

# Integrated Annual Report 2020





# Message from the Executive Vice President and Chief Executive Officer

GRI 102-14

Dear shareholders, employees, customers and partners,

I would like to be able to start this introductory message to our Annual Report just as I would any other year, with a retrospective analysis of our performance and our strategy and an update on our commitments. Unfortunately, 2020 was not like any other year.

Throughout 2019, our company had been preparing for an environment that seemed to be becoming increasingly volatile, uncertain, complex and ambiguous (otherwise known as VUCA), but then just as we started the new year, we were hit by a “tsunami” named COVID-19. The excitement we all shared at the beginning of a new decade was cut short in March 2020 when the WHO declared a global pandemic with its origin in Wuhan (China) that would go on to unleash the worst health, social and financial crisis known to current generations, and with a particularly dramatic impact on the travel industry. Over the last year, the travel industry has lost more than 70% of its revenues, with similar falls in the number of travellers and air traffic worldwide.

The management of the crisis at Meliá Hotels International was characterised by our ability to anticipate events thanks to our presence in China and our experience in managing previous crises such as the SARS pandemic in 2004. It was also characterised by the advantageous position we enjoyed when the pandemic broke out thanks to our strategy and financial management over recent years, (with a net debt/EBITDA ratio slightly higher than 2 at the start of 2020), our strong commitment to digitalisation (after having invested more than €170Mn since 2015) and having a portfolio of renovated assets valued at more than €3,000Mn. As one of the most sustainable hotel companies in the world according to the S&P Global Corporate Sustainability Assessment in 2020, and one of the top seven companies with the most sustainable management in 2020 according to the Wall Street Journal, among other awards, the solid reputation of Meliá was also a major strength in facing the greatest crisis in its history.

After having to close most of our hotels around the world, we focused all our efforts on offering an agile, effective, responsible, and cooperative response to a crisis that even today continues to surpass all risk forecasts and analyses. Our Contingency Plan thus focuses on five fundamental areas:

- **The health and safety of our employees and customers**, which inspired our Stay Safe With Meliá programme, certified by Bureau Veritas, which is now a benchmark for the industry and one of our most important sales arguments.
- **Preservation of employment and talent**, which led us to accelerate the implementation of teleworking and online training systems and boost our support for employees over such difficult times. Our management would not have been possible without the commitment and professionalism of our teams and their successful adaptation to working from home during the pandemic.
- **Guarantee our liquidity**, working in two key areas: on the one hand, expanding our financing, leveraging our market credibility and thus reducing cash burn through questioning and then reducing all of our expenses, and on the other, cooperation with such essential stakeholders as the suppliers of goods and services and the owners of our leased hotels. Overall, we estimate the savings achieved in 2020 at €226 million.
- We are also focused on the **continuity of our operations**, effectively managing hotel closures and re-openings with the aim of opening as many hotels as possible without compromising our liquidity any more than necessary. Thanks to the combination of our sales strength and the flexibility and safety of our value proposition, our hotels have shown an above-average performance despite the circumstances.
- Finally, from the outset, we understood that in times like these it would be more important than ever to remain faithful to our corporate values and purpose, and we decided to use the time to **strengthen public trust and our reputation**. We therefore helped out during the emergency by allowing hotels to be converted into hospitals and also used to provide accommodation for essential workers, whose work we acknowledged through our “Nights for your days” campaign offering them more than 32,000 free hotel nights, among other actions to show our solidarity. Through intense transparency and communication, we have also strengthened our **engagement** with our stakeholders and improved our positioning.



**Gabriel Escarrer Jaume**  
Executive Vice President  
and CEO

At Meliá Hotels International we have combined these short-term actions in response to the crisis with a profound strategic review that has resulted in the adaptation of our Strategic Plan, which we have named **"The Day After"**. The major strategic areas for transformation are our **organisational evolution**, adapted to a digitalised operating model, **the drive for greater digitalisation** (both in sales and marketing and also in back-office and front-office processes and the customer experience) and the **integration of sustainability in the day-to-management** of the company, supported by the Global Compact Principles to which we are a signatory.

### Outlook and trends for 2021

The first quarter of 2021 has seen the so-called "third wave" of the pandemic followed by the start of the vaccination process, meaning the world of travel and hospitality continues to be strongly affected by the evolution of the pandemic and the continuity of almost indiscriminate restrictions.

Looking to the future, we see the current financial year as a year of transition, in which we may begin to see a gradual recovery in the second semester. This will be conditioned, however, by health factors such as the vaccination process in key destinations and feeder markets, and the existence of international standards and regulations that will allow trips to resume safely. Similarly, the speed of the recovery will be influenced by economic factors, such as the survival of businesses and jobs, or the spending power of families after the pandemic. Considering all these factors, we believe that the recovery of the activity and revenue levels we saw prior to the pandemic will not be achieved until 2023 or 2024.

Trends in the post-Covid era point towards more conscious and responsible travellers, for whom health and safety will continue to be an essential factor, and more online reservations than ever before, in line with the boost to the "digital society" seen during the pandemic, accompanied by the desire for a much more comprehensive and satisfying digital experience. During the transition to normality, the preference for domestic and short-haul travel and the difficulties in the recovery of urban hotels and business travel, will benefit resort hotels, a segment in which Meliá is a major leader, and the destinations more focused on domestic markets.

Among the somewhat more positive news, our industry was relieved to see the agreement between the European Union and the United

Kingdom on December 24, which avoided the worst possible Brexit scenarios, and awaits the distribution of the Next Generation European Funds to boost economic recovery and competitive transformation. Our Company has assumed the responsibility of leading a number of large-scale projects which we have presented to the Spanish Government in collaboration with many other companies and organisations, focused on the digitalisation and sustainable transformation of our tourism model, hotel decarbonisation and the regeneration of mature travel destinations, among other objectives.

### A turning point

I will end my introduction to this Report by recalling that the correctness of our response to the health crisis has not prevented a massive destruction of value; our revenues plummeted by more than 70% in 2020, our Net Income showed a loss of €575 million, and our Net Debt increased by €575 million over the year. However, as we stated in the motto of our strategic plan, "from contingency to resilience and recovery", despite the fact that there are still several very hard months ahead, we are convinced that we will emerge stronger and in a position to take advantage of opportunities and regenerate value.

At the start of 2021, the world faces a turning point, and as part of an industry that is a major driving force behind GDP and employment in the countries in which we are present, travel companies have a responsibility to support the global recovery, reactivating their business and generating the employment and wealth we saw prior to the pandemic.

As an industry leader, at Meliá Hotels International we are happy to assume that commitment and responsibility, and we reach out to all our stakeholders in order that we may achieve it together, through our most honest and loyal collaboration.



**Gabriel Escarrer Jaume**

Executive Vice President and CEO



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# About this report

GRI 102-48; GRI 102-49; GRI 102-53; GRI 102-54; GRI 102-55; GRI 102-56

## CONTEXT

The COVID-19 pandemic has created historic conditions for all industries worldwide and, in particular, for the travel and hospitality industries. Border closures and travel restrictions have paralysed our activity and caused the closure of a large part of our hotel portfolio, affecting operations and, consequently, the reporting of data.

However, the increasing demands of our stakeholders and the environment encourages us to continue to share a vision of our annual performance with the greatest transparency. Following international reporting standards and recommendations, we therefore assume our commitment to publish corporate information that reflects both our performance and the challenges and opportunities we face.

## REPORTING FRAMEWORKS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Guide, the International Integrated Reporting Council (IIRC), which allows us to continue moving forwards towards a fully Integrated Report, and also in accordance with financial materiality in the hotel industry as defined by the Sustainability Accounting Standards Board (SASB). These international reporting frameworks ensure that the information we share with our stakeholders is consistent, comparable and reliable, while also conveying the alignment between our strategy, material issues, our governance model and our performance, both financial and non-financial.

## MATERIALITY AND STAKEHOLDER PARTICIPATION

Based on the principles in the GRI Standards, the Integrated Annual Report focuses on the material issues identified in the materiality analysis updated in 2019, whose preparation process and results are described in the chapter on "Value creation for our stakeholders" in this report.

The preparation of the materiality analysis has allowed the company to identify the most relevant issues for each of its

stakeholders, defining the areas or aspects considered essential in the preparation of this report and thus allowing an evaluation of company performance in these areas.

With regard to the quality of the information, we always aim to strike a balance between both the positive and negative aspects of our performance in 2020 in the key material issues identified. We therefore publish this information in the most precise, detailed, clear, comprehensible and reliable way possible, offering stakeholders an assessment of the evolution over time of material issues for their information and to ensure comparability with other companies or industries.

## NON-FINANCIAL INFORMATION STATEMENT

Additionally, and in accordance with Law 11/2018 of December 28 on non-financial information and diversity, and article 44 of the Commercial Code, we have incorporated into this report the Non-Financial Information Statement for 2020.

## INFORMATION SCOPE

This Integrated Annual Report consists of:

- The Consolidated Management Report (from page 1 to page 216) presented by the Board of Directors on February 25, 2021, which also includes the Non-financial Information Statement, the contents of which can be seen in the table "Non-financial and diversity information requirements (Law 11/2018)" in the annexes.
- The Annual Corporate Governance Report (in the Annex from page 217 to page 309)
- The Consolidated Annual Accounts (from page 310 to the end of this report) presented by the Board of Directors on February 25, 2021.

On the other hand, the content of the Management Report regarding the following can be found in the notes to the Consolidated Annual Accounts (CAA):

- Alternative measures to performance: Note 2.4 to the CAA

- Treasury stock: Note 16.3 to the CAA
- Payments to suppliers: Note 23 to the CAA
- Subsequent events: Note 24 to the CAA

This report contains relevant information on company management, financial results and non-financial information for Meliá Hotels International. The information corresponds to a control perimeter aligned with the subsidiaries that are fully consolidated in the Annual Accounts. For some non-financial indicators, in addition to the **consolidated perimeter**, the **aggregated perimeter** is also reported, corresponding to companies in which Meliá Hotels International does not have operational control (consolidation by equity method or not consolidated in Annual Accounts). Throughout the report, the perimeter within which each data is reported is stated.

In order to ensure the comparability of information and allow visibility of the evolution of the Meliá performance over time, the report also shows indicators with historical data and, where appropriate, with the objectives that were defined. It should also be noted that the pandemic has significantly affected indicators due to the disruption of our activity, thus affecting all comparisons with historical data.

## VERIFICATION

In order to ensure the transparency and reliability of the information, since 2010 Meliá Hotels International has submitted its non-financial information report for verification by an independent, external body.

The 2020 non-financial information has been verified by Deloitte, with a limited level

of assurance, obtaining the attached independent review report based on essential GRI standards, which includes the objectives and scope of the process as well as the verification procedures used and their conclusions.

## QUESTIONS

If you have any question or suggestion related to this report, please use the following channels for direct contact:

### *Financial information:*

Investor Relations Department ([investor.relations@melia.com](mailto:investor.relations@melia.com))

### *Non-financial information:*

Corporate Responsibility Department ([csr@melia.com](mailto:csr@melia.com))

# Meliá in 2020

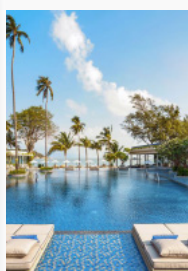




# Meliá in 2020

## Most important milestones

# 2020



We start with very positive news: the opening of Meliá Koh Samui in Thailand, the 20th anniversary of Meliá Hanoi in Vietnam, a Gold Medal in the 2020 Sustainability Yearbook published by S&P Global and the presentation of our commitment to the 2030 Agenda at Fitur.

We topped the Corporate Responsibility ranking prepared by Merco, a business monitor that ranks the 100 Spanish companies with the best corporate reputation.

COVID-19 begins to spread rapidly outwards from China, creating an exceptional situation which leads to a gradual shutdown of the hotel industry. We launch our Global Contingency Plan and create our Crisis Management Committee.



With nearly half of the world's population in lockdown due to the spread of COVID-19, we close virtually all of our hotels and corporate offices worldwide.

Our solidarity extends to the people fighting the pandemic through the "Meliá with the Heroes" campaign, providing thousands of free stays to healthcare workers and security forces. We refocus our social media strategy to strengthen emotional bonds with our audiences while also reinforcing online training for all our employees, opening up the eMeliá training platform to more than 45,000 employees and offering more than 22,000 training courses.

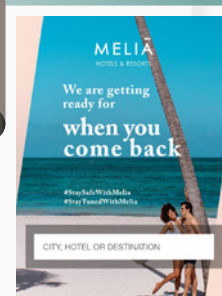


We take a major step in managing the health crisis with the launch of the "Stay Safe with Meliá" programme and also prepare to begin reopening our hotels.

We launch the "When you come back, stay safe with Meliá" campaign to stimulate summer sales, getting more than 80% of bookings through melia.com and more than 90% of revenue from MeliáRewards members.

We also created the "Linen for Life" project together with Diversey to support the most vulnerable people in developing countries.

JUNE



MAY

APRIL

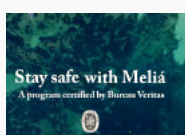


MARCH

FEBRUARY

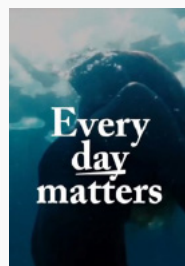
JANUARY

We continue to innovate in our customer relationships through social media, creating Meliá Pro Travel Labs to strengthen our relationship with travel agents in this increasingly digital age, and looking for new ways to reach the next generation of travellers. In partnership with the Student League of the World Tourism Organization, we create a challenge for 59 universities around the world to help us design our social media strategy for Tik-Tok.

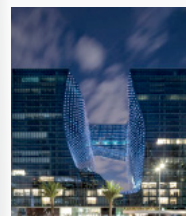


We complete the Stay Safe with Meliá certification process carried out by Bureau Veritas, one more step towards excellence. The containment of the pandemic in China has immediate positive effects on the economy and on the recovery of the travel industry.

We continue our expansion and open our sixth hotel: the Gran Meliá Chengdu. We also achieve the highest number of open hotels (176) since the beginning of a pandemic which has put our capacity for reinvention and resilience to the test. With the collapse of business travel and travel restrictions, we look for new ways to improve occupancy and revenue, such as Workation by Meliá, a new teleworking experience from a base in our hotels.



We present Leading a New Future, a key project in our cultural transformation for the new era. Our digital transformation continues to move forward at pace through our Be Digital 360 programme. We also present the "Every day matters" series of mini-documentaries to highlight our commitments to society and the environment and our response to current challenges.



We open the ME Dubai, one of the most long-awaited company projects, with an extraordinary design by the architect Zaha Hadid. And we launch our Black Friday campaign during a period of growing optimism thanks to the announcement of the approval of vaccines.



Before closing the year, we present the evolution of our strategy under the name "The Day After", preparing us to recover business and re-emerge even more competitive than before. eMeliá also says goodbye to the year with good news, after having completed more than half a million training sessions.

