016	Disclosure 205-2 Communication and training about anti-corruption policies and procedures	43 Anti-corruption Policies: https://imagenesctyexpress.scdn6.secure.raxcdn.com/sites/default/files/2017-02/PL_anticorruption.pdf

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GRI 307: Environmental Compliance 2016	Disclosure 307-1 Non-compliance with environmental laws and regulations	There is no documented case of environmental law violation in the history of Hoteles City Express.
GRI 308: Supplier Environmental Assessment 2016	Disclosure 308-1 New suppliers that were screened using environmental criteria	39
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GRI 401: Employment 2016	Disclosure 401-1 New employee hires and employee turnover	61, 62
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	67
GRI 404: Training and Education 2016	Disclosure 404-1 Average hours of training per year per Employee	63
	Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews	66
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GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-2 Ratio of basic salary and remuneration of women to men	Salary is granted based on skills and capabilities, not by gender.
GRI 413: Local Communities 2016	Disclosure 413-1 Operations with local community engagement, impact assessments, and development programs	33-38
GRI 415: Public Politics	Disclosure 415-1 Contribution to political parties and / or representatives	45

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GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	29
	Disclosure 103-2 The management approach and its components	29
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Material Topic: Environmental legal compliance

GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	
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Material Topic: Waste Management

GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	
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Material Topic: Eco-energy efficiency

GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	26
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Material Topic: Training

GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	
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GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	68
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GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	19
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Material Topic: Preservation of local culture and natural heritage

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	Disclosure 103-3 Evaluation of the management approach	

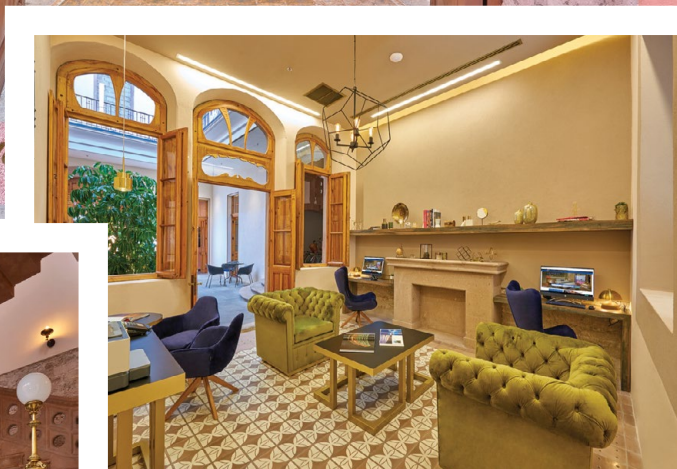
Material Topic: Innovation and investment in local communities (Entrepreneurship and other actions)

GRI 103: Management Approach 2016	Disclosure 103-1 Explanation of the material topic and its Boundary	51
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CITY EXPRESS PLUS.

cityexpress.
hotels

cityexpress.
Junior



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