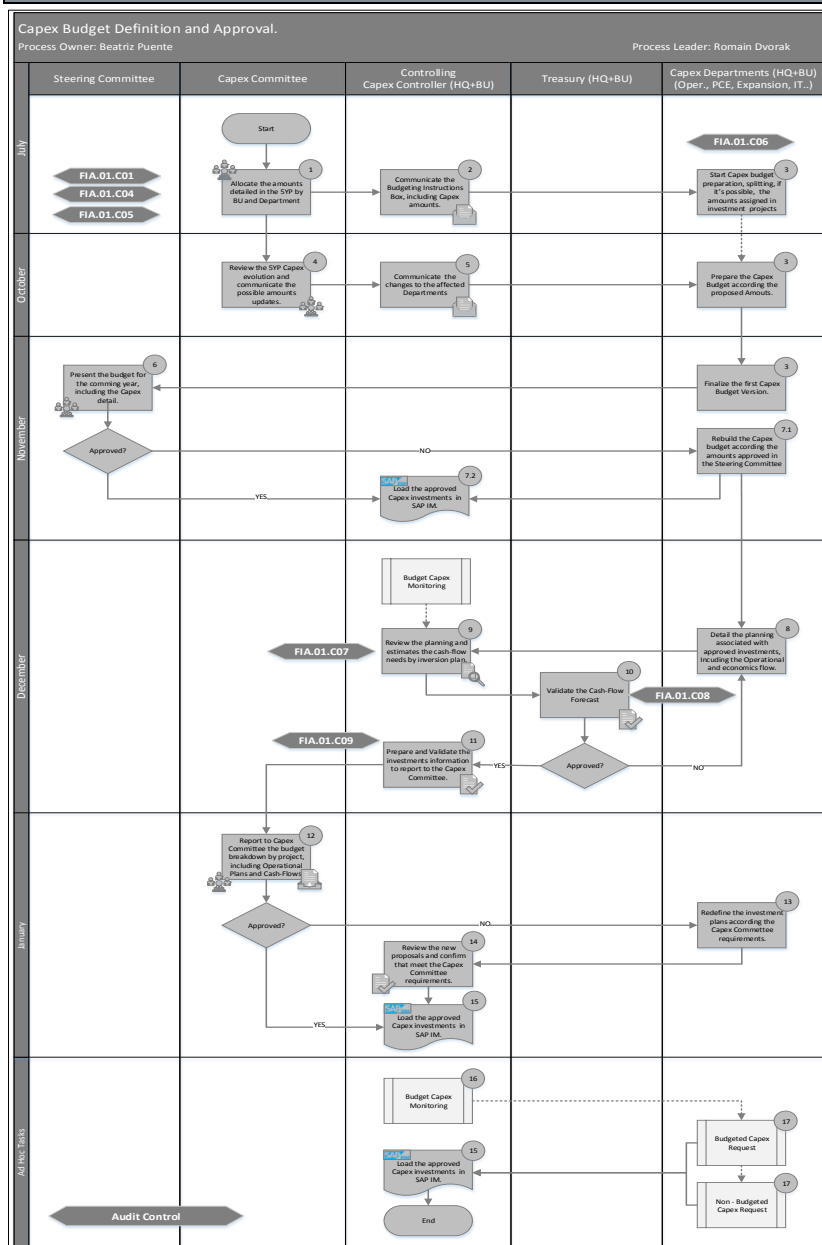
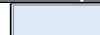




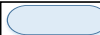
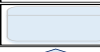





NH HOTEL GROUP		Corporate IT & Organization Department	
Process: Capex Control (Validation and Follow Up)			
Subprocess: Capex Budget Definition and Approval			
Process Owner: Beatriz Puente		Process Leader: Romain Dvorak	
Author	Antonio Luna		
Date	12.07.2016		
Last modification date			
Document version			
NH Approvals			
Name	Function	Date	Comments
Beatriz Puente	Process Owner		
Romain Dvorak	Process Leader		
Manuel Canalda	Process Leader		
Modification History			
Document Version	Date	Modified by	Comments
0.1	12.07.2016		



Shape	Name	Description
	Task	Represents a manual activity of the process.