JULY



AUGUST

SEPTEMBER







OCTOBER

NOVEMBER

DECEMBER

2020

## Key indicators

 Financial	 Business	 Governance	 People	 Environment	 Society
Total consolidated revenue <b>528.4M€</b> (-70.7%)	Aggregate revenue <b>649.0M€</b> (-77.2%)	Board Members <b>11</b>	Total active workforce <b>22,571</b> (-50.6%)	Scope 1 emissions (SBTi) <b>35.8k TCO<sub>2</sub></b> (-51.1% base year)	Total donations <b>5.2M€</b>
EBITDA (excluding capital gains) <b>-130.5M€</b> (-127.7%)	Aggregate RevPAR <b>34.3€</b> (-50.3%)	External independent directors <b>54.4%</b>	Female staff members <b>40.4%</b> (-4.2 pp)	Scope 2 emissions (SBTi) <b>166.9k TCO<sub>2</sub></b> (-51.9% base year)	Financial value of "Meliá with the heroes" <b>4.9M€</b>
Net profit attributed to parent company <b>-595.9M€</b> (-627.8%)	Aggregate ARR <b>98.2€</b> (-7.3%)	Board attendance (in person and by proxy) <b>100%</b>	Women in management positions <b>25.5%</b> (-1.8 pp)	Renewable energy use <b>25.9%</b> (-13.3 pp)	Project "Linen for Life" <b>37k masks</b> <b>(1.5 Tn recycled linen)</b>
Net debt <b>2,603.8M€</b> (+28.3%)	Aggregate occupancy <b>34.9%</b> (-30.3 pp)	Average membership of the Board <b>9.8 years</b>	Workforce covered by collective agreements <b>79.2%</b> (+23.2 pp)	Portfolio located in protected areas <b>49 hotels</b>	"Stay Safe with Meliá" investment <b>+2.2M€</b> <b>(Hotels and offices)</b>
Consolidated RevPAR <b>43.2€</b> (-50.3%)	NPS customers <b>48.1%</b> (+2 pp)	Female Board members <b>27.3%</b>	Total hours of training <b>+510k</b> (+75.6%)	Portfolio located in areas with water stress <b>93 hotels</b>	Hotels converted to hospitals (COVID-19) <b>6</b>
Consolidated ARR <b>110.2€</b> (-10.2%)	Melia.com revenue <b>32.2%</b> (+5.5 pp)	Board meetings <b>7</b>	Training hours per employee <b>22.61</b> (+57.2%)	Recycling rate (selective waste collection) <b>61.5%</b> (+4.8 pp)	Portfolio with no risk in Human Rights issues <b>98%</b>

## Our contribution to the SDGs

GRI 413-1

Both the United Nations and other sustainable development experts have confirmed that the COVID-19 pandemic has had a strong impact on the **2030 Agenda**. Many of these impacts have been positive, such as in the areas of climate change and biodiversity. However, many others have been seen to be negative, including public health or an increase in inequality due to the global economic slowdown. The latter point may also place the implementation of national sustainable development programmes and the Paris Agreement on Climate Change at risk.

The new decade began as a time for action, and we are now faced with an economic and health crisis that has become a turning point for an agenda which we have used as a reference guide ever since it was approved in our efforts to build a responsible tourism

model and make a positive contribution to major global challenges. Ever since then, we have made significant progress in making it part of our sustainability strategy and in the definition of specific objectives.

That is why Meliá is one of the leading international hotel companies due to its commitment and progress in sustainability, and why we continue to promote a responsible management model that generates real value in the destinations in which we operate and in which the SDGs play a key role.

Although our 2019 Sustainability Master Plan defined SDGs 8, 12, 13, 16 and 17 as key priorities due to their direct link with our activity, the current situation requires that we also consider SDG 3 Good Health & Wellness as a priority.

### CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

	CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS	PROGRESS ON PRIORITY SUSTAINABLE DEVELOPMENT GOALS
	<p>The health and safety of our stakeholders has always been important to us. The current situation requires that it become our top priority</p> <p><i>The section on Occupational Health &amp; Safety provides details of our progress</i></p>	<ul style="list-style-type: none"> <li>• Activation of the Crisis Management Committee</li> <li>• Preparation of the Stay Safe with Meliá Programme</li> <li>• Conversion of hotels into hospitals for patients and also accommodation for essential workers</li> <li>• Recognition campaigns for essential workers</li> </ul>
	<p>People are at the heart of our approach. More than ever before, we are committed to maintaining the employment of our people, providing them with constant training and developing their talent</p> <p><i>The section on People offers details of our progress</i></p>	<ul style="list-style-type: none"> <li>• Activation of measures to maintain employment and provide support and financial assistance</li> <li>• Implementation of emotional support activities</li> <li>• Encouragement of teleworking and digitalisation of workplaces</li> <li>• Opening of the eMeliá platform to the entire workforce and new training programmes</li> </ul>
	<p>We continue to make progress in integrating sustainability and ethical management in our supply chain, working together with suppliers who share our values and commitments.</p> <p><i>The section on the Supply Chain offers details of our progress</i></p>	<ul style="list-style-type: none"> <li>• Update of the Procurement and Service Contracting Policy to define selection criteria for quality, safety, sustainability and efficiency</li> <li>• Promotion of 4th and 5th-range food products</li> <li>• Progress in sustainable packaging</li> <li>• Progress and new developments in the circular economy with social repercussions</li> </ul>
	<p>We continue to promote an efficient and responsible hotel management model both regarding our use of resources and minimising our impact</p> <p><i>The section on Environment &amp; Climate Change offers details of our progress</i></p>	<ul style="list-style-type: none"> <li>• We joined the <i>Green Recovery Alliance</i> and consolidated our presence in <i>CDP Climate &amp; Water</i></li> <li>• More than 60% of the energy we use is now green energy</li> <li>• We are committed to investing in our portfolio under sustainable and efficient criteria</li> <li>• We continue making progress in the reduction and management of waste</li> </ul>
	<p>We understand that the best way to move towards an ethical and responsible management model is to ensure the integration of sustainability in our Governing Bodies</p> <p><i>The section on Good Governance provides details of our progress</i></p>	<ul style="list-style-type: none"> <li>• Creation of the Meliá Sustainability Committee</li> <li>• Approval of the Director Selection and Diversity Policy, including the new recommendations on Corporate Governance for Listed Companies from the CNMV regarding diversity issues</li> </ul>
	<p>Dialogue and direct cooperation with our stakeholders is essential in creating lasting alliances and ensuring their involvement in achieving our objectives together</p> <p><i>The section on Stakeholders provides details of our progress</i></p>	<ul style="list-style-type: none"> <li>• Updating of the Stakeholder Map, defining management priorities and new measurement guidelines</li> <li>• We have also strengthened bonds with numerous suppliers that have supported us in our management of the pandemic</li> </ul>



# 1

## Business model

Mission, vision and values

Business model

Brand portfolio  
& positioning

Location map

Asset management  
strategy



# Mission, vision and values

GRI 102-16

## LEISURE AT HEART, BUSINESS IN MIND

The combination of excellence in hospitality and rigour in management, combining natural instincts with data, feelings with observations, and intuition with analysis. At Meliá Hotels International we blur the lines between what we think and what we feel, because we represent holidays, getaway breaks, emotions and well-being. **But we are also about success, effort and teamwork. We are business**



We are faithful to our origins and ambitious about our future. Of the twenty largest international hotel groups, we are the only company that has its origins in the resort hotel industry, an area

in which we continue to lead innovation. We also have the ideal size to be able to offer efficient and open management to all of our stakeholders

<p>We are a company with more than 60 years of history, defined by four <b>attributes of our corporate identity</b> which reach across all our brands...</p>	<p>... that inspire the <b>values</b> of our organisational culture...</p>	<p>... and that come to life in our day to day through our <b>behaviour</b></p>
<p><b>Warmth and conviviality</b>  <b>Caring and nurturing</b>  <b>Little extras</b>  <b>Innovation</b></p>	<p><b>Proximity</b>  <b>Excellence and consistency</b>  <b>Service vocation</b>  <b>Innovation</b></p>	<p><b>Warm</b>  <b>Professional</b>  <b>Hospitable</b>  <b>Creative</b></p>

All of this this defines a unique way of living, stemming from a feeling of belonging to a large family: our family. It is precisely this feeling that inspires the way we interact with our customers and with our own team members.  
At the end of 2019, in a business

environment in a constant state of change and with increasing volatility, complexity and uncertainty, we launched a new Strategic Plan for 2020 to 2022 ("Reinventing Value") which was designed to help us continue to move towards our  
**2030 Vision:**

**"To position ourselves among the leading hotel companies in the world in the midscale and upscale segment, strengthen our leadership in resort and bleisure hotels, and be seen as a world leader in excellence, responsibility, and sustainability".**



CUSTOMER VALUE PROPOSITION	SERVICE CULTURE	EMPLOYEE VALUE PROPOSITION
<b>Belonging Means More</b>	<b>Belonging Begins Here</b>	<b>Starring you</b>
<p>We aim to earn the loyalty and trust of our customers and continue to surprise them every day with experiences enveloped in the Spanish warmth and passion that characterise us.</p> <p>Belonging is about feeling special.</p> <p>That is why our programme offers a world of exclusive benefits to our most loyal customers and nurtures a sense of belonging to a large family that cares about their well-being.</p>	<p>We are the result of a united and committed group that shares a passion for what it does. Together, we help make that feeling of belonging that begins in every one of us grow day by day.</p>	<p>At Meliá, everyone is the star of their own story.</p> <p>Together, we are building the future of this great family, where every achievement is a step forward we make together, and every success is the success of us all.</p>

**LEISURE AT HEART, BUSINESS IN MIND**

**Meliá Hotels International**

**This is what we are**

# Business model



**AN EXCELLENT  
AND SUSTAINABLE  
MANAGEMENT  
MODEL...**

**... WITH A BUSINESS  
CONTINUITY PLAN  
FOCUSED ON 5 AREAS  
FOR RECOVERY...**

**... AND A FIRM  
COMMITMENT TO  
THE SUSTAINABLE  
DEVELOPMENT GOALS...**

## **OWNED HOTELS (14%)\***

Meliá both owns  
and manages the hotel

## **LEASED HOTELS (32%)\***

Meliá is leases  
and manages the hotel

## **MANAGED HOTELS (39%)\***

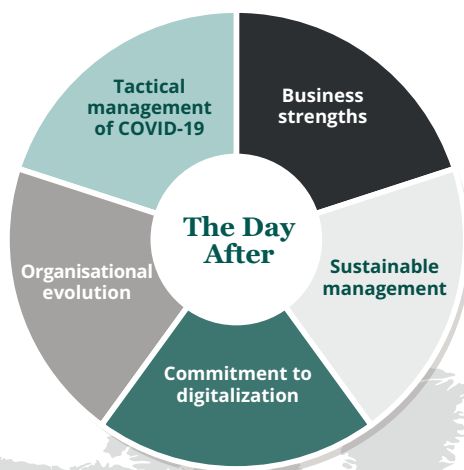
Meliá manages the hotel for a third  
party under one of its brands and  
charges a management fee

## **FRANCHISED HOTELS (15%)\***

The hotel owner operates the hotel  
under one of the Meliá brands and is  
present in the Meliá sales network

(\*) Active portfolio

## **OUR BRANDS**



## **CULTURE AND VALUES**

## **WITH THE MAIN FOCUS ON...**












# Brand portfolio & positioning

GRI 102-2; 102-6

Our experience in the leisure and bleisure hotel industry forms part of each of our brands, each with its own distinct personality and essence, but all of them sharing the same company values and principles. Each of our brands is aimed at a clearly defined

psychographic and demographic profile in order to respond to the different needs of the current market, adapting to changes and new trends as part of continuous review process that prioritizes innovation, excellence and quality in their constant evolution.

	+ DEMOGRAPHIC	+ PSYCHOGRAPHIC
<b>Upper upscale</b> <b>12%</b> 5% Gran Meliá Hotels & Resorts 3% ME by Meliá 4% Paradisus by Meliá	 PARADISUS BY MELIÁ	 GRAN MELIÁ HOTELS & RESORTS  ME BY MELIÁ
<b>Upscale</b> <b>52%</b> 40% Meliá Hotels & Resorts 12% Innsi by Meliá	 MELIÁ HOTELS & RESORTS	 INNSi BY MELIÁ
<b>Midscale</b> <b>29%</b> 18% Sol by Meliá 11% Tryp by Wyndham	 SOL BY MELIÁ  TRYP BY WYNDHAM	

Affiliated by Meliá **7%**

## SUSTAINABLE BRANDS

Our commitment to sustainability is also tangible in our brand portfolio. Modern customers favour companies that are committed to the social and environmental challenges we face as a society, and our brands ensure that customers sense this commitment during their stay at the hotel, developing products and services aligned with these new standards.

- Elimination of single-use plastics
- Acquisition of sustainable products
- We are very much aware of the importance of sustainability in the tourism industry, and we are working on promoting specific sustainable attributes in each of our brands to respond to the growing concern, strengthening our value proposition according to the real social and environmental situation in each of the destinations in which we operate.
- Promotion of healthy and local cuisine
- Sustainable mobility
- Efficient management of energy and water resources
- Events and meetings designed to offer sustainable experiences

*A life well lived*



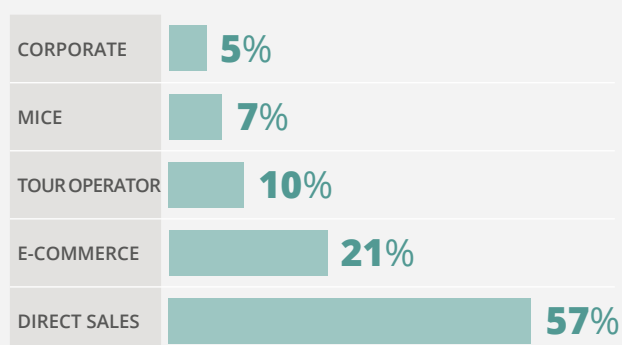
## BRAND POSITIONING

Gran Meliá evokes the essence of Spanish culture and a life well lived: simple pleasures, connection with the earth, respect for things well done and natural luxury.

This philosophy is materialised in each of the elements that shape the Gran Meliá experience. From the extraordinary architecture of our hotels and the quality of the cuisine evoking local flavours, to the warm and respectful nature of the service.

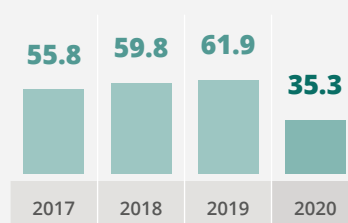
Each experience reveals a unique appreciation for the authenticity of the everyday, the creativity and talent of both local culture and our own. Even the smallest detail is deeply rooted in the Spanish life well lived, true luxury.

### REVENUE SEGMENTATION

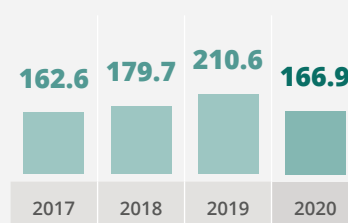


\*Of total centralised sales

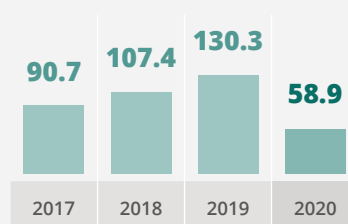
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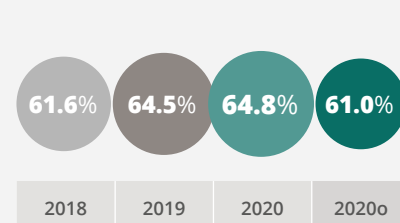
### ARR (€)



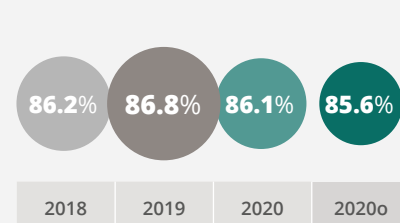
### REVPAR (€)



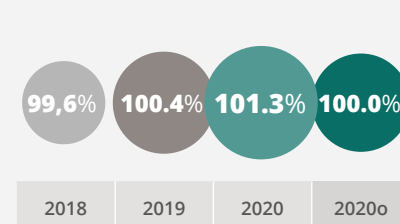
### NET PROMOTER SCORE (NPS)



### GUEST SATISFACTION SCORE (GSS)



### QUALITY PENETRATION INDEX (QPI)



### PRESENCE



	Hotels	Rooms	Countries
OPERATIONAL	14	3,302	6
PIPELINE	6	1,575	5
HOTEL STAYS	+0.3 million		



# ME

BY MELIÀ

HOTELS WITH EXPRESSION





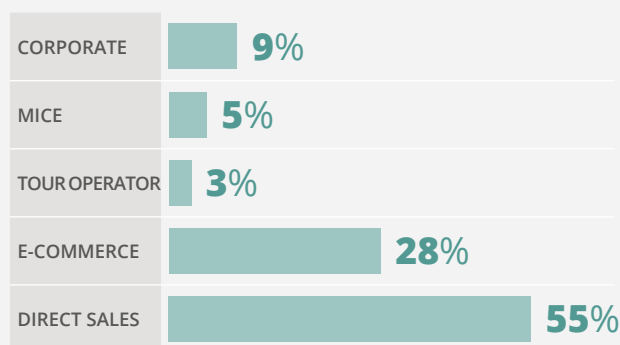
## BRAND POSITIONING

Inspired by the cutting edge of Europe's contemporary scene, ME by Meliá gives guests a true taste of its destinations. Combining architecture, design, art and gastronomy with a bespoke service culture that anticipates the needs of each guest, ME ensures every stay is meaningful.

Considering the uniqueness of each destination, we create customer experiences that contain the best of local culture so that each

ME hotel is a reflection of the destination in which it is located. Through our strong cultural connections, we bring local and international talent into our hotels, working with artists, influencers and creative technologists to create social epicentres which buzz with energy and inspiration.

### REVENUE SEGMENTATION

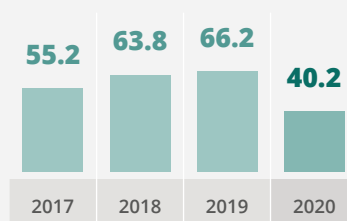


\*Of total centralised sales

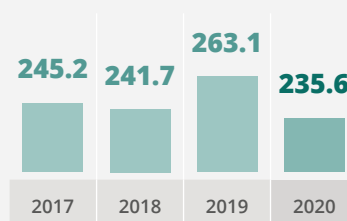
### PRESENCE



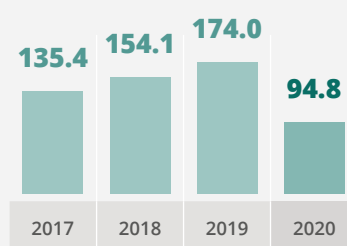
### OCCUPANCY (%)



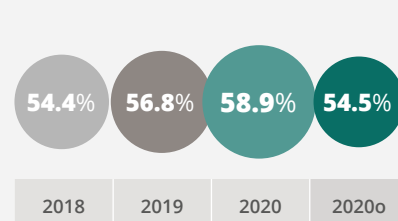
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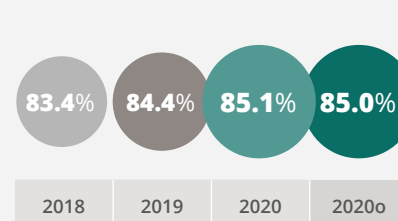
### REVPAR (€)



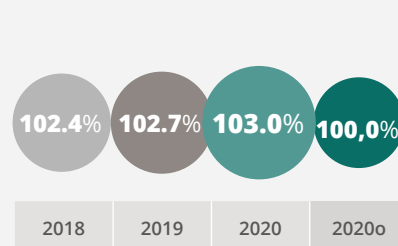
### NET PROMOTER SCORE (NPS)



### GUEST SATISFACTION SCORE (GSS)



### QUALITY PENETRATION INDEX (QPI)



	Hotels	Rooms	Countries
OPERATIONAL	7	1,149	5
PIPELINE	4	745	4

HOTEL STAYS	+0.1 million
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PARADISUS

BY MELIÁ

EMBRACE YOUR NATURE



## BRAND POSITIONING

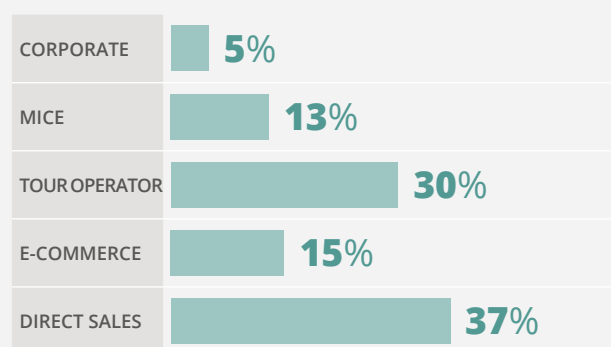
Set against the most renowned and emergent resort hot spots around the world, Paradisus transports guests into a paradise that reflects the natural beauty of its destination.

Mindful of its presence within nature, Paradisus is committed to achieving balance with the environment around its properties.

This commitment to balance with the destination can be seen in every part of the resort, from menus inspired by local cuisine to environmentally responsible in-room products.

Guests can expect to be transported into a resort environment that perfectly balances the feel of luxury with an unpretentious atmosphere.

## REVENUE SEGMENTATION

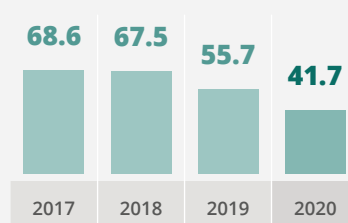


\*Of total centralised sales

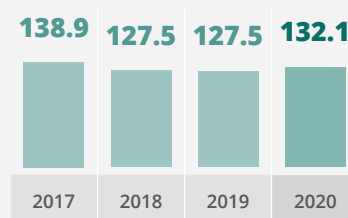
## PRESENCE



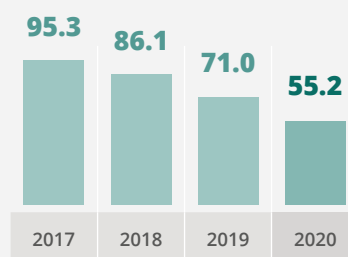
## OCCUPANCY (%)



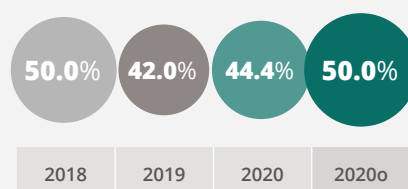
## ARR (€)



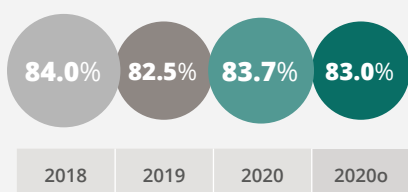
## REVPAR (€)



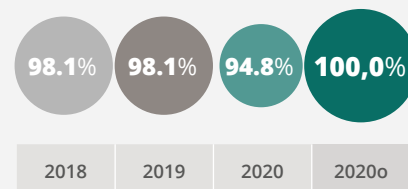
## NET PROMOTER SCORE (NPS)



## GUEST SATISFACTION SCORE (GSS)



## QUALITY PENETRATION INDEX (QPI)



	Hotels	Rooms	Countries
OPERATIONAL	12	6,316	3
PIPELINE	1	498	1
HOTEL STAYS	+0.7 million		



## Soul Matters





## BRAND POSITIONING

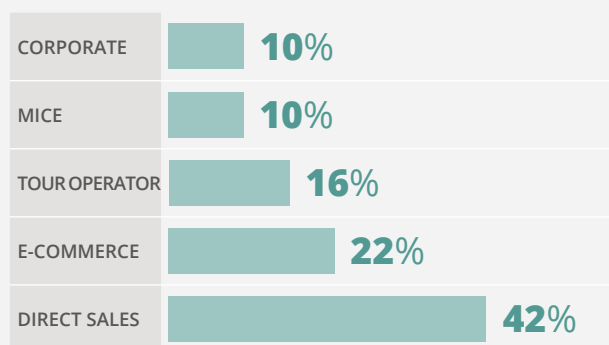
Meliá Hotels & Resorts is a welcoming brand that inspires a sense of security. With internationally renowned hotels, it is characterised by its passion for service and by the

personalised care received by its guests.

With guest wellbeing its top priority, Meliá provides the warmth of Spanish hospitality through its personalised services and constant evolution to create new experiences to meet the needs and wishes of all kinds of guests, without exception.

Unique culinary experiences adapted to the latest trends, rooms equipped to ensure the highest level of wellbeing, personalised and exclusive services through The Level, innovative meeting rooms with everything required to ensure maximum success, activity programmes that enrich and complement the guest experience, and kids' clubs to ensure every member of the family is happy. These are just some of the brand expressions that allow Meliá to guarantee it will meet the needs of its guests.

### REVENUE SEGMENTATION

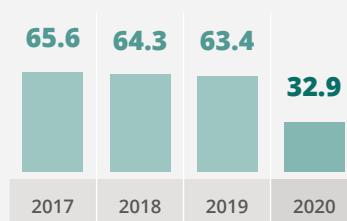


\*Of total centralised sales

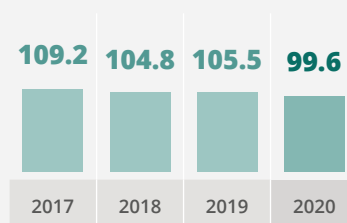
### PRESENCE



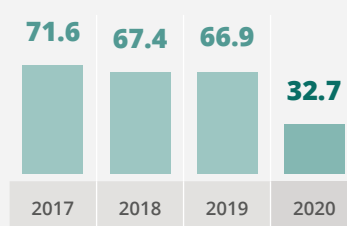
### OCCUPANCY (%)



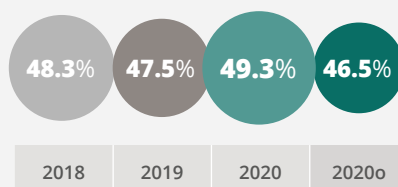
### ARR (€)



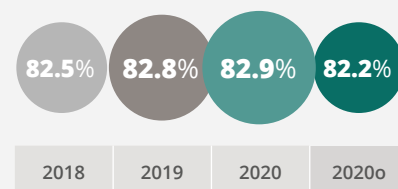
### REVPAR (€)



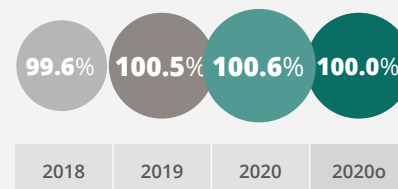
### NET PROMOTER SCORE (NPS)



### GUEST SATISFACTION SCORE (GSS)



### QUALITY PENETRATION INDEX (QPI)



	Hotels	Rooms	Countries
OPERATIONAL	120	36,638	34
PIPELINE	25	6,959	10

HOTEL STAYS **+4 million**

# INNSiDE

BY MELIÁ

Stay Curious.



# INNSiDE

BY MELIÁ

## BRAND POSITIONING

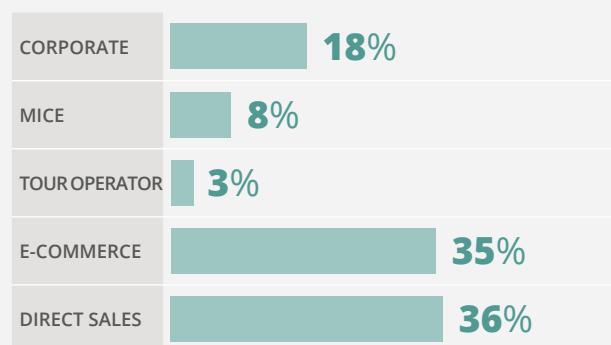
INNSiDE by Meliá hotels are design-led lifestyle and resort hotels that give guests the freedom to relax and explore, whether they are travelling for work or leisure. The brand embraces the local culture of each destination through an extensive events calendar, city guides, artwork and free bicycle hire to encourage guests to discover new neighbourhoods.

INNSiDE creates spaces where guests can disconnect and relax their body and mind in modern fitness facilities, yoga classes or with DJs in the pool and in the lobby. A hotel where guests can try local drinks without

leaving their room and enjoy all the flavours of local cuisine during meals. In all of our INNSiDE hotels, the lobby is an open space for informal encounters and business meetings.

We have given a lot of thought about how to take better care of our planet, which is why we have reduced the use paper and single-use plastics and ensured that room amenities, sheets and towels are manufactured with organic materials

## REVENUE SEGMENTATION

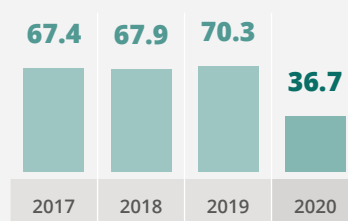


\*Of total centralised sales

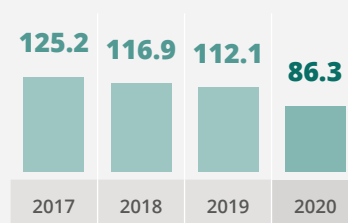
## PRESENCE



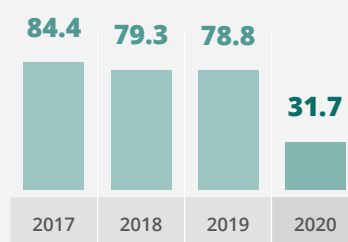
## OCCUPANCY (%)



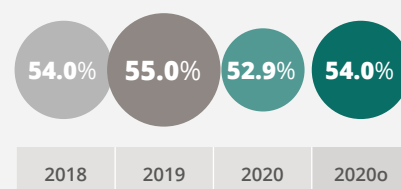
## ARR (€)



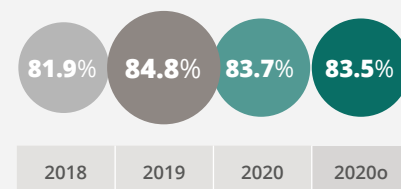
## REVPAR (€)



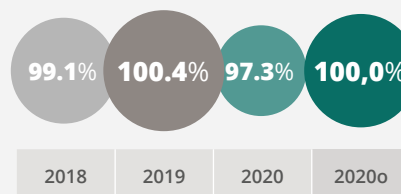
## NET PROMOTER SCORE (NPS)



## GUEST SATISFACTION SCORE (GSS)



## QUALITY PENETRATION INDEX (QPI)



	Hotels	Rooms	Countries
OPERATIONAL	32	5,737	12
PIPELINE	11	1,932	9
HOTEL STAYS	+0.7 million		



# SOL

BY MELIÁ

#LetYourSolShine



## BRAND POSITIONING

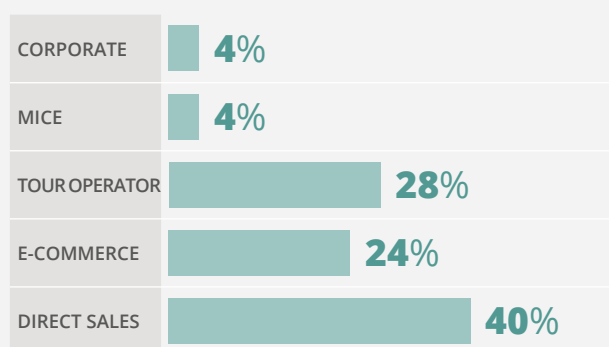
SOL by Meliá is dedicated to the most important type of holiday – the one you share with the people you love. A place where you feel the joy, fun and relaxation that are so vital during your time away, and where the memories created last a lifetime.

A new generation of resorts designed for modern families and contemporary travellers that includes fantastic facilities for children and experiences geared towards adults. Our design is colourful, vibrant and full of energy, as well as welcoming and homely, something that becomes clear in the service that we provide.

From the moment you arrive, we make the whole family feel right at home. A unique and unforgettable experience created through the hospitality and friendliness of the staff and the small details that make all the difference. A place in which to dream, jump and play.

At SOL, our goal is to satisfy our guests, personalise their experience and anticipate their every need.

## REVENUE SEGMENTATION

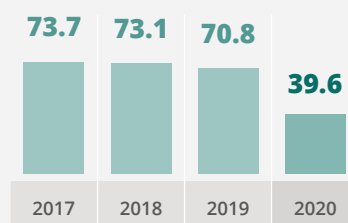


\*Of total centralised sales

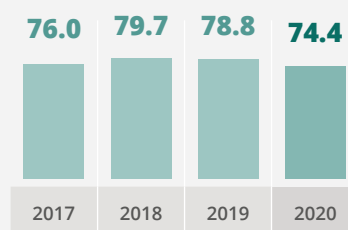
## PRESENCE



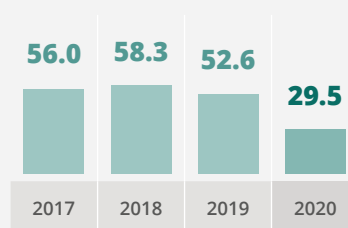
## OCCUPANCY (%)



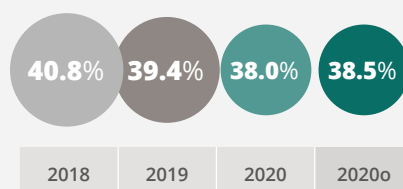
## ARR (€)



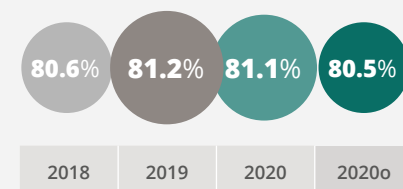
## REVPAR (€)



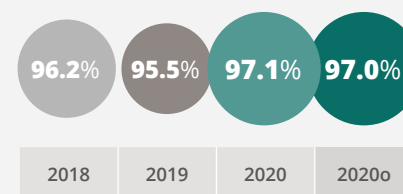
## NET PROMOTER SCORE (NPS)



## GUEST SATISFACTION SCORE (GSS)



## QUALITY PENETRATION INDEX (QPI)



	Hotels	Rooms	Countries
OPERATIONAL	65	19,593	7
PIPELINE	2	490	2

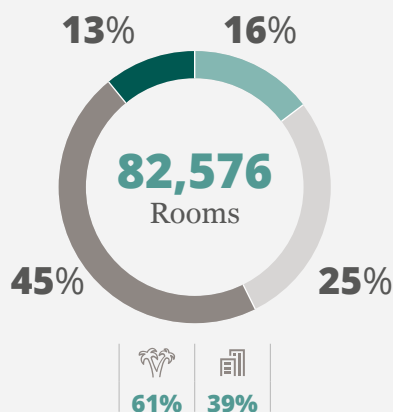
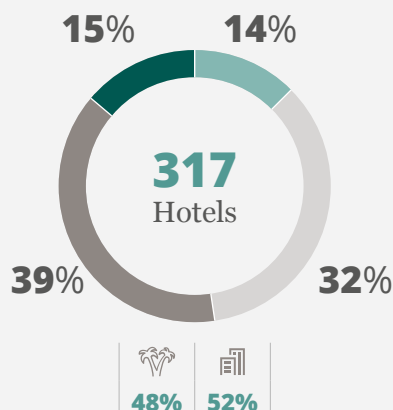
HOTEL STAYS **+1.4 million**



# Location map

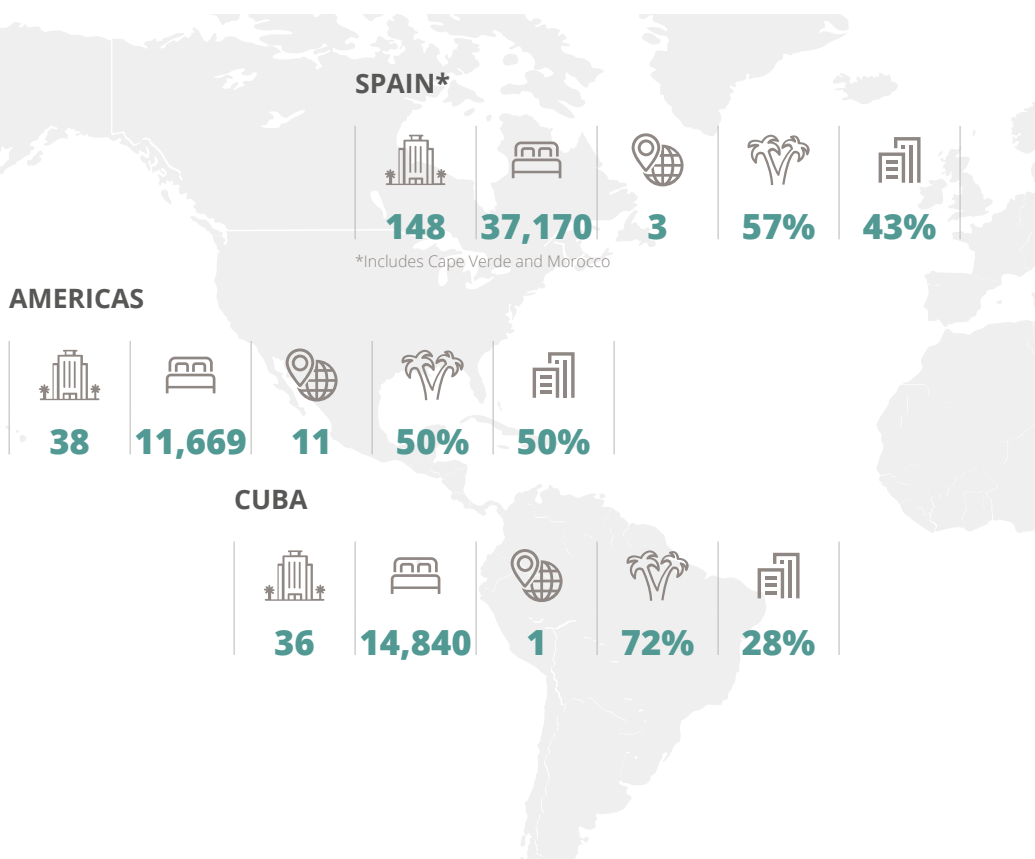
GRI 102-4; 102-7; 102-10

## ACTIVE PORTFOLIO



● Owned ● Leased ● Managed ● Franchised

## PORTFOLIO & PIPELINE



## EVOLUTION 2020

From April to December, 40% of our portfolio of hotels remained closed. City hotels suffered more than resort hotels, particularly those in major cities due to their dependence on MICE, Business Travel and international markets. The peak periods of the virus also occurred during the high season for city hotels (March to May and October to December).

The MICE and Business Travel segments will take the longest time to recover as companies have implemented strong cost containment measures to minimise the impact of the pandemic on financial results. With regard to international markets, major flight restrictions have caused a very sharp drop in the number of visitors. Resort hotels also offer larger and more open spaces, which is what customers will be increasingly looking for in the current situation.

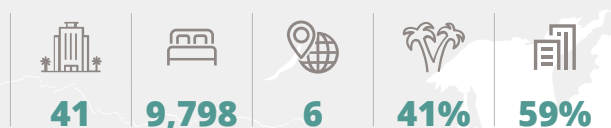
With regard to the regions, **Cuba** has seen the biggest impact, with 60% of the portfolio remaining closed. This is due to the high dependence on international markets. In **Spain**, the country in which we have the largest number of hotels, we tried to optimise openings (52%) and maximise operational

efficiency by concentrating customers in a single hotel in destinations in which we had critical mass. In **America**, although 32% of hotels remained closed, 40% of them opened for between 6 and 9 months. That is because almost all the hotels in the area are resort hotels and Mexico was the first international destination to reopen, which had a positive impact on our business. In **EMEA**, especially during the first wave of the virus, central European countries managed the situation very well, and there were even countries such as Austria or Luxembourg where hotels never closed. Germany was the first large country in Europe to open and also the country in which Meliá has the greatest presence. These countries have a strong domestic market, which also helped in our recovery. The situation was very different in France, where our entire portfolio is in Paris, a city which is highly dependent on international markets and has suffered the consequences of the decline in international travel. Finally, **Asia** was the first region affected by the pandemic and also one of the first to recover. In China in particular, but also in countries like Vietnam with a significant domestic market, hotels have stayed open almost permanently (78% of the portfolio).

## EMEA



## ASIA



## GROWTH 2020

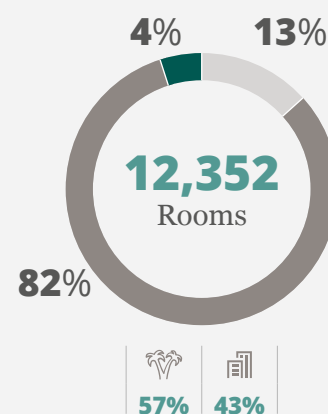
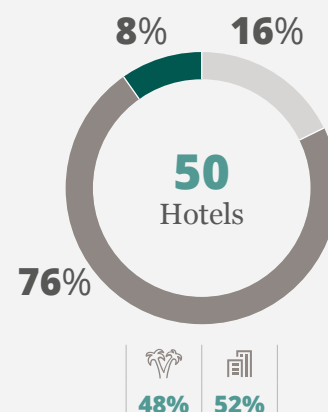
In 2020, the pandemic affected company growth due to the total paralysis in the markets. Even so, Meliá's geographic diversification once again proved to be one of its greatest competitive advantages in withstanding the crisis and leading the recovery, with the opening of 3 new hotels and more than 1,400 rooms in 3 countries over the year. Openings included the iconic **ME Dubai**, an architectural icon and part of the legacy of the architect **Zaha Hadid**, and a new ultra-luxury urban resort in **Chengdu** (capital of the province of Sichuan, in southwest China), a city with 3,000 years of history that has become one of the greatest exponents of the country's modern prosperity. As part of our expansion plan in the Mediterranean, during the year we also completed the opening of more than 1,000 rooms in Bulgaria at the new Meliá Sunny Beach.

We continued with our growth plan over the year, seeing a reactivation in China and Southeast Asia as business began to recover, with three new hotels signed up to the portfolio: **Meliá Detian Falls** in China and two new hotels in **Nha Trang** in Vietnam, which will add a new 324-room Meliá and a new **premium** Gran Meliá hotel with 380 rooms to our portfolio in the country.

## FUTURE EVOLUTION

Our future growth strategy will continue to strengthen our positioning as one of the leading hotel groups in upscale and premium hotels, strengthening our leadership in the most important holiday and bleisure destinations in alignment with criteria of excellence and sustainability. Over the next decade, **Meliá Hotels International will focus its growth strategy on key destinations and resorts in the Mediterranean** (with a focus on Spain, Portugal, Greece, Italy,

## PIPELINE



● Owned ● Leased ● Managed ● Franchised

Croatia, Montenegro and other destinations with a "**bleisure**" or leisure profile), **the Caribbean and Southeast Asia**. To respond to current market needs caused by Covid-19, the "**Affiliated by Meliá**" strategy is seen as a way of providing independent hotels and small hotel chains with the **expertise** of MHI and the support of its powerful distribution network. Our **asset-light growth strategy** will focus on generating new agreements under franchise and management models.

At the end of the year, our pipeline comprised 50 hotels, mostly under **asset-light management agreements** (84%) and in our **premium** (22%) and **upscale** (72%) brands. We continue to strengthen our international presence, with 98% of our future additions outside Spain. Meliá Hotels International remains committed to growth in Asia, where our current pipeline stands at 16 hotels (32%), strengthening our position in countries such as China, Indonesia, Malaysia, Thailand and Vietnam.

Over the coming year we expect to open 20 hotels with more than 5,500 rooms, highlighting the debut of the ME by Meliá brand in Barcelona and the new Paradisus resort in Playa Mujeres (Mexico).

# Asset management strategy

GRI 203-1; 203-2

Meliá's Asset Management Strategy is based largely on the identification in a highly volatile context of trends in the markets considered appropriate for our investments in assets, as well as on an analysis of their evolution to respond appropriately to any new opportunities which may facilitate investment processes in real estate assets, divestment or even the redesign of the operation of hotel assets.

The implementation of this strategy in recent years has meant that Meliá had gradually sold the vast majority of its non-strategic assets before 2020, taking advantage of the positive cycles in real estate markets in the affected destinations. Likewise, over recent years the company has invested heavily in the modernisation of strategic hotels in order to optimise their value.

As expected, the global crisis caused by COVID-19 has also had a major impact on asset management, and particularly on tourism industry assets.

After the crisis erupted in March 2020, the company drew up a roadmap aimed fundamentally at minimising the impact of the pandemic:

- Preservation of employment and talent
- Employee and customer safety
- Liquidity and financial position

The last two aspects mentioned above have had a direct impact on our asset management strategy.

**Employee and customer safety** required a number of investments to adapt hotels and corporate offices to new COVID-19 safety measures. Meliá led most of the industry in the development of the Stay Safe With Meliá programme certified by Bureau Veritas, which involved investments in both our hotels and corporate offices as well as a redesign of hotel operations.

Special emphasis was also placed on the ventilation of indoor spaces in our buildings, with renovation plans aiming to include the enhancement of ventilation mechanisms in our buildings.

It is also important to highlight that the investments in recent years to extend outdoor spaces such as rooftop terraces and indoor spaces converted into porches, have allowed us to offer customers safer spaces and enhance leisure experiences during their stay. This has also helped minimise impacts caused by the reduction of capacity in closed environments, thus creating an advantage both in terms of health and ventilation and also in guest satisfaction, with guests increasingly preferring to enjoy their time in outdoor spaces.

With regard to our **liquidity**, given the difficulty of forecasting during the pandemic, the company continues to consider its liquidity position a top priority, allowing it to face the coming months with a certain peace of mind.

Thanks to the work carried out since the 2008 crisis to consolidate the company balance sheet and rationalise and enhance the value of our portfolio, the company was in a position of relative strength when the crisis began. Over only the last five years, we had invested more than €750 million in our assets, and the value of assets considered non-strategic was also fairly insignificant.

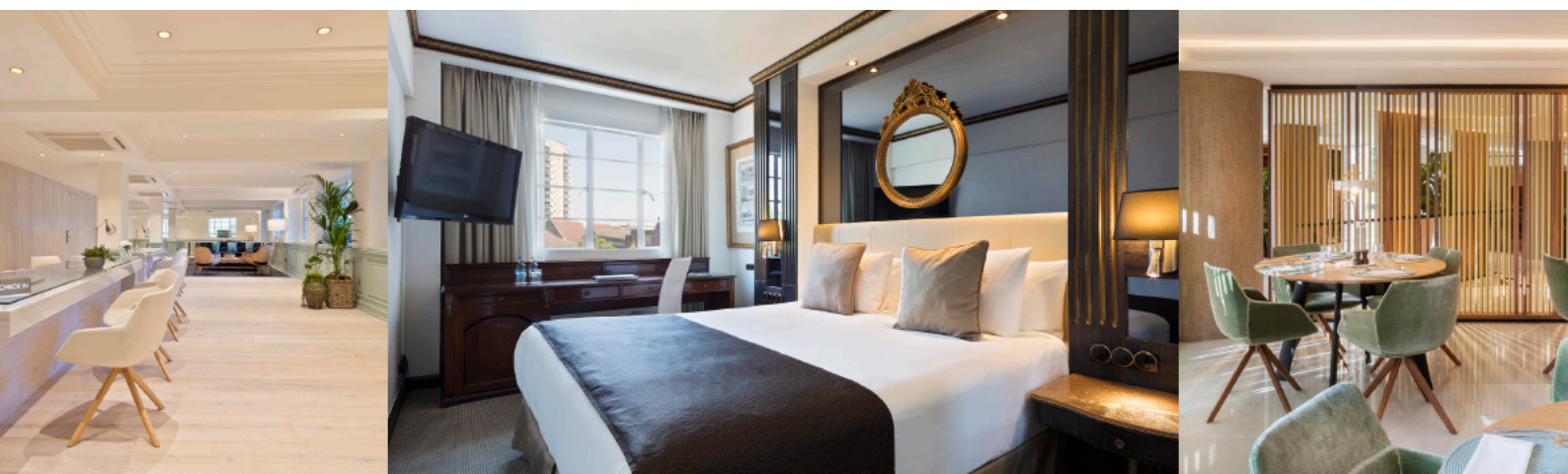
As of March 2020, every single item on the company budget was reviewed, adjusted and prioritised to ensure compliance with our essential commitments and obligations. The Annual Investment Plan was also adjusted, giving priority to product maintenance and adaptation, aware that this would create a competitive advantage in the post-Covid recovery phase.

Despite the adjustments in the Annual Investment Plan, in 2020 the company invested 45.69 millions euros in product improvements. A large part of this amount was allocated to the repositioning of a number of strategic assets located in major European cities and destinations, the most important of which are highlighted below.

## MELIÁ WHITE HOUSE

Located in a building with outstanding architecture in a charming area alongside Regent's Park. The improvement of its facilities began in 2018 and is expected to be completed in 2021. The comprehensive reform began in the hotel public areas and then later in its 580 rooms. The total cost will reach around 35 million euros.

To minimise our environmental impact, the façade of this iconic hotel has been renovated and room windows have been replaced to reduce temperature loss, creating an estimated saving of 5% in gas consumption.



## MELIÁ PARÍS VILLA MARQUIS AND MELIÁ PARIS NOTRE-DAME

The renovation of two hotels owned by the company in downtown Paris is also of note: the Meliá Paris Villa Marquis and the Meliá Paris Notre-Dame. The Eiffel Tower and the beauty of its engineering was the main inspiration for the design of the interiors and architecture

of the recent remodelling of the Villa Marquis. Emphasis was placed on refined colours, sophistication and shapes that become art. The Notre-Dame hotel will be under renovation until the first half of 2021. Around 15 million euros will be invested in the repositioning of the two hotels.



Meliá Villa Marquis

Meliá Paris Notre-Dame



## MELIÁ SALINAS

Iconic hotel in the luxury travel space in Spain, located on the island of Lanzarote. The building is classified as an "Asset of Cultural Interest". It was designed by the architect Fernando Higueras together with the world-famous architect César Manrique, who helped in the design of the gardens and building interior and the lake-style pool. There are also several murals and works of art by Manrique.

A comprehensive reform of the hotel has been carried out over the last 3 years involving an investment of around 14 million euros, including the restoration of many unique features with the support of the César Manrique Foundation and the Cabildo de Lanzarote.



## COVID-19 CONTEXT

During the pandemic we focused on active listening to our **lessees and managers of other businesses** in order to help them remain viable and create long-term value and a sensation of trust and proximity through transparent and proactive dialogue.

We have tried to ensure **balanced, fair and equal treatment** for all of these stakeholders and all their different activities. We have responded to all of them and given priority to those that have been most affected.

Without breaching their confidentiality, we may say that internal resources have been allocated and information shared to enable agreements that have ensured the continuity of their businesses, despite closures and temporary restrictions, giving them total flexibility with regard to reopening to adapt to each specific situation.



# 2

## Strategy

Tourism industry vision

Strategic priorities

Sustainability strategy



# Tourism industry vision

GRI 102-15

## THE GREATEST CONTRACTION IN PEACETIME

2020 was a dramatic year for all the world's economies, with unimaginable consequences that have created the greatest health, economic and social crisis and a collapse in world GDP never before recorded in peacetime.

We started the year with the announcement of an incipient pandemic in Wuhan (China), assuming that it would have a limited reach just like other health crises such as SARS. Unfortunately, the alarm was raised at the end of January with the declaration of an international public health emergency.

In 2020, **the world economy contracted by 3.5%**, which was somewhat better than the forecast in October which estimated a decrease of 4.4% due to a slowdown in economic activity and loss of revenue, although the decrease obviously differs by country and industry. The health and economic crisis is made even more acute by the impact of the loss of human life and a loss of employment for millions of people, many of them facing a situation of poverty and vulnerability.

Today, the key short-term priorities of governments are controlling the pandemic, guaranteeing a rapid and extensive distribution of the vaccine and providing monetary and fiscal mechanisms to regenerate the business fabric and promote the sustainable growth of their economies.

**The economy in Spain contracted by 11%** (one of the worst-hit economies in the world) and we have to go back more than 80 years to find a worse scenario in terms of productivity. The loss of employment has been softened by measures that have managed to limit job destruction, although Spain still has the second highest unemployment rate of all the countries in the EU, at 16.54%.

## IMPACT OF COVID-19 ON TOURISM

Tourism and the entire tourism value chain is one of the industries most affected by a pandemic whose impact has been unprecedented. For many countries, tourism is one of the biggest industries in the economy, and on a global level it represents 7% of world trade (2019). Over the last decade, tourism has seen solid growth, exceeding the level of average GDP growth in some countries.

2020 saw a **drop in international arrivals of around 75%** due to the unprecedented slump in demand, widespread travel restrictions and low consumer confidence, falling back to levels of around 30 years ago. In comparison, during the global economic crisis of 2009, demand declined by only 4%.

This caused **estimated losses of \$1.3 trillion in export earnings**, a figure that is 11 times greater than in the 2009 crisis. Globally, tourism generates one in ten jobs, and the effect of the pandemic has put between 100 and 120 million direct jobs at risk, many of them in small and medium-sized companies.





Despite a small yet brief rebound in the summer, in **Europe** there was a **70% decrease in the number of arrivals**, which in absolute terms is a loss of 500 million tourists over the year.

**Spain**, the second most-visited country in the world by international tourists in 2019, behind only France, saw a **fall in tourism GDP of around 70%** (-106,000 M€) compared to 2019, with the contribution of the industry to GDP falling from 12.4% to 4.3%.

This has caused the **loss or risk of loss of 728,000 jobs**. This has been mitigated by measures taken by the Spanish government to protect around 435,000 people through temporary furlough programmes.

On the other hand, unlike other European countries, Spain has not offered any direct aid to the industry, even though the country leads the global ranking of tourism competitiveness and tourism and its satellite activities are one of the country's leading industries.

#### OUTLOOK FOR A SLOW RECOVERY

Although the global economy appears to have begun a moderate recovery, with growth of 5.5% expected for 2021, the challenges are still enormous and the recovery still fragile. To overcome the impacts of the pandemic a major effort is needed to improve the business environment, increase flexibility in the labour market and enhance transparency and governance.

**Short-term prospects remain highly uncertain** and the results for growth might well be different to the forecasts if infections continue to increase and the distribution of vaccines is delayed.

In the more developed economies, the GDP of the USA and China are forecast to grow by 4.3% and 8.1% respectively. In the **Euro zone**, estimates point towards **growth of 5.1%**.

On the other hand, **Spain** is experiencing new restrictions due to a growing number of infections and slowness in the vaccination programme, and has seen its growth forecast reduced. The IMF has lowered the forecast for Spanish GDP growth in 2021 by 1.3 percentage points, with the estimate now

standing at 5.9% compared to the 7.2% forecast last October.

This compares with the IMFs forecasts for the rest of the world, which have been revised upwards by 0.3 percentage points with respect to the previous forecast to overall growth of 5.5% in 2021.

#### A DECISIVE YEAR FOR THE TOURISM INDUSTRY

The beginning of 2021 shows no positive signs for hope and the long-awaited recovery of the industry. Prospects for a recovery in the first half of the year appear to have faded. The negative evolution of the health crisis, with many countries suffering a third wave of the pandemic and higher numbers in terms of infections and deaths, combined with travel restrictions, mandatory tests, quarantines and the closure of some borders, will make it difficult to resume international travel.

The greatest hope lies in the arrival of vaccines which will restore consumer confidence, encourage the relaxation of restrictions and normalise travel for the remainder of the year. Unfortunately, the difficult logistics involved in vaccinating the population in the main feeder markets to achieve herd immunity and facilitate mobility and the opening of borders, is not happening with the speed that the travel industry demands and requires to improve employment as it faces the second year of the crisis.

Faced with this uncertainty and volatility in the spread of the virus, making forecasts becomes a high-risk exercise. In European economies, the advance of the virus points towards a delay in economic recovery and the dilution of opportunities for growth in the first half of the year.

The year began with **85.9% of potential tourist demand to Spain prevented from travelling**. Businesses expect a 79% fall in sales in the first quarter of an extremely complex year. Tourism companies in general expect to end the year with sales around 45% below the levels of 2019.

The association for tourism excellence, Excetur, is urgently calling for support and a specific rescue plan for the tourism industry based on three areas: accelerating the vaccination programme, implementing

a more flexible and appropriate furlough programme, and direct aid of around 5,000 million euros to ensure the survival of viable Spanish tourism companies. This is accompanied by a call for rapid implementation of standardised international regulations on mobility and the opening of borders.

A very slow first quarter is expected, with a smooth and gradual recovery in domestic demand in the second quarter and a summer season which is substantially better than 2020 due to greater domestic demand and a notable reactivation of inbound international travel. All this would lead to a recovery of 48,000 million euros in tourism activity and a contribution to Spanish GDP of 8.2%, 3.9 percentage points above 2020.

Despite the hope created by the vaccines, businesses do not expect to return to the levels of activity seen in 2019 until the second half of 2022 (31.6%) or the first half of 2023 (38.3%), and some see it coming in even later years (13.6%).

Although the reactivation of the industry may take a few years, **five major priorities** have been defined with the World Tourism Organization:



Mitigate the socio-economic effects on employment



Enhance competitiveness and resilience through diversification



Encourage innovation and the digital transformation of tourism, including support for innovation and investment in digital skills



Promote sustainability and the green economy to ensure a tourism industry which is resilient, competitive and efficient in the use of resources



Coordination and partnerships to transform the industry and achieve the Sustainable Development Goals

Source: WTTC, UNWTO, International Monetary Fund, World Bank, Expansión, Hosteltur, Exceltur



# Strategic priorities

## Pre COVID-19 Scenario: Strategic Plan 2020-2022

At the end of 2019, in an environment of constant change with increasing volatility, complexity and uncertainty, we announced our new Strategic Plan for 2020 to 2022, "**Re-inventing Value**", to drive our **2030 Vision**: "To position ourselves among the leading hotel groups in the world in the midscale and upscale segments, enhancing our leadership in leisure and *bleisure* hotels and our position as a global benchmark for excellence, responsibility and sustainability".

To do this, we had to create a plan that responded to the two major challenges facing the company: consolidating and optimising our basic strengths, and implementing a sustainable growth model.

With the key objective of "**providing differential value to our stakeholders by becoming a global benchmark for the hotel industry in leisure and "bleisure" hotels through a profitable business model which is agile and focused on excellence and sustainability**", we designed a number of projects that would form the basis of our roadmap in three clear areas:

- Begin a new coherent, profitable and responsible strategy which reinforces our core values and strengths (ESG Impact)

- Evolve towards a competitive and digital operating model that guarantees the efficiency and professionalism of the services offered to our customers, business units and our other stakeholders through innovation, technology, more efficient processes and the commitment of our people (Be Digital 360, Customer Experience and Empowering People)
- Ensure our shareholders perceive the differential value this transformation brings to our business model (Shareholder Value)

Aware of how ambitious this plan was in the business environment at the time, we also focused on a number of **basic principles** that have allowed us to continue to retain the essence of our Strategic Plan:

- **Simplicity**: with a clear focus which is easy to transmit
- **Transversality**: enhancing teamwork and an inter-departmental vision
- **Governance**: ensuring a governance model that guarantees communication and support for our people
- **Flexibility**: allowing us to adapt to the risks and opportunities in the environment

## COVID-19 context: Impact on the industry and the company

At the start of 2020 we began to implement our new Strategic Plan with a new mindset that made us even more attentive to changes in our environment. However, we could never have imagined that we would go through everything we have now been through, and that we would be in the situation in which we find ourselves today.

For the first time in history, we have seen international borders closed, countries ordering the mandatory confinement of its citizens and the suspension of every kind of event, and many other unprecedented situations that have left the world economy in tatters, and industries such as ours having suffered the worst of the crisis.

Both the behaviour and preferences of our customers have changed significantly. In addition to the almost complete elimination of business trips and long-distance travel, customers now prioritise health and safety and are increasingly digital and more aware of the environment, society and the impacts of travel.

In this scenario, and with no historical precedents, in March we drastically interrupted our hotel operations worldwide, closing up to 261 hotels and managing more than 40,000 employees from their homes. In parallel, we announced a tactical management plan to tackle the crisis.

As a result of our company culture, from the very first moment we knew that we could not focus solely and exclusively on this tactical plan. Although it has taken longer than we imagined at the beginning, we have always been confident that at some point it would all end, and that, once it was all over, the rules of the game would have changed. In this situation, companies with sufficient resilience to wait out the return of demand and ready and prepared to compete in a contracting and consolidating market will come out ahead. Of these, only those that

are prepared to be more agile, more digital, more competitive and more responsible will triumph and grow stronger.

That is why, in addition to our tactical management plan, in parallel in March we were working on the adaptation of our Strategic Plan to a new paradigm that we called "The Day After", with the objective of ensuring that we were fully prepared to compete in a more competitive market, with more demanding customers and in a totally new scenario.

## The Day After: from contingency to resilience and recovery

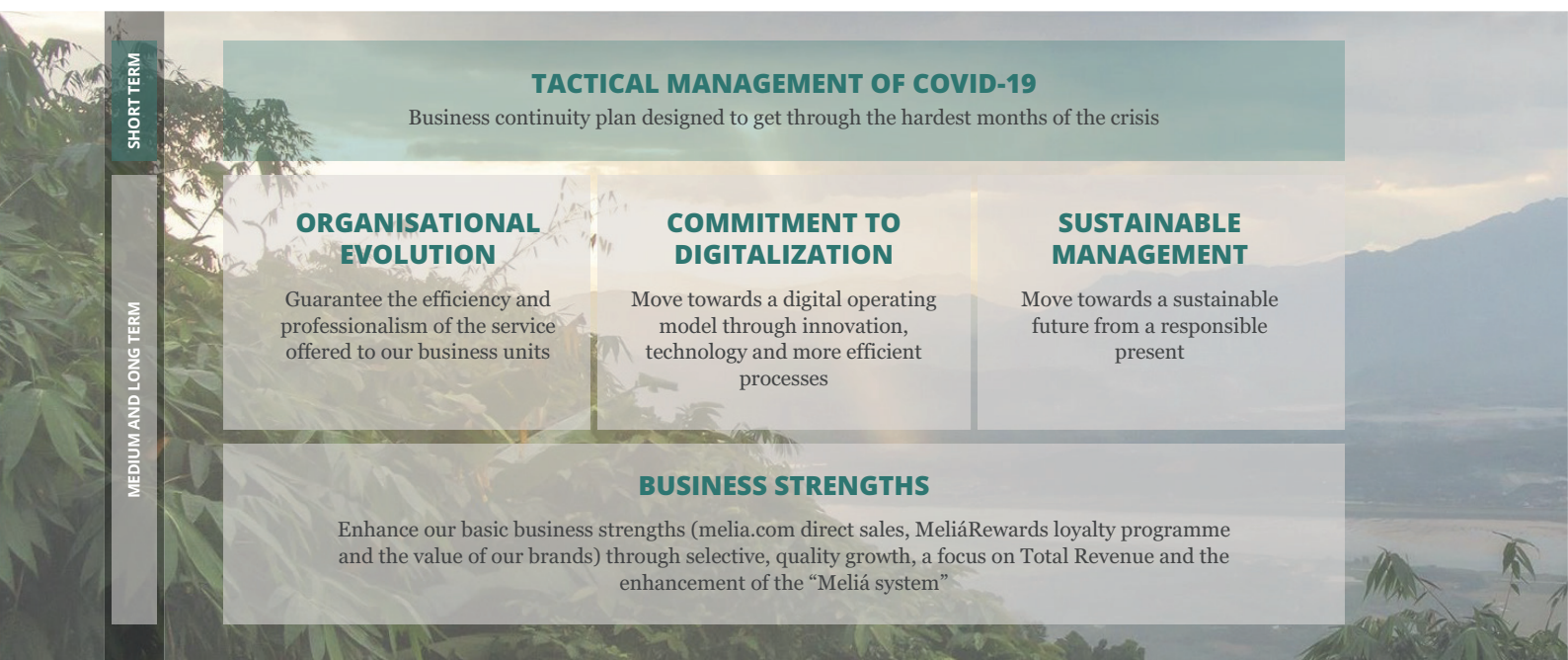
"The Day After" is therefore an **evolution of our Strategic Plan** with a special focus on the next 12-18 months. It maintains both the principles and priorities of the Strategic Plan, adapted to the new business context under a motto of "from contingency to resilience and recovery", which will allow us to maintain our position as a benchmark in the industry.

Although we are aware that the uncertainty of the present makes it difficult to envision the future, we have identified certain challenges that we will have to face, some of which we are already working on, and which are included in the adaptation of our strategy to the new paradigm:

- Firstly, we are very clear that the most agile and most resilient companies, those that adapt quicker to the new challenges that will arise, will be the companies who will win the battle.
- Secondly, the fact that COVID-19 has accelerated the way in which people use technology, meaning that the changes and industrial revolution caused by technology has happened in our homes before happening in our companies. We must therefore accelerate our digital evolution, adapting not only the way we interact with customers, but also our organisational models and talent management.
- Thirdly, the trends we were already seeing in certain aspects of customer relationships have gathered pace: the greater importance of online channels, an increase in the "experience economy", a contraction in demand and personalisation as a differentiating factor throughout the entire customer journey.
- Based on our initial objective of "providing differential value to our stakeholders by becoming a global benchmark for the hotel industry in leisure and "bleisure" hotels through a profitable business model which is agile and focused on excellence and sustainability", we have added a commitment to "create a safe space for both external and internal customers". This has led to us organising and prioritising projects around 5 key areas with two different time horizons: the short term, in which efforts are focused on tactical management of the crisis; and the long term, where we prepare to be attentive to market signals and to take advantage of opportunities that will allow us to emerge stronger from this situation.

## THE DAY AFTER

### 5 keys for recovery



#### AREA 1: TACTICAL MANAGEMENT OF COVID-19

Although the negative effects of the crisis surprised us all, at Meliá we were privileged to start from a situation that has allowed us to overcome the crisis with moderate success. For example, at the beginning of the crisis we had a low level of debt and a healthy balance sheet, we had been clearly focused on digitalisation since 2015, with investments of more than €172 million allowing 60% of our bookings to come through our direct sales channels, and we had a renewed portfolio of assets with a current value of over €3,000 million.

From this base, and with the experience acquired through our operations in China, we were able to anticipate the worst months of the pandemic and implement a Tactical Management Plan structured around 5 areas:

- **Health and safety assurance:** with a clear focus on the safety of our customers and employees through the #StaySafe-WithMeliá programme.
- **Preservation of employment and talent:** through protection measures, collaborative teleworking and reinforced communication and support for our employees.

- **Liquidity and financial position:** a key factor in ensuring the viability of the company
- **Business continuity:** defining a plan for the agile management of hotel openings and closures and enhancing sales and marketing through our direct channels
- **Reputational management:** through intense communication and reinforcing our social commitment

#### AREA 2: ORGANISATIONAL EVOLUTION

One of the challenges of the future will be that only the most agile and most resilient companies, those that adapt quicker to the new challenges that will arise, will be the companies who will win the battle. This not only means changing the way we coordinate internally, but also encouraging a cultural change in which innovation, agility and constant learning are key.

In this context of constant evolution, in which new technology, new procedures and even new business opportunities will constantly arise, we need an organisation in which adaptability and a desire to learn are one of the most important skills of our team members.

In order to guarantee the efficiency and professionalism of the service offered to our business units, Meliá aims to implement an **organisational evolution** in **three key areas**:

- **Operating Model:** becoming an agile organisation built around a digital transformation that allows us to confront the dynamism and constant disruption faced by the hotel industry. The organisation and its talent are transformed by focusing on the business units and the delivery of service, thus achieving greater efficiency and profitability.
- **Culture:** reinforcing some of the key features of our company culture, a fundamental way to make our employees feel they are part of our mission, strengthening their links with our values and enhancing the leadership skills required to manage change.
- **Reskilling:** transformation requires new skills and a constant learning environment to adapt to the internal and external challenges we face. Organisational evolution therefore requires a transformation of profiles into traditional critical roles.

### AREA 3: COMMITMENT TO DIGITALISATION

Even before 2015, we were actively committed to the digitalisation of the company, which began with our sales and distribution model and the Be More Digital programme. The situation we are currently experiencing shows that that was an astute decision.

That is why digitalisation is a priority in our Strategic Plan, and we have decided to extend it to other areas in the company under a 360° vision, focusing on both market needs and pioneering initiatives in the industry.

With the **objective** of moving towards a more digital operating model through innovation, technology and more efficient processes, we are focusing on both back and front-office processes and the customer experience, with a portfolio of projects in **three different areas**:

- **Distribution:** evolving our model and focusing on the customer experience while ensuring an omnichannel experience and the personalisation of our service
- **Front Office:** offering a unique digital experience to customers throughout their journey with us
- **Back Office:** guaranteeing the efficiency and professionalism of services offered to our business units

### AREA 4: SUSTAINABLE MANAGEMENT

Our commitment to sustainability is a key feature in the development of our hotel activity, and more than ever before a competitive advantage and a differential factor that reinforces our relationships with our stakeholders.

The global context after the pandemic and a trend towards more sustainable management models is accelerating the transformation of companies, requiring us to assume an active role both in the protection of the planet and our contribution to society.

At Meliá, we understand that this integration and the management of intangible factors are key drivers of our transformation, innovation and a 360-degree vision of our business. It will also allow us to reinforce the strategy with a long-term vision aligned with our **purpose** as a business: to move towards a more sustainable future from a more responsible present.

Our approach, commitments and progress in this area have allowed us to **position ourselves as one of the leading hotel companies in sustainability in the world** according to the SAM 2020 Corporate Sustainability Assessment made by the sustainable investment agency S&P Global. This reinforces the trust placed in us by our stakeholders as well as our leadership in an area that is of vital importance for the tourism industry, an industry which is a driver of economic and social development.



In order to respond to global challenges, market demands and the expectations of our stakeholders, our Sustainability Master Plan is based on the following premises.

- **Global challenges and social change** as a point of reference for defining actions, as the challenges and changes require organisations to make commitments and take responsibility for leading the transformation
- **The sustainable transformation of the tourism model**, bringing social and environmental issues into the management model, ensuring sustainable and consistent value creation.
- **Ensure ethical and transparent management** under an agile and flexible governance model, guaranteeing the transformation and adaptation of the company to the new paradigm.

#### AREA 5: BUSINESS STRENGTHS

The Strategic Plan we presented a year ago was based on a number of basic principles, of which flexibility was one of the most important. Together with the fact that there were a number of premises which are now a reality, such as, for example, accelerating change in the industry, economic downturns or a rise in the experience economy, this means that we can now continue to work on strategic initiatives which are closely linked to the business and which the current situation makes extremely important for the future.

These initiatives were also designed to ensure our resilience through the creation of a more agile and dynamic company, and are now increasingly focused on reinforcing our basic business strengths (our direct channel melia.com, our MeliáRewards loyalty programme and the value of our brands) through selective, quality growth, a focus on Total Revenue and the enhancement of the “Meliá system”:

- **Quality Growth:** a selective and quality-based international growth model which leverages the value of our management model and consolidates our position as a benchmark for leisure and bleisure hotels.
- **F&B Performance Growth:** a new approach to F&B based on becoming a business partner in the contribution to total revenue and higher margins.
- **Personalised Distribution:** becoming the owners of our distribution strategy and the customer relationship.
- **Efficient Management Model:** leveraging our management ability to become more competitive, more profitable and more flexible.



# Sustainability strategy

## ESG Impact

Sustainability has already crossed the border of mere good intentions in a **society which is increasingly demanding** with companies. The ambitious global challenges defined by the 2030 Agenda are now joined by a new situation, with the **prioritisation** of health and safety and a need to manage an unprecedented economic and social situation and a recovery in which companies will play a **critical role**.

That is why it is more necessary than ever to have a **solid management model** under environmental, social and governance (ESG) criteria, encouraging a system of partnerships to face changes and new demands or exploring opportunities through strategic alliances, among others. These challenges are the basis for the need to aspire to a management model that transcends purely economic concerns.

After the definition of the first Sustainability Master Plan in 2008, this area has been a significant part of the company's strategic vision ever since 2012. Since then, **our approach has evolved** from a model focused on corporate social responsibility to a more comprehensive approach to the hotel business and operations, with the aim of promoting a more sustainable and responsible management model. The evolution of the concept at Meliá has been the natural consequence of the evolution of the term itself, currently more focused on **value creation in the core business** of the company.

The promotion of a sustainable, responsible and long-term management model is precisely the aspiration in terms of sustainability in our current Strategic Plan 2021-2022, approved at the end of 2019, in which sustainability is the basis of a strategic area which we call **ESG Impact** that allows us to make progress in our strategy based on our corporate values and a long-term perspective.

Constant progress in the **integration and influence** of ESG criteria is now a maxim for the company as we aim to become a benchmark for the way we understand hotel

management based on sound governance, ethics, transparency, and authenticity, an attribute that is increasingly valued by society as a whole.

Along these lines, our participation over the last three years in the sustainability ranking prepared by **S&P Global**, as well as the **recognition** we have achieved for our sustainability management, has been key to consolidating an approach to the business with a triple objective: to be economically viable, socially beneficial and environmentally responsible.

We are very much aware that **sustainability** and our social contribution have played a key role **in overcoming** a very complicated year, and that is why our ability to sustainably manage the business will be an essential driver of our recovery.

The long year of health crisis has forced us to make certain adjustments to our strategy and prioritise social issues in order to help minimise the impacts and effects of the pandemic on our key stakeholders; employees, customers, partners and society. That is why we have focused on:

- Ensuring a safe environment for our customers and employees through our Stay Safe with Meliá programme
- Supporting our team members, preserving our talent as much as possible, offering opportunities for development and training our teams even after the closure of hotel operations
- Strengthening relationships with our key stakeholders based on the values that characterise us as a family business
- Acknowledging all the people on the front line of the health crisis through the "Meliá with the Heroes" campaign
- Carrying out actions to support the most vulnerable people in society affected by the pandemic
- Allowing our hotels to be converted into hospitals or accommodation for essential workers

All these activities have come together with a huge number of solidarity projects led by businesses and industries all over the world.

Even though the pandemic has slowed the development and implementation of our strategy, throughout the year we dedicated efforts to **designing the tools and systems** we would need to assist in our transformation towards a more sustainable management model on a global level. After we restart our activity, these same tools and systems will not only speed up implementation, they will also strengthen our corporate purpose "To move towards a sustainable future from a responsible present"

Our purpose takes on a new dimension if we put it in the context of the EU New Green

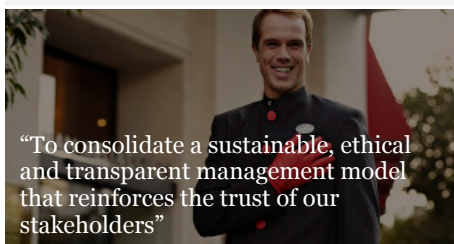
Deal, with which our approaches are already aligned. The Deal emphasises the need for large companies to work under sustainable management models and help combat climate change. It also considers tourism as one of the key industries in economic recovery and job creation, recovering its position as one of the industries with the greatest contribution to global GDP, although this time around with a more sustainable model, cleaner and more respectful of the natural environment and its surroundings.

We have made progress in different areas of our ESG Impact Programme that, despite the pandemic, have allowed us to improve and move towards integrating them in the Meliá value chain.

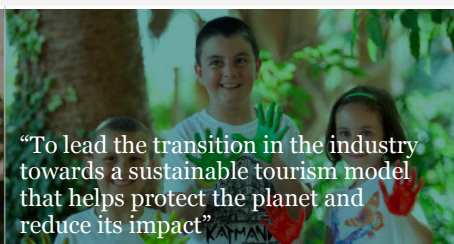
**“Consolidate an ethical, transparent and responsible management model, becoming a benchmark for the transformation towards a more sustainable tourism model which addresses the needs of the planet and economic and social development in our destinations.”**

#### ESG IMPACT

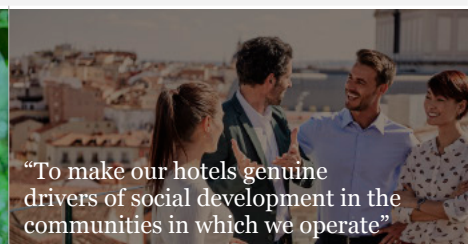
*“Working towards a sustainable future from a responsible present”*



We have strengthened our management model to continue enhancing trust and transparency



We remain committed to an ecological transition, promoting a more sustainable hotel model



Our focus on people, their safety, their health and their talent was a priority in 2020



## Governance of sustainability

### SUSTAINABILITY COMMITTEE





To reinforce the integration of sustainability as part of our business strategy and throughout our value chain, in 2020 Meliá created a Sustainability Committee. The main objective of this new governing body is to support the development and implementation of projects that ensure value creation in all three dimensions (environmental, social and governance) in the face of social change and global challenges, as well as to

promote the recognition and reputation of Meliá as a responsible and sustainable company in the long term.

### NATURE & MISSION

“Responsible for ensuring the integration of sustainability at all levels of the organisation, ensuring that the roadmap contributes to complying with the public commitments made on ESG and facing the main challenges of the 2030 Agenda.”

### FUNDAMENTAL PRINCIPLES

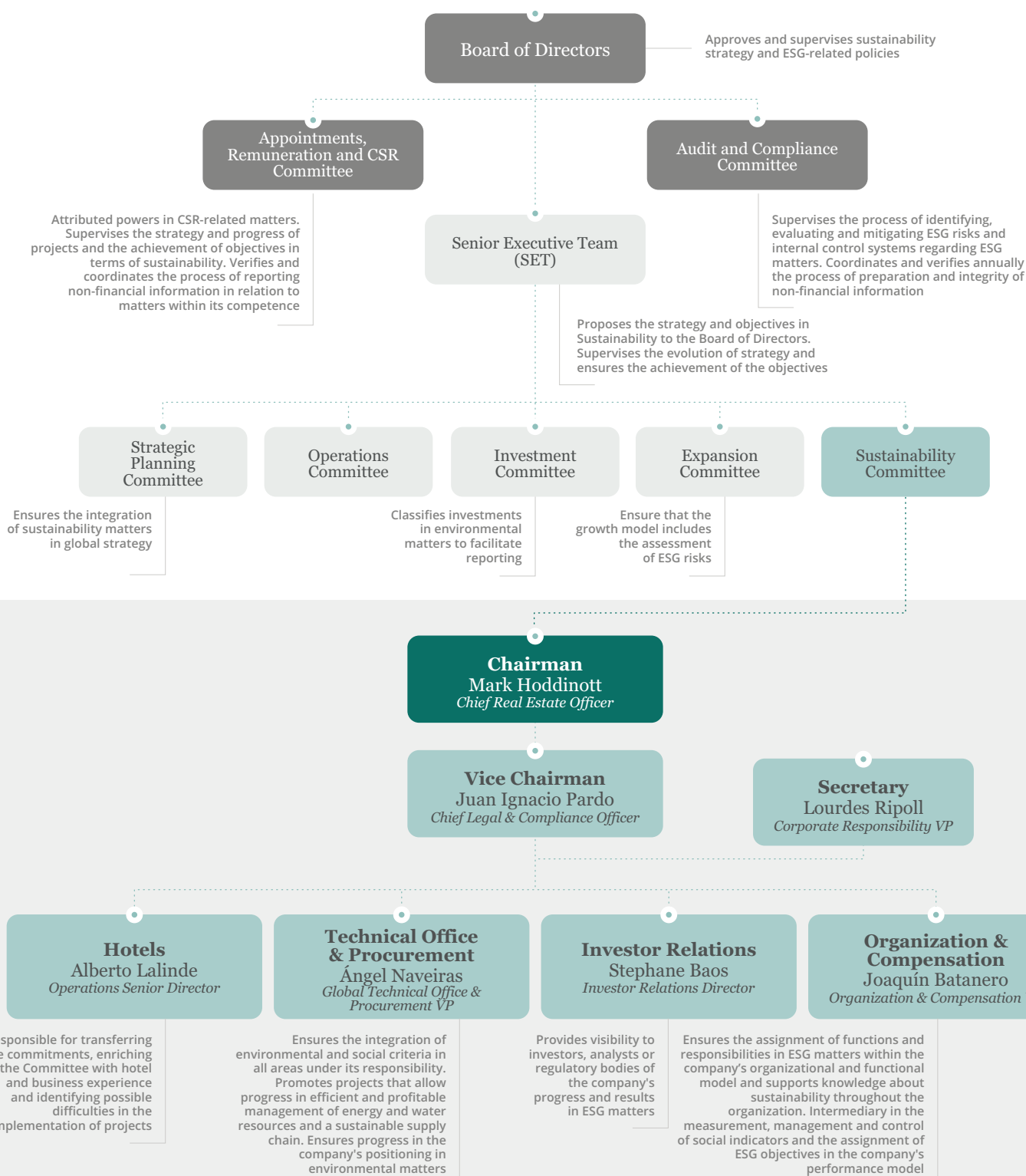
1	2	3	4
Medium-term vision	Transversality	Coherence	Consistency
			
Ensure a strategic focus with the 2030 Agenda as a point of reference	Promote teamwork and a 360° vision of sustainability	We act in line with our values and commitments as a responsible company	We promote sustainability in our business model to reinforce our responsibility



## SUSTAINABILITY GOVERNANCE STRUCTURE

Following the recommendations in the CN-MV's Unified Code of Good Governance, and with the aim of continuing to strengthen our governance model, we have made

sustainability part of the decision-making process for the Board of Directors, the Delegate Committees and the Senior Management team. The creation of the Sustainability Committee is a link between the management and the operation of the company.



# 3

## Creation of value for our stakeholders

Stakeholders

Materiality analysis

Good governance

Risk management

Ethics and integrity

Fiscal transparency

Financial and operating results

Digital transformation

Data Security & Cybersecurity

Communication strategy

Customer experience

People

Occupational health and safety

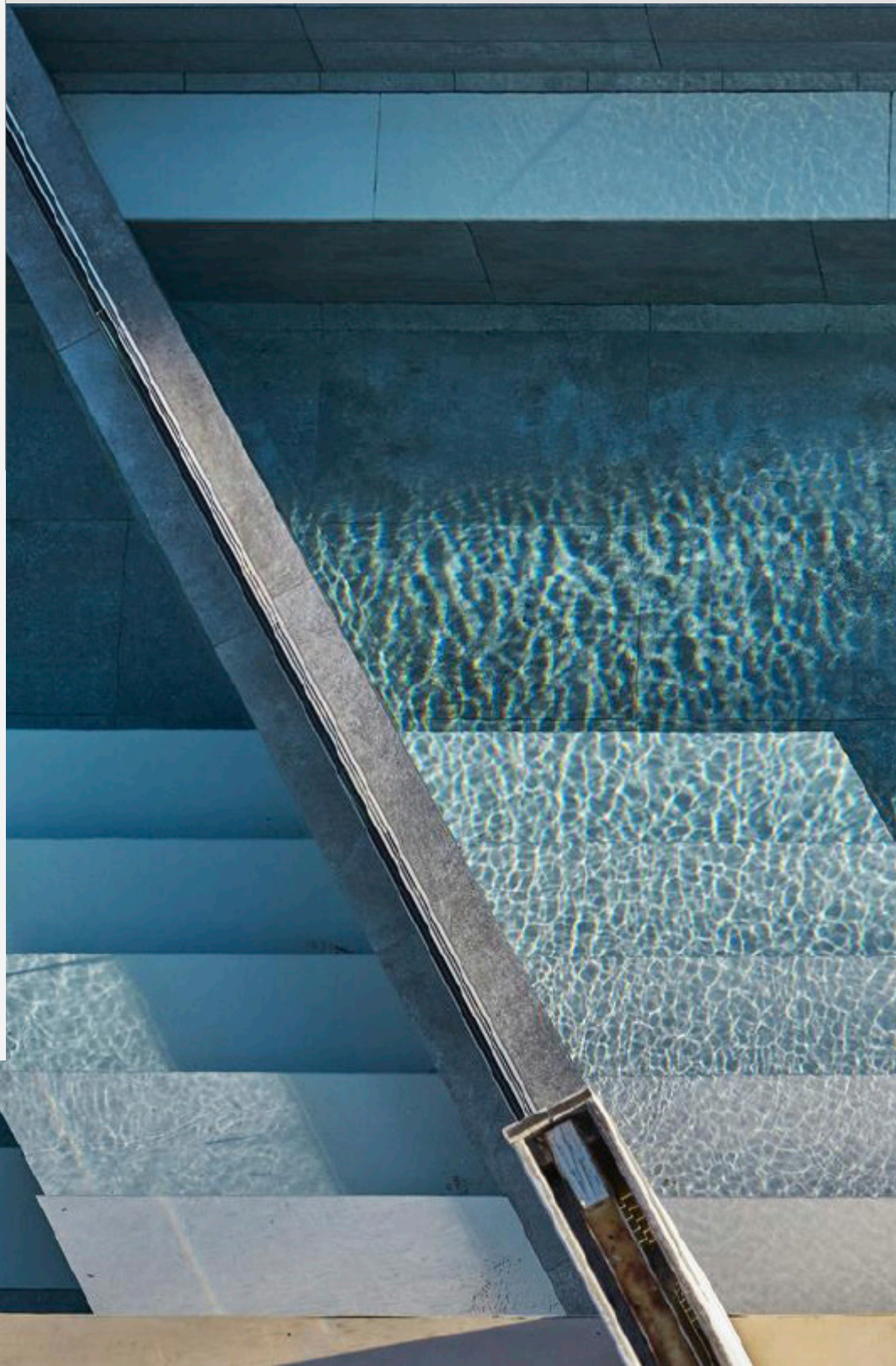
Environment and climate change

Supply chain

Social impact

Protection of human rights

Institutional positioning



# Stakeholders

GRI 102-40; 102-42; 102-43

Our stakeholders are an essential part of Meliá as a company. We understand that direct, transparent, sincere and empathetic dialogue with stakeholders is a driver for **jointly creating value**.

That is we make every effort to understand their concerns and offer responses that meet their expectations, building long-term relationships based on trust and transparency.

And it was during this exceptional year that our **proximity** to our stakeholders was activated in a very special way. The situation required additional empathy in understanding how to continue to earn their **trust** through **proximity** and making their health and safety the backbone of all our actions and activities.

## An intense year of dialogue and cooperation

To achieve greater proximity we used all the means at our disposal, allowing us to share their concerns, understand their expectations and seek solutions together.

We are aware that this close and permanent relationship model with all of our

stakeholders has allowed us to **manage the crisis in better conditions**, taking into account the reality for each of our key stakeholders and at a time when our corporate values were to take on a new role.

### CORPORATE VALUES



#### Proximity

**because we love sharing, listening, feeling**

We have been in close contact with society as our hotels were needed for patients and key workers, acknowledging their work and sacrifices



#### Service vocation

**born of our spirit of hospitality**

We have adapted our service to a new type of customer with special needs, but without losing our spirit of hospitality



#### Excellence and coherence

**because we do things well, with professionalism, efficiency, coherence and flexibility**

As a part of society and a responsible company, we have continued to seek excellence in all our activities



#### Innovation

**because we anticipate change and innovate to become better every day**

We have adapted hotels, products, processes and management models quickly, rigorously and openly at critical times

More details in the section on Social Contribution during COVID-19

## RELATIONSHIPS, DIALOGUE AND INFLUENCE

The closure of all our hotels and uncertainty about the evolution of the pandemic and the financial impact on our results, meant we had to strengthen our internal and external communication to keep alive our employees' commitment to Meliá and the trust of our customers.

We designed a **Communication Plan** which aimed to ensure fluid, permanent and transparent communication with them throughout the year, informing them promptly of the evolution of the crisis itself and its impact on the business, the progress that we were making as a company, and regular information on alternatives for our customers and on the employment situation of the workforce.

### EXTERNAL COMMUNICATION

Our Management Committee, led by the Executive Vice President & CEO, gave more than 90 interviews with the media and has appeared in major Spanish and international media. The interviews aimed to keep our stakeholders informed and also place our capacity to influence and the position of our EVP & CEO as President of Exceltur, the most important association in the Spanish tourism industry, at the service of the industry.

The reputation of our EVP & CEO and the power of social media were key factors in the process of getting out our message to customers over the months of greatest uncertainty.

### INTERNAL COMMUNICATION

Well aware that we needed to be closer than ever to our teams, we made a **special effort in direct communication with employees**, supporting them in both furlough situations and in teleworking, ensuring they were aligned tactically and strategically, and providing motivation and constant support in exceptional circumstances. Communication was made through internal campaigns, videos, posters, infographics, and other supports which allowed us to stay close to our more than 45,000 employees.

The response of our teams was exemplary and worthy of praise and recognition, demonstrating their commitment, loyalty and sense of pride in the company.

### COLLABORATION WITH THE TRAVEL INDUSTRY

The pandemic has highlighted both the ability and the need of the entire industry working together and sharing knowledge and experiences to ensure the health and safety of our customers, employees and suppliers as an industry.

The fact that we had already lived through the early stages of the crisis in China allowed us to use that experience to anticipate events in other regions. We believe that it is our role as a leading company to share our experience and help other travel companies design their own proposals.

That's why we have actively cooperated with industry bodies and the health authorities all over the world, including the WTTC, Health and Safety Institutes in the Spanish Autonomous Communities, AESPLA and ICTE in Spain, contributing to the drafting of guidelines for hotel operations which could be shared with the entire hotel industry.

### RIGOROUS INFORMATION FOR CUSTOMERS

Customers have continued to show their trust in us, and that is why we have increased our efforts to ensure the quality of our customer relationships beyond the hotel experience, offering them rigorous and updated information and also alternatives with regard to their bookings.

We have focused our communication channels on our customers in order to enhance our reputational positioning. It is at times like this that a responsible and empathetic brand such as ours needs to be even closer to its customers.



## DIRECT INVOLVEMENT OF OUR SUPPLIERS

In addition to our direct involvement, we would also like to highlight the enormous wave of solidarity we saw after we began to convert hotels into hospitals, with 18 of our suppliers altruistically offering products or services to improve the stay for patients and make them more comfortable (food, drinks, entertainment services, free maintenance services or supplies, among others). Several of our training partners also helped enrich our own team members by providing free online training content on our eMeliá platform.

## DIRECT DIALOGUE WITH SOCIAL AND HEALTH ORGANISATIONS

Given the seriousness of the situation, we also wanted to offer support to the most vulnerable people in society, reinforcing our support through the donation of sanitary materials, linen and basic foodstuffs to social organisations.

We enhanced our active listening to provide direct assistance to all those social organisations, soup kitchens, hospitals and NGOs to which we could lend a hand, covering the needs they reported to us and delivering essential items over the first few weeks of the crisis. The staff in our hotels have also benefited from the donations of food and perishable items.

## POSITIVE IMPACT ON OUR REPUTATION

We have received a lot of support and affection from society in general, particularly welcoming our recognition of essential workers through the **Meliá with the Heroes** campaign and our support for soup kitchens, hospitals and other organisations.

The impact of our communication has been positive. In addition to generating significant notoriety, we also achieved a positive evaluation of our *Stay Safe with Meliá* programme, with 83% of customers expressing their approval.

The impact of our management, especially during the first two months of the crisis, was reflected in the research by **Merco Consumption** in April 2020 on the impact of COVID-19 on the reputation of companies. According to the research, involving more than 6,000 consumers, 13.3% had a better perception of the company, 4.7 percentage points above the average for companies in the survey and 0.9 points above the industry average.

Among the participants who stated that they were Meliá customers, **23.2% said that their perception of the company had improved** as a consequence of our management of the crisis. Among those who said they were not Meliá customers, 7.9% had improved their perception.

## Stakeholder map

In 2020 we **reviewed our model** to improve the management of our individual relationships with stakeholders to ensure they perceive the positive impact of their relationship with Meliá and thus consolidate a relationship based on mutual trust, a long-term focus, proximity and mutual benefits.

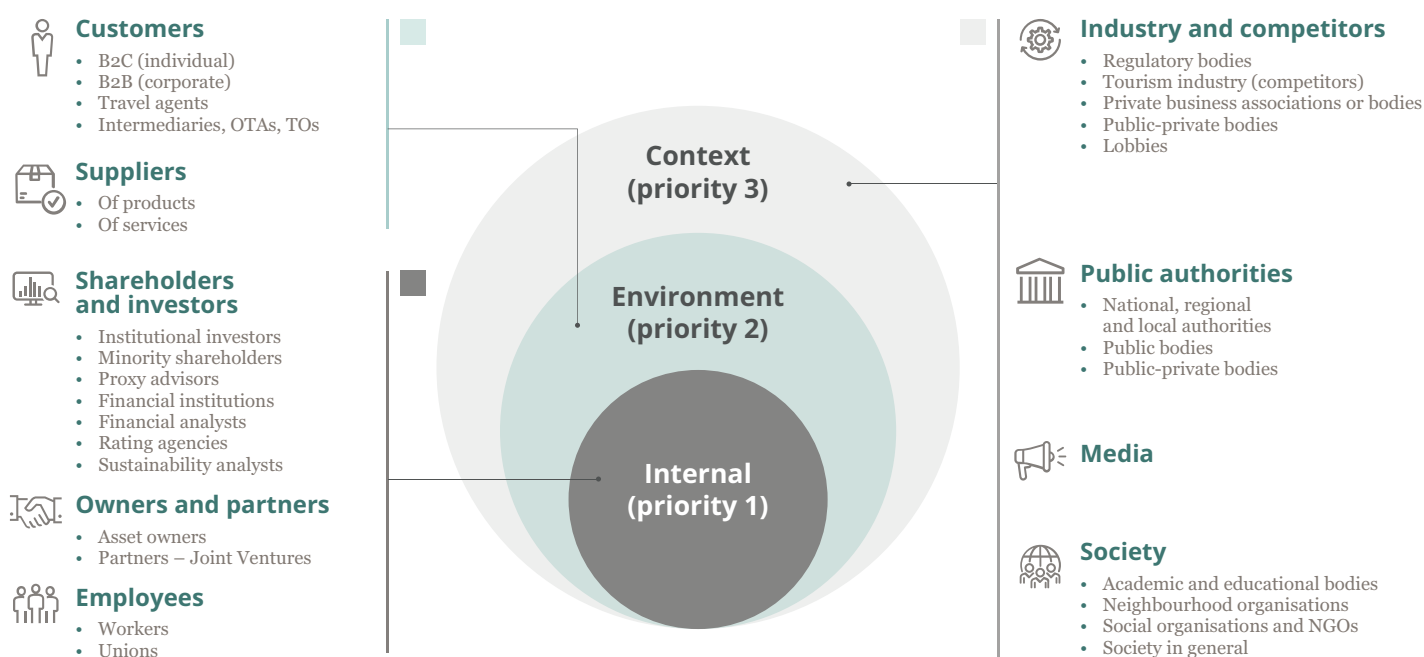
We understand that the review of our model will allow us to improve our coordination and communication, reinforce our corporate message and generate a greater positive impact on our relationship with stakeholders and on our reputation.

The process has involved a **significant multi-departmental analysis** which led us to review the composition of the different segments in each stakeholder group and structure our new stakeholder map around **3 priority levels** (Priority 1 - Internal, Priority 2 - Environment and Priority 3 - Context) mainly based on their direct link with our core activity and the degree of intensity of the relationship with them on a day-to-day basis

We also reviewed the channels we have for dialogue and the intensity and frequency of our relationships, identifying opportunities for improvements and for the measurement

of relationships in the future with stakeholders with which we do not currently measure our relationship.

## STAKEHOLDER MAP



Note: The Meliá Stakeholder Map mentioned in our Code of Ethics considers the Environment as a stakeholder

This analysis has allowed us to identify new opportunities to create spaces for dialogue and promote a culture of measurement and multi-stakeholder satisfaction to define objectives for improvement in the medium term. Throughout 2021 we will work on implementing the improvement opportunities that have been identified.

Despite having reviewed our model and our stakeholder map, the guiding principles behind them remain unchanged, taking into account our [Stakeholder Relationship Policy](#) based on the principles of **Accountability AA1000SES (2011) for Stakeholder Commitments**, a tool which focuses on providing a comprehensive and balanced response to relevant issues, impacts, opportunities and

risks in our relationship with stakeholders. These principles are:

- **Inclusion principle:** offering stakeholders the chance to take part in the development and achievement of our commitments to sustainability
- **Relevance principle:** the matters that are material, transcendent and significant for our stakeholders are key aspects in our strategy
- **Response principle:** through which we offer solutions, actions, performance and communication aligned with material concerns

## Commitments and channels

Our Code of Ethics defines the specific commitments we have defined with each of our stakeholders. Although those commitments are still in force, during our review of our relationship management model we have

updated our communication channels and spaces for dialogue, and also identified opportunities to create new spaces and mechanisms to measure the quality of our relationships.

### VISION FOR EACH STAKEHOLDER

#### Shareholders & Investors



##### Commitments

Transparency, consistency, rigour, good governance, profitability, value creation, reliability and compliance

##### Composition

Institutional investors  
Minority shareholders  
Vote advisers  
Financial entities  
Financial analysts  
Rating agencies  
Sustainability analysts

##### Measurement

Satisfaction survey (2021)

##### Communication channels

Investor Relations Office  
Institutional website  
Newsletters  
Proxy advisers  
Shareholder Service Desk (email)

##### Channel manager

Investor Relations  
Investor Relations  
Corporate communication  
Corporate Governance (CG)  
Investor Relations

##### Frequency

Permanent  
Permanent  
Periodic  
Linked to JGA  
Permanent

##### Dialogue spaces

Investor Relations Office  
Institutional website  
Newsletters  
Proxy advisers  
Shareholder Service Desk (email)

##### Space manager

Investor Relations  
Investor Relations  
Corporate communication  
Corporate Governance (CG)  
Investor Relations

##### Frequency

Permanent  
Permanent  
Periodic  
Linked to JGA  
Permanent

#### Employees



##### Commitments

Health and safety  
Development opportunities  
Stability, robustness and fairness

##### Composition

Employees  
Trade unions

##### Measurement

You Have the Word Survey  
NPS People

##### Communication channels

Employee portal  
eMeliá  
Internal communications

##### Channel manager

Global Human Resources  
Global Human Resources  
Global Human Resources

##### Frequency

Permanent  
Permanent  
Permanent

##### Dialogue spaces

Performance Management  
Meetings with teams  
Equality Commission  
Health & Safety Committees  
Social dialogue with unions  
Surveys  
Social Media (external talent)  
Learning/Collaboration Communities

##### Space manager

Global Human Resources  
Meliá Hotels International\*  
Industrial Relations  
Occupational Health  
Industrial Relations  
Global HR  
Global HR  
Global HR

##### Frequency

Annual  
Permanent  
Annual  
Quarterly  
Annual  
Annual  
Periodic  
Occasional (in pilot stage)

\* The most appropriate Meliá area or department depending on the topic or scope of the work.



## Owners & Partners

### Commitments

Professional management  
Seriousness and trust  
Long-term relationships

### Composition

Asset owners  
Partners  
Joint ventures

### Measurement

Owner NPS (2021)  
Bilateral survey for partners (2021)

### Communication channels

Owner's Office and Portal  
Press office  
Press office

### Channel manager

Owner Relations  
Corporate communication  
Real Estate

### Frequency

Permanent  
Permanent  
Periodic

### Dialogue spaces

Governing bodies  
Meetings with owners  
Meetings with partners

### Space manager

Real Estate / Owner Relations  
Owner Relations  
Real Estate

### Frequency

Quarterly  
Periodic  
Periodic



## Suppliers

### Commitments

Long-lasting business relationships  
Trust and respect  
Mutual benefit  
Objective selection criteria

### Composition

Product suppliers  
Service suppliers

### Measurement

Supplier NPS (2021)

### Communication channels

Supplier Code of Ethics mailbox  
Central purchasing offices  
Releases and info updates  
Procurement Platform (new)

### Channel manager

Global Procurement

### Frequency

Permanent  
Permanent  
Periodic  
Permanent

### Dialogue spaces

Procurement Platform (under development)

### Space manager

Global Procurement

### Frequency

To be determined



## Customers

### Commitments

Personalised experiences  
Excellent service.  
Quality and safety  
Honesty and ethics  
Protection and security

### Composition

B2C (individual)  
B2B (corporate)  
Travel agents  
Intermediaries, OTAs and TOs

### Measurement

Customer NPS  
MeliáRewards NPS  
ReviewPro surveys

### Communication channels

Melia.com / MeliaPro  
Mobile apps  
MeliáRewards  
Social Media  
GEX quality and service mailbox  
Advertising and campaigns

### Channel manager

Business Dev & Marketing  
Business Dev & Marketing  
Global Loyalty  
Social media  
Quality & GEX  
Business Dev.

### Frequency

Permanent  
Permanent  
Permanent  
Permanent  
Permanent  
Monthly

### Dialogue spaces

Webinars  
Surveys  
Workshops

### Space manager

Marketing  
Loyalty  
Business Development

### Frequency

Periodic  
Occasional  
Sporadic





## Public Administration

### Commitments

Cooperation  
Serve general interests  
Transparency, truthfulness  
Honesty and proximity  
Neutrality and impartiality

### Composition

National, regional or local administrations  
Public entities  
Public-private organisations

Communication channels	Channel manager	Frequency
Communication Office	Corporate communication	Permanent
Regional Corporate Offices	VP Operations	Permanent
Press Room	Corporate communication	Permanent
Secretary to the President / CEO	Secretary to the President / CEO	Permanent
Dialogue spaces	Space manager	Frequency
Institutional relations	Meliá Hotels International*	Permanent
Institutional presence	Meliá Hotels International*	Permanent
Forums, events and meetings	Meliá Hotels International*	Periodic



## Industry & Competitors

### Commitments

Respect and transparency  
Active listening and collaboration  
Ethical competition  
Good faith and cordial relationships  
Serve general interests

### Composition

Regulatory bodies  
Tourism industry (competitors)  
Private business associations or organisations  
Public-private organisations  
Lobbies

Communication channels	Channel manager	Frequency
Institutional Communications	Corporate communication	Permanent
Communication Office	Corporate communication	Permanent
CEO & Meliá Social Media	Corporate communication	Permanent
Secretary to the President / CEO	Secretary to the President / CEO	Permanent
Regional Corporate Offices	VP Operations	Permanent
Dialogue spaces	Space manager	Frequency
Institutional relations	Meliá Hotels International*	Permanent
Institutional presence	Meliá Hotels International*	Permanent
Forums, events and meetings	Meliá Hotels International*	Periodic



## The Media

### Commitments

Cooperation  
Search for general interest  
Transparency, truthfulness  
Honesty and proximity  
Neutrality and impartiality

### Composition

The Media

### Measurement

Quality survey segmented by media type (2021)

Communication channels	Channel manager	Frequency
Press Office (reactive / proactive)	Corporate communication	Permanent
Virtual press room		Permanent
Social Media		Permanent
Dialogue spaces	Space manager	Frequency
Institutional relations	Meliá Hotels International*	Permanent
Forums and meetings	Meliá Hotels International*	Periodic
Press conferences	Corporate communication	Occasional



## Society & Community

### Commitments

Cooperation  
Search for local social interest  
Transparency, truthfulness  
Honesty and proximity  
Neutrality and impartiality

### Composition

Academic and educational environment  
Neighbourhood associations  
Social bodies and NGOs  
Society in general

Communication channels	Channel manager	Frequency
Press Room	Corporate communication	Permanent
Social Media	Corporate communication	Permanent
Dialogue spaces	Space manager	Frequency
Forums and meetings	Meliá Hotels International*	Periodic
	Corporate Responsibility	

\* The most appropriate Meliá area or department depending on the topic or scope of the work.

# Materiality analysis

GRI 102-21; GRI 102-29; GRI 102-31; GRI 102-44; GRI 102-46; GRI 102-47

The current Materiality Analysis is the result of a review and update carried out in 2019 to ensure alignment between the expectations of our stakeholders and the 2020-2022 strategic vision.

The **identification** in 2019 of the 16 material issues in our Materiality Matrix were based on an analysis of the context at the time, combining issues related to the business and its strategic vision, environmental, social and governance issues, an analysis of global trends, industry benchmarks, the standards of the **Global Reporting Initiative (GRI)** and the **United Nations 2030 Agenda**.

The **response level** reached 25%, above that for the analysis carried out in 2017.

The analysis also included for the first time a global and regional vision of the internal and external importance of material issues for all our global stakeholders.

Its evaluation and validation was carried out with transparency and rigour, ensuring the quality and veracity of the results obtained, whose prioritisation followed a double analysis of their internal importance, as defined by the Board of Directors, Senior Management and executives with a prominent role in company decision making, and their external importance, as determined by our priority stakeholders (shareholders and investors, hotel owners, customers, employees and suppliers).

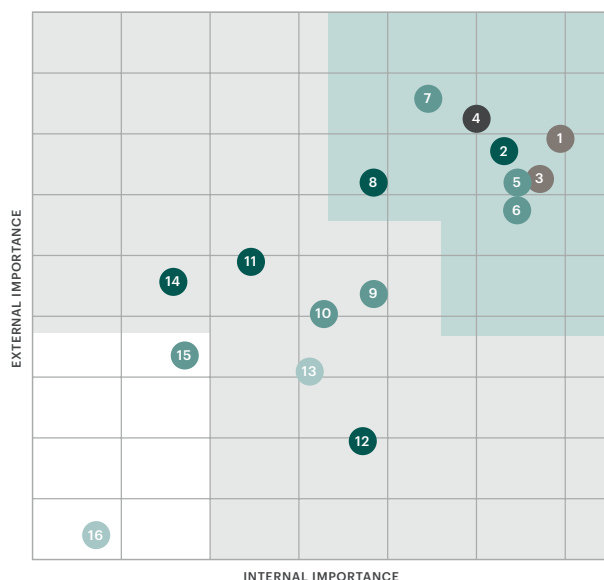
## PRIORITY STAKEHOLDER RESPONSE RATE



Our objective during the update was to focus our objectives and efforts on providing an appropriate response to the most significant global challenges and social changes, as well as the opportunities and trends in the environment that we perceived at the time.

In 2021 we will update our Materiality Analysis in line with the biannual update to which we are committed.

## Materiality Matrix



### Prioritisation of material issues

#### Critical

1. Cybersecurity & Data Protection
2. Human Rights
3. Business Ethics & Transparency
4. Regulatory Environment
5. Profitability & Solvency
6. Attractive business model
7. Customer experience
8. Health & Safety

#### High

9. Talent Management & Training
10. Innovation & Digitalisation
11. Diversity & Inclusion
12. Climate Change
13. Circular Economy & Responsible Consumption
14. Economic & Social Development in destinations

#### Medium

15. Geographical Presence
16. Biodiversity

● SURROUNDINGS

● GOVERNANCE

● CORPORATE RESPONSIBILITY

● BUSINESS

● ENVIRONMENT

## Material issues

In the first year of our latest Strategic Plan, the context has seen a radical change as a result of COVID-19. Nevertheless, this has not diminished the importance of the Materiality Analysis for the year. What's more, the situation we have had to live through in the last year has allowed us to confirm our success in identifying material issues and the expectations of our stakeholders in various matters that the World Economic Forum considers TOP 10 risks in terms of their probability and impact, such as risks related to climate change, cybersecurity and infectious diseases, all of which were identified in our ESG risk map.

The crisis is affecting the entire tourism value chain very significantly, and the **COVID-19 Risks Outlook: A Preliminary Mapping and its Implications**, published by the World Economic Forum in May 2020, considers a prolonged recession in the world economy one of the most important global risks.

This situation will certainly lead to a wave of bankruptcies in the industry, both among large companies and SMEs, caused by strict restrictions on national or cross-border mobility for both people and goods. However,

this also opens up an opportunity for the consolidation of the industry with the creation of larger operators in all of the different stages in the value chain.

Despite this adverse context, the tourism value chain has managed the crisis and **re-inforced its reputation** as an industry by protecting jobs, implementing all kinds of measures to protect the health and safety of customers and employees, obtaining credit and ensuring liquidity, and even partially reactivating their activity despite all the adversity and uncertainty, adapting products to new demands and using technology to adapt to teleworking in the safest possible conditions. Furthermore, the crisis has unleashed a **wave of solidarity** to help alleviate the social crisis caused by the economic crisis provoked by COVID-19.




The growing importance of health and safety, the protection of employees, the protection of data and cybersecurity in a context in which teleworking has become vital, the adaptation of customer experiences to a context full of uncertainty, the work done on digitalisation, combined with continued concern for the protection of the environment

and destinations, among other things, have given us the chance to act coherently with regard to the material issues we identified. We have thus been able to respond to the expectations of our stakeholders.

The global tourism industry faces **significant complexity and uncertainty**. After months of inactivity and an uncertain reopening schedule which means major demand periods have been lost, a lack of liquidity has

forced many companies in the industry to resort to credit lines and temporary furloughs for a large part of their workforce to try to ensure their survival in a situation that has lasted for many months with no revenue being earned.

All these aspects have become material issues for our stakeholders and Meliá has continued to manage its activity for them ever since March 2020.

Material issues	Report page	SDG	GRI issue	GRI indicator
<b>Cybersecurity &amp; Data Protection</b>	We face data-related risks with a solid data security model that extends throughout our value chain	73-79 103-104		• Customer privacy 418-1
<b>Human Rights</b>	We work on management models that guarantee the protection of human rights and ensure a safe and fair environment for people	168-171		• Non-discrimination • Freedom of association and collective bargaining • Child, forced or compulsory labour • Rights of indigenous peoples • Evaluation in Human Rights. 406-1, 407-1 408-1, 409-1 411-1, 412-1 412-3
<b>Business Ethics &amp; Transparency</b>	We ensure ethical and transparent management under a solid governance model aligned with the relevant best practices.	59-66 73-79		• Ethics and transparency • Governance • Reporting practices • Anti-corruption • Anti-competitive behaviour 102-16, 102-17 102-18 to 102-39 102-45 to 102-56 205-1 to 205-3 206-1
<b>Regulatory Environment</b>	We adapt quickly to regulatory changes and new legal requirements that might affect the normal development of our operations			• Environmental compliance • Public policy • Socio-