

AGREEMENT FOR THE ESTABLISHMENT OF THE EUROPEAN WORKS COUNCIL OF NH-HOTEL GROUP

This Agreement is done at Madrid, on the 9 day of October of 2015, at 16:30 (time) by and between the undersigned persons, each acting in the capacity stated below.

WHEREAS

1. Council Directive 94/45/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees was adopted on 24 December 1994, which Directive was transposed into Spanish law through *Ley 10/1997 de 24 de Abril* (Spanish Act No. 10/1997 of 24 April). The aforementioned Directive was subsequently repealed by Directive 2009/38/EC, of 6 May, which is currently in force;
2. Both the Central Management of NH-Hotel Group (hereinafter, the “Central Management”) and the Special Negotiating Body, on the behalf of the personnel employed by the Group and with a view to achieving the desired level of communication and social dialogue in order to facilitate, in a climate of mutual trust, a mutual understanding of the transnational matters affecting NH Group and its employees within the European Economic Area (EEA), wish to maintain responsible and positive labor relations at all times on the basis of the principles of dialogue, consultation and participation of employees;
3. For all the foregoing, in accordance with the aforementioned standards, given the successful outcome of the conversations held in that regard and since the required consensus has been reached, the undersigned:

AGREE

On the creation of the European Works Council of NH Group, the purpose of which shall be to address transnational matters through a constructive platform for dialogue between management and labor. Under no circumstances shall the creation of the European Works Council be deemed to question or replace any of the existing national platforms through which employees are represented or the prerogatives of said platforms; the European Works Council will be governed by the following provisions:

One.- Definitions.

- a) Employees’ Representatives means the employees’ representatives provided for by national law and/or practice.
- b) Central Management means the highest hierarchical level with decision-making power within NH Group at European level.
- c) Information means the transmission of data relating to transnational matters by the employer to the employees’ representatives in order to enable them to acquaint

themselves with the subject matter and to examine it; information shall be given at such time, in such fashion and with such content as are appropriate to enable employees' representatives to undertake an in-depth assessment of the possible impact and, where appropriate, prepare for consultations with Central Management or any other more appropriate level of management.

- d) Consultation means the establishment of dialogue and exchange of views between employees' representatives and Central Management or any more appropriate level of management, at such time, in such fashion and with such content as enables employees' representatives to issue an opinion on the basis of the information provided about the proposed measures to which the consultation is related, without prejudice to the responsibilities of the management, and within a reasonable time, in order to be taken into account by the Central Management, so that the opinion of the employees' representatives can be duly considered before a decision is adopted.
- e) European Works Council of NH Group means a multiple-member body representing the employees of NH Group and established in accordance with the provisions of Directive 2009/38/EC and Spanish Act No. 10/1997 on the rights of information and consultation of employees within Community-scale undertakings and Community-scale groups, with the purpose of informing and consulting employees.
- f) Transnational matters are the issues that concern the NH Group, or at least two (2) undertakings or establishments of the undertaking or group situated in two (2) different Member States or that, originally concerning the employees of only one (1) country, may significantly and potentially concern to more employees of the other countries where NH Group operates that are located in the European Economic Area.
- g) European Economic Area (EEA) means the countries that are part of the European Union and the following EFTA members: Iceland, Liechtenstein and Norway.

Two.- Scope of application.

This Agreement applies to all NH Group workplaces within EEA countries, as listed in Annex I, which is attached hereto. Annex I also states the number of employees by country. The update of the Annex I and the count of employees by country will be performed by the Central Management each four (4) years, considering only the number of employees hired on June 30, without counting for it the extra staff hired exclusively to work on June 30. As an illustrative example, the next update and count of employees will be performed by the Central Management on June 30 of 2019

The application of this Agreement to new undertakings of NH Group shall be subject to the legal provisions that may be in force from time to time.

Three.- Location.

The European Works Council of NH Group shall be located in Spain and its meetings shall take place at the premises of NH Group, normally and preferably in Madrid.

Four.- Competences.

4.1. Generally, the European Works Council of NH Group shall limit its activities to informing and consulting employees on economic and social matters of transnational and strategic nature, as defined in Clauses 1c), 1d) and 1f) above.