	Automatic Task	Represents an automatic activity of the process.
	Flow direction	Input or output of the task or decision.
	Internal Audit Control	Controls defined by NH Internal Audit
	Systems	Application or Tool.
	Start/End	Indicates the beginning or the end of a process.
	Manual Process	Manual Business process composed of tasks, decisions, flow directions, documents and
	Decision point	It is originated after one task and it generates two or another decision.
	Report or document	It is a physical or electronic file used as input or output of a task.
	Notifications	External/Internal Notifications.

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Order	Task	Task Description	When	Responsible	Frequency	Tools
0	NH Hotel Group Capex Budget Allocation.	The Capex Budget for NH Hotels Group has been defined within the initiatives included in the Strategic 5 Years Plan (hereinafter 5YP) and it's broken down by year and Capex Category. - <u>Ordinary and Maintenance Capex:</u> Centralized or decentralized (HQ/BU) Capex dedicated to hotels maintenance and/or others departments with capex amounts assigned (IT, Marketing, Revenue, ...). - <u>Extra Capex:</u> Annual percentage defined and budgeted on Maintenance Capex. - <u>Expansion Capex:</u> New Openings. - <u>Projects, Construction and Engineering Capex:</u> Repositioning and Signage Capex. - <u>Operations Capex:</u> Basics, MICE, Gym, Open Bar,...	2014	Strategic Planning	5 Years	Cash and Capex Beta.xlsx
0.1	Capex Committee	CAPEX Committee centralizes the monitoring of capital investments of the company and making relevant to compliance decisions with the investment objectives specified in 5YP.	After Period Close	Committee CAPEX (CEO, CFO, COO, CRO, Chief Assets&Development Officer, General Secretary, SVP Obras, Proyectos e Ingeniería, SVP Controlling)	Monthly	Committe Minutes sent by the Projects, Construction and Engineering SVP SAP IM Reports Cash and Capex Beta.xlsx
1	CAPEX budget distribution for the following year.	From the annual amount of investment by NH capex category (see task 0) defined in the 5YP, the Capex Committee checks the amounts committed so far in the current year and makes a first estimate of Capex assigned (HQ + BU) for next year. In the event of Repositioning CAPEX, it will be necessary to request and prepare a Business Plan in order to ensure the profitability of the investment (for Capex > 0,5 M euros). The required rate of return will be established by the Capex Committee. Except for the Maintenance Capex budgeted, but not committed, which is lost at the end of the assignation year, the rest of budgeted Capex but not committed, remain the following year. Conversely if any department (HQ + BU) exceed the Capex budget allocated in the year, that excess will be deducted of Capex assigned the following year.	July	Committee CAPEX (CEO, CFO, COO, CRO, Chief Assets&Development Officer, General Secretary, SVP Obras, Proyectos e Ingeniería, SVP Controlling)	Annual	Cash and Capex Beta.xlsx Capex Budget Communication Template (SAP Template)
1 - AI	Internal Audit Control FIA.01-C01	The establishment of the amount of CAPEX by BU are defined by the CAPEX Committee. Once the budget is prepared based on these limits, it is approved by the CAPEX Committee and Management Committee	N/A	CAPEX Committee	Execution: Annual Testing: Yearly	Evidence: Minutes of the CAPEX Committee
1.1 - AI	Internal Audit Control FIA.01-C05	The Operations analyst prepares a Business Plan for each repositioning project together with the Head of Operations. The Investment department reviews the plan and verifies whether the return on investment is sufficient.	N/A	BU Operations Analyst	Execution: Ad-hoc Testing: Yearly	Evidence: Business Plan
1.2 - AI	Internal Audit Control FIA.01-C04	The Corporate Investment Department performs a profitability analysis for every project of more than 500.000€ and reports it to the CAPEX Committee. If the profitability is below certain established (20% wave I, 15% wave II), the project is not approved	N/A	Manager Investments & IR	Execution: Ad-hoc Testing: Yearly	Evidence: Revenue Analysis Report (Excel)/ Capex committee meeting minutes
2	Publication of annual Budgeted preparation Instructions	General communication about the NH Hotel Group annual budget preparation rules and instructions. As part of the economic instructions, the estimated Capex investment figures by category and business unit or Department will be included.	July	Controlling	Annual	Budget Preparation Instructions Pack.
3	Annual Budget Preparation	NH Business Units and HQ Departments with investment budget assigned, will prepare the capex budgeted by category, including the breakdown by project, or investment order when possible. If it is not possible an estimated breakdown should be presented for those capex categories whose budget cannot be detailed in investment orders in advance.	Julio - Octubre	Departments with Capex assigned HQ & BU	Annual.	SAP IM loading Template Pending to Validate
3 - AI	Internal Audit Control FIA.01-C06	The allocation of the Ordinary CAPEX is defined by the BU departments of operations and maintenance and reviewed by the BU Administration department.	N/A	BU Finance Director / BU FA Responsible	Execution: Annual Testing: Yearly	Evidence: E-mail with the CAPEX Budget reviewed by the Finance Director
4	Capex Budget Update	Based on the Capex investment evolution (5YP), confirm and/or update the budget allocations for the next year communicated in July (HQ+BU) with the new budget allocations or updates.	October	Capex Committee	Annual	Committe Minutes sent by the Projects, Construction and Engineering SVP
5	Capex Allocations Update Communication	Communicate to the Business Unit or HQ departments, the Capex budget allocations updates, agreed on the Capex Committee.	October	Capex Controller	Annual	Committe Minutes sent by the Projects, Construction and Engineering SVP SAP IM Template
6	Annual Budget Presentation	NH Hotel Group Business Units and HQ departments, will present to the Management Committee the Annual budget, including the capex allocation. The presented budget will be approved or refused with corrective actions.	November	Management Committee HQ SVP, VP Country managers BU Executives	Annual	NH Hotel Group Budget Template Committe Minutes Including the budget Approvals
7.1	Rejected Budget	The Capex budget responsible has to reallocate the annual budget according the corrective actions/amounts detailed in the Steering Committee. Once the budget is completed, has to be validated by the Capex Controller.	November	HQ SVP, VP Country managers BU Executives Capex Controller	Annual	SAP IM Loading Template
7.2	Load the Capex Investments	The budget approved by the Management Committee is loaded in NH Investments Management system (SAP IM), broken down by Capex category, Department, BU, Country and Center. Initially not all the allocated budget is broken down into investment orders and could be requested and allocated, depend on the category, during the course of the budgeted year. Extra Capex: An investment Request must be registered in SAP IM to trigger an approval workflow by investment amount. Special Projects Capex: The investment requests approvals for the following Capex categories (included in the 5YP), are managed by the owner department. The approved proposals have to be presented to the Capex Committee for final approval. New Openings - Expansion HQ. Repositioning and signae - Projects, Construction and Engineering. Basics, MICE, Gym, Open Bar: Operations. Once the investment is finally approved, the "Capex Request Template" must be sent ,with the required approvals, to the Capex Controller, to load the inversion in SAP Investment Management module and also attach the "Capex Request Template".	November	Capex Controller Capex Departments (HQ+BU)	Annual	SAP Investment Management (IM) SAP IM Loading Template Capex Invest Request Template Subprocess - Capex Approval Request. Subprocess - Non Budgeted Capex Approval
8	Capex Projects Planning	An investment planification must be defined for each Capex investment, and have to include the main execution and billing milestones, also must foreseen other economic impacts, such as, prepayments, local charges, taxes, fees or legal insurances.	December	Project Manacer	Annual	Investmeint Project Plan
9	Cash - Flow Forecast	The Capex Controller will receive all the investments planifications and will validate the accrued Capex and forecast the cash-flow together with the BO or HQ treasury responsible. Cash-Flow forecast has to be reviewed and validated every month. In addition to assure the degree of advancement of projects, and anticipate any scope change.	December	Capex Controller Project Manager	Monthly	Forecast Kyriba Subprocess - Capex Budget Follow Up
9 - AI	Internal Audit Control FIA.01-C07	The Capex Controller receives the investments planning defined for each Capex Investment and validates the accrued Capex and forecasts the cash flow together with Treasury Department. The Cash flow is reviewed and validated on a monthly basis by the Capex controller.	N/A	BU Finance Director / BU FA Responsible	Execution: Monthly Testing: Yearly	Evidence: Project Plan Template Forecast Kyriba
10	Validate investments Cash Flow	Treasury department (HQ or BU) must approve the capex cash flow forecast uploaded by the Capex Controller.	December	Treasury	Annual	Kyriba Forecast Template
10 - AI	Internal Audit Control FIA.01-C08	Treasury Department (HQ or BU) must approve the annual Capex cash flow forecast.	N/A	SVP Treasury	Execution: Annual Testing: Yearly	Evidence: Kyriba forecast template
11	Prepare the approved Capex budget Report.	Once the Capex budget has been approved by all the areas involved, the capex controller will prepare the 5YP Monitoring report to present in the Capex Committe.	December	Capex Controller	Annual	Reporting 5YP SAP IM Loading Template
11 - AI	Internal Audit Control FIA.01-C09	Once the capex budget has been approved by all the areas involved. The Capex Controller prepares the 5YP monitoring Report to present in the Capex Committee. All the presented investments can be approved or rejected/updated if are not conform to the expected amounts, terms, quality or to the investment expected outcome by the Capex Committee.	N/A	Capex Controller	Execution: Annual Testing: Yearly	Evidence: a. Reporting 5YP b. CAPEX committee meeting minutes
12	Annual Capex budget Presentation.	The annual Capex budget is presented to the Capex committee, including the investments broken down by capex category, the project plans and the cash-flow forecast. All the presented investments can be approved or rejected/updated if are not conform to the expected amounts, terms, quality or to the investment expected outcome.	January	Capex Committee	Annual	Reporting 5YP SAP IM Loading Template Capex Committee Minutes
13	Rejected or Updated Capex Investments	The project manager or the capex owner, must redefine the project according to the Capex Committee requirements, and resubmit it to the Capex Controller to validate it.	January	Project Manager Or Capex Owner Capex Controller	Annual	SAP IM Loading Template
14	Review the new investments proposal.	The Capex Controller validates that the new conditions and investment planning meet the Capex Committee requirements. If it's necessary, due to the investment relevance, it could be resubmitted for approval to the next Committee Capex.	January	Capex Controller	Annual	Capex Committee Minutes SAP IM Loading Template
15	Investment Management System Loading (SAP IM)	All the investment order approved are loaded in NH Investment Management System (SAP IM). The budget is atomatically allocated based on the amounts loaded.	January	Capex Controller	Annual	SAP IM Loading Template
16	Budget Monitoring	Project managers should communicate in advance to the Capex Controllers any execution incident or any change in scope of the project, that may involve a change in the execution of the investment, or in the associated billing payments.	Ad-hoc	Capex Controller Project Manager	Monthly	Subprocess - Capex Budget Follow Up Subprocess - NH Project Manager MANUAL
17	Capex Investment Request	During the current year the new investment projects are presented in the CAPEX Committee but also are presented for approval the changes of scope or the budget deviations of ongoing projects. The approval of new investments or non budgeted deviations, will require the annual budget update, moving remaining amounts of other initiatives or advancing next year budget amounts included in the 5YP. A specific subprocess has been defined for non budgeted capex investments of special relevance or economic return.	Ad-hoc	Capex Committee	Monthly	Subprocess - Capex Approval Request. Subprocess - Non Budgeted Capex Approval