Information and consultation shall particularly refer to:

- a) The structure of the business group, as well as its economic, social and financial situation.
- b) The probable development of business, production and sales.
- c) The situation and probable trend of employment.
- d) Investments (investment programs).
- e) Substantial organizational changes.
- f) The introduction into NH Group of new working and production processes, including new working methods and new technologies.
- g) The transfer of undertakings, establishments or important parts thereof, as well as production relocation.
- h) Mergers, divisions, acquisitions or the sale of undertakings or establishments where employees work.
- i) The restriction or closing of undertakings, establishments or important parts thereof.
- j) Collective redundancies.
- k) Employment-related matters: Social balance; health, hygiene and safety policies at the workplace; environmental policy; skills management policy; professional training; diversity, equality and anti-discrimination policies; corporate social responsibility; reduction of atypical work; policy to tackle youth unemployment.

4.2. Issues that are not deemed to be transnational, as established in Clause 1f) of this Agreement, shall not be subject to information and/or consultation with the European Works Council of NH Group. Therefore, local or national issues that are not transnational shall be discussed between the employees' representatives of each country and the persons in charge within their respective undertakings, pursuant to the decentralized Labor Relations system applicable across NH Group.

Five.- Composition.

5.1. The European Works Council of NH Group will be composed of employees' representatives designated in accordance with the national legislation of each EEA country where NH Group has an establishment or, in the absence thereof, in accordance with the national practice applicable in each country. In the designation process priority will be given to workers' representatives adhering to a Trade Union Organization affiliated to EFFAT.

Subject to a mutual agreement between the central management and the Select Committee, Trade Union Officers adhering to a Trade Union Organization affiliated to EFFAT may participate in the planned meetings.

5.2. All countries shall be represented in the European Works Council of NH Group as follows:

Under 90 employees: no representative.
Between 90 and 399 employees: one representative.
Between 400 and 89 employees: two representatives.
Between 900 and 2499 employees: three representatives.
Over 2500 employees: four representatives.

The representatives of workers from countries with a staff of less than 90 employees may participate in the European Works Council of NH Group according to the terms specified in the second paragraph of section 7.4 of this agreement.

5.3. Every year the Central Management shall count the number of employees in each of the countries included in the scope of application of this Agreement for the purposes of updating the number of representatives each country is entitled to appoint to the European Works Council according to the terms specified in the second section of this agreement.

5.4. The Trade Union Organizations that in accordance with the correspondent national laws, would had been appointed full members of the European Works Council of NH Group, will have the right to appoint a single substitute member, with independence of the number of full members that had been appointed.

In the cases of the full members that have not been designated by trade unions so to be established by the correspondent national laws, shall apply the following rules for the appoint the substitutes members:

Up to 2 full members: 1 substitute member.
Up to 4 full members: 2 substitute members.
Over 4 full members: 3 substitute members.

Substitute members shall replace the full member in the event that the full member is temporarily unable to attend the meetings of the European Works Council of NH Group or if the mandate of the full member has terminated. Designation of substitute members shall follow the same procedure applicable to the designation of full members.

5.5. When a full or a deputy member is designated, the competent structures shall take account of the need to ensure a balanced representation of employees in terms of their activities, categories and gender. The Human Resources Departments of each country shall provide the Central Management with the names and e-mail addresses of the full and substitute members of the European Works Council of NH Group. Representatives shall discharge their duties from their appointment or election date or from the date the mandate of any previous representative expires, if the mandate expires at a later date.

5.6. Full members and substitute members of the European Works Council of NH Group shall be appointed for four (4) years. This term of office may be renewed. If a member of the European Works Council of NH Group is no longer part of NH Group or his or her position as employees' representative terminates in the relevant country, his or her mandate as a member of the European Works Council of NH Group shall also automatically and immediately end. In such cases, the substitute member shall discharge his or her duties within the Works Council for the remaining part of the mandate of the full member he or she is replacing and shall be appointed another substitute member as soon as possible according to the terms specified in the 5.4 paragraph of fifth section of this agreement.

5.7. Before the aforementioned 4-year term expires, a new member selection process shall be initiated in all countries, in accordance with the provisions of this Agreement. Full and substitute members may be re-elected.

5.8. The European Works Council may establish its own rules of procedure.

Six.- Adaptation clause.

6.1. If NH Group expands its operations within a Member State, whose employees are not represented within the European Works Council of NH Group, said operations shall fall within the scope of action of the European Works Council of NH Group, in accordance with Clause 5. The designation process shall commence as soon as possible.

6.2. If NH Group acquires part of an undertaking undergoing separation, which already has its own European Works Council, the employees being transferred from that undertaking shall be subject to this Agreement and shall be represented by the member(s) appointed to the Council for the country in question, in accordance with the provisions of Clause 5 above.

6.3. If NH Group merges with another undertaking or is bought by another undertaking, which already has its own European Works Council, negotiations shall be conducted in order to set up a new European Works Council, in accordance with the rules set forth in Directive 2009/38/EC and the relevant transposition laws. In such case, at least three members of each of the existing European Works Councils shall become members of the new Special Negotiating Body, in addition to the members chosen or appointed pursuant to national laws and practices. During the negotiations, the European Works Council of NH Group and any other stakeholder in the merger or acquisition process shall remain operational, in accordance with the existing arrangements for the formation of European Works Councils.

6.4. Upon incorporation to the European Union of a candidate country, such country shall be entitled to become part of the European Works Council of NH Group, as appropriate, in accordance with the applicable laws and this Agreement.

Seven.- Operation of the European Works Council.

7.1. The European Works Council of NH Group shall meet at least once a year (hereinafter, the “Annual Meeting”), preferably in Madrid, prior announcement of the meeting by the Central Management.

7.2. The Annual Meeting of the European Works Council of NH Group shall include a meeting with the representatives of the Central Management (hereinafter, the “Joint Meeting”), as well as a prior preparation and coordination meeting (hereinafter, the “Preparatory Meeting”) in which solely the European Works Council of NH Group shall participate. Once the Joint Meeting with the Central Management have been held, the European Works Council may hold an assessment meeting (hereinafter, the “Assessment Meeting”), at which the representatives of the Central Management shall not be present.

7.3. During the Joint Meeting, NH Group shall be represented, at the most, by the same number of members representing the employees within the European Works Council of

NH Group. The representatives of NH Group shall be appointed by the Central Management for each meeting.

7.4. The invitation to the Annual Meeting, which shall contain the place and date of the meeting, shall be submitted by the Central Management at least one (1) month in advance. Likewise, with a view to encouraging a deeper understanding of the matters to be discussed during the Joint Meeting, the Central Management shall submit the agenda for the meeting to the members of the European Works Council of NH Group, together with an introductory report on the topics on the agenda that are to be discussed, at least three (3) weeks in advance of the Annual Meeting. The agenda, as well as the aforementioned introductory report, shall be translated into Spanish and English.

For such purposes, the full members, or substitutes in the case, of the European Works Council of NH Group shall confirm to the president of the committee at least with ten (10) calendar days of receiving the call of the annual meeting, for their assistance and participation in it. If in exceptional situations, any member, or substitutes in the case, cannot attend on the Meeting, the president of the European Works Council of NH Group, after consultation with the Select Committee shall provide the vacancy and assign it for the countries that, within the scope of this agreement, not have representation in the European Works Council of NH Group for not have more than 90 employees. Without prejudice to the above, the president of the Select Committee will be able to appoint such vacancies to the legal representatives of the workers of Swiss.

7.5. On the occasion of the Joint Meeting, the European Works Council of NH Group shall be informed and consulted, as stated in Clause 4 above. The agenda for the Joint Meeting shall also contain all such additional items as may have been agreed between the Select Committee and the Central Management, as stated in Clause 8 below.

7.6. The Select Committee and the Central Management may agree to convene another meeting of the European Works Council of NH Group and the Central Management, if an exceptional transnational circumstance arises affecting at least 60% of the countries represented in the European Works Council of NH Group, which may have an important and significant potential impact on the interests, employment and working conditions of the employees. Notice of the aforementioned meetings shall be submitted at least three (3) weeks in advance.

For such purposes, shall also apply the terms specified in the second paragraph of section 7.4 of this agreement.

Eight.- Select Committee.

8.1. In order to allow greater coordination and effectiveness of the regular activities of the European Works Council of NH Group, a Select Committee composed of five (5) representatives shall be elected by the Council from amongst its members (the “Select Committee”).

8.2. The mission of the Select Committee shall be to act as a permanent focal point for the Central Management, where appropriate through its Chair.

8.3. The Select Committee shall be composed of five (5) representatives chosen by all the members of the European Works Council of NH Group by secret ballot. Voting shall take

place during the first meeting of the 4-year mandate of the European Works Council of NH Group. For the purposes of diversity, there shall only be one representative per country within the Select Committee. The Select Committee shall ensure the representation of both genders, provided that nominations so allow. Candidates obtaining the highest number of votes shall be elected. In the event of a tie, there shall be a second round of voting to choose among the candidates with the same number of votes.

8.4. It shall be chosen by secret ballot one substitute by each member to the Select Committee. The substitute member so chosen may attend the meetings of the Select Committee in the absence of the full member that substitute. In doing so, the substitute member shall assume all of the obligations of the person(s) he or she is replacing. If a member of the Select Committee resigns or leaves the European Works Council of NH Group, the substitute member shall replace the resigning or outgoing member until the end of the resigning or outgoing member's mandate and another substitute member shall be appointed.

8.5. The Select Committee is the body with which the Central Management shall maintain a permanent dialogue. The Select Committee shall act in representation of the European Works Council of NH Group, and the Central Management or a more appropriate senior management level of the NH Group shall update, in timely fashion, to the Select Committee on all relevant economic, social and transnational developments of NH Group and report on any exceptional circumstances in such issues.

In addition, the Select Committee shall be responsible for:

- a) Administrative matters;
- b) The agenda for the plenary meetings of the European Works Council of NH Group and the meetings held with the Central Management;
- c) The interpreting and translation requirements for the meetings;
- d) The organization of the extraordinary meetings of the European Works Council of NH Group;
- e) Inviting experts
- f) The minutes and releases of the European Works Council of NH Group;
- g) The training needs of the full and substitute members of the European Works Council of NH Group;
- h) The dispute resolutions.

8.6. Without prejudice to the permanent dialogue to which reference has been made in the previous paragraph, the Select Committee shall meet with the Central Management of NH Group at least twice a year, preferably by mid-year and year-end. The Select Committee may hold a prior preparation and coordination meeting the afternoon before the day scheduled for the meetings with the Central Management of NH Group.

Without prejudice to that explained in the previous paragraph in exceptional circumstances, and always with the previous agreement among the Central Management and the Select Committee, may be convened and hold extraordinary meetings between them.

8.7. The European Works Council of NH Group may decide by simple majority of its members to delegate part of its tasks to the Select Committee.

Nine.- Chair of the European Works Council of NH Group.

9.1. The European Works Council of NH Group shall choose its Chair and its Vice-Chair from among the members of the Select Committee. The Chair and Vice-Chair shall be chosen during the first meeting of each 4-year mandate of the European Works Council.

9.2. The election of the Chair and Vice-Chair of the European Works Council of NH Group shall take place one after the other, in that order, by secret ballot. The candidate that obtains the highest number of votes shall be chosen. In the event of a tie, a second round of voting shall be held among the candidates with the highest number of votes. If the Chair or the Vice-Chair resigns or leaves the European Works Council of NH Group, a new election shall be organized in order to choose their replacements at the next regular or special meeting of the European Works Council of NH Group.

9.3. The Chair shall preside over meetings at which there are no representatives of the Central Management: meetings of the European Works Council of NH Group and meetings of the Select Committee. If the Chair is unable to attend, the Vice-Chair shall preside over said meetings by indicating so to the Central Management.

9.4. The Chair shall hold the representation of the European Works Council of NH Group within the framework of the adopted decisions. When the Chair is authorized to do so, the Chair may make statements and express opinions on behalf of the European Works Council of NH Group. The Chair shall also be responsible for the proper conduct of all internal elections, as well as for submitting the minutes of the meetings of the European Works Council of NH Group and the Select Committee in which the representatives of the Central Management do not participate.

Ten.- Translations

10.1. At the Annual Meeting, the Central Management of NH Group (with the agreement of the Select Committee) shall provide simultaneous interpreting services in the idioms that shall be necessary in accord of the nationalities and necessities of the Members of the European Works Council of NH Group.

10.2. During the meetings of the Select Committee, the Central Management shall provide simultaneous interpreting services in two (2) languages, which will be defined by the Select Committee and indicated to the Central Management of NH Group at least one (1) week in advance.

10.3. The minutes of the Joint, Preparatory and Assessment Meetings shall be drawn up in Spanish and English. The Human Resources Management of each member country of the European Works Council of NH Group may also have the minutes of said meetings translated into the official language of its country.

Eleven.- Confidentiality.

11.1. Members of the European Works Council of NH Group and the experts that may intervene thereat shall not be authorized to disclose to any third party any information that may have been expressly divulged to them in confidentiality, and information that may compromise or damage the interests of NH Group shall be kept confidential. This confidentiality obligation shall survive the expiry of the mandate.

11.2. For the Central Management confidential information means information, whose nature is such that, under objective criteria, its disclosure could seriously damage the operation of or be detrimental to NH Group. If the Central Management marks certain information as confidential, it must state, at the time of submitting said information: (i) why said information is deemed to be confidential, (ii) for whom said information is deemed to be confidential, and (iii) for how long said information shall remain confidential. The members of the European Works Council of NH Group, by simple majority of its members, may question the confidentiality of any information and request the Central Management to reconsider its position. In such case, the Select Committee shall act as focal point in the discussions with the Central Management in order to help find a non-binding solution in good faith.

Exceptionally, the Central Management shall not be required to disclose any specific information related to confidential financial or business matters, the disclosure of which could objectively hinder the operation of NH Group itself or cause serious damage to its economic stability. This exception does not apply to information related to the volume of employment within NH Group.

Twelve.- Protection of employees' representatives.

While performing their duties, the principal and alternate members of the European Works Council of NH Group shall be entitled to the same protections and guarantees as are afforded to employees' representatives, in accordance with national legal provisions and/or practices in the country where they are employed.

Thirteen.- Linkage with national employees' representation bodies.

13.1. Pursuant to this Agreement, the European Works Council of NH Group shall not replace the employees' representation structures that exist in each country or question the prerogatives enjoyed by staff representatives under domestic laws. Therefore, the European Works Council of NH Group may not replace, duplicate or limit the existing national information and consultation mechanisms.

13.2. The members of the European Works Council of NH Group must ensure that any information they receive from NH Group is cascaded to the employees they represent and that the requests and opinions of the employees are passed on to the Central Management, as necessary. To that end, the Central Management shall make available to the members of the European Works Council of NH Group appropriate tools and channels for communication (access to printers and e-mail) with other representatives at national level.

13.3. The parties agree to establish a direct link between the members of the European Works Council of NH Group and the bodies representing the employees at national level. To that effect, the members of the European Works Council of NH Group shall have access to the establishments comprised within the perimeter of NH Group for the purposes of meeting, at their premises, with the elected representatives of the staff at national level, the union representatives, or the employees, and they may also visit the establishments when the situation so requires, after duly informing the Select Committee and having previously secured the consent of the Central Management, which must be informed at least seventy-two (72) hours in advance.

13.4. Where necessary, the members of the Select Committee may meet with national Human Resources Directors in order to monitor the activities of the European Works Council of NH Group and harmonize the social dialogue within NH Group. These meetings shall be arranged with the agreement of the Central Management and the Select Committee. At these meetings, the exchange of complementary information shall not replace the existing mechanisms provided for in the national legislation, the relevant collective agreements or national practices.

Fourteen.- Material resources.

The members of the European Works Council of NH Group shall have access to an electronic mail address created by NH Group for these purposes. Likewise, NH Group shall provide the members of the European Works Council of NH Group with access to other resources and appropriate communication channels, access to printers of the respective hotels, mail account and access to the tools that to do allow video conferencing.

Fifteen.- Training of members.

At the first meeting of the European Works Council of NH Group and as often as the parties deem so appropriate, the members of the European Works Council of NH Group shall receive specific training in order to be able to fulfill their duties.

Additionally, the substitutes members of the European Works Council of NH Group shall be entitled to receive specific training for the performance of their duties. Such training will be each four (4) years, as part of the first annual meeting of the European Works Council of NH Group.

Sixteen.- Expertise.

16.1. In order to better fulfill its functions, the European Works Council of NH Group shall count on the permanent assistance of a member of the secretariat of the EFFAT or an affiliate of EFFAT ("EFFAT Coordinator"). The EFFAT Coordinator, who shall be present at all the meetings of the European Works Council of NH Group, the Select Committee and in the joint meetings with the Central Management, shall provide support to the members of the European Works Council of NH Group in their understanding and review of the matters discussed at the meetings, and facilitate discussions between the parties. NH Group shall bear all costs associated with travel, board and lodging for the EFFAT Coordinator.

16.2. NH Group shall bear all costs associated with travel, board and lodging, as well as the fees of experts designated by the European Works Council of NH Group to participate in the annual meeting and the meetings of the Select Committee in relation to matters about which the European Works Council of NH Group is not sufficiently knowledgeable. Said experts shall be entitled to speak but not to vote. The maximum annual provision for the potential participation of experts and their related costs must not exceed 6.000 Euros.

In any case, the annual budget of 6000 Euros can be exceeded by agreement between the Select Committee and the Central Management, with the finality of attend the extraordinary necessities, properly justified. For this purpose, The Select Committee shall submit to the Central Management fees three (3) different proposals for the final approval.

16.3. The confidentiality obligation described in Clause 11 above shall also apply to the EFFAT Coordinator and the experts.

Seventeen.- Time credit.

17.1 The full and substitute members of the European Works Council of NH Group shall be entitled to time credit as stated in the applicable national laws.

17.2 The time spent by the members of the European Works Council of NH Group for any of the meetings of the European Works Council of NH Group will be considered effective working time.

Eighteen.- Expenses.

The Central Management of NH Group shall bear any and all costs deriving from the operation of the European Works Council of NH Group. Attendance to meetings shall be considered as official business travel and the expenses that travelling may entail shall be covered as established in the NH Group policies that apply in each company. Expenses connected with the specific organization of meetings shall be borne by the Central Management.

Nineteen.- Term of the Agreement.

19.1. This Agreement shall enter into force from the date of signing and shall remain effective for four (4) years as of the date of the first meeting of the European Works Council of NH Group held by virtue of this document.

19.2. This Agreement shall be automatically extended for additional 4-year periods, unless either of the parties terminates it by sending notice in writing to the other party at least six (6) months before it expires. If the Central Management of NH Group decides to terminate the Agreement, it shall send the relevant termination notice to the Chair of the European Works Council of NH Group by certified mail. The termination notice must be duly signed by an authorized representative of NH Group. If the members of the European Works Council of NH Group decide to terminate the Agreement (which decision shall be adopted by at least two thirds of the members of the European Works Council of NH Group), they shall send the relevant termination notice to the Central Management of NH Group by certified mail. The termination notice must be duly signed by all the members of the European Works Council of NH Group wishing to terminate the Agreement. During the notice period, the Agreement shall remain in full force and effect.

In the months immediately following the submission of the termination notice, a Special Negotiating Body shall be convened, which shall be charged with negotiating a new agreement.

Twenty.- Conflict resolution.

Any conflict that may arise from or be connected with this Agreement shall be solely submitted to the jurisdiction of the Courts of Spain (Madrid). In every case, the parties

agree to make their best efforts to resolve any potential conflict internally before legal action is undertaken.

In the event of disputes relating to the application and construction of this Agreement, or if any discrepancies in meaning arise between the Spanish version and versions in any other language in which this document may be available, the Spanish version shall prevail.

Twenty-one.- Supplementary legislation.

Matters not covered in this Agreement and affecting the information and consultation of employees shall be subject to the provisions of Directive 2009/38/EC and Spanish Act No. 10/1997, of 24 April, on the rights of information and consultation of employees within Community-scale undertakings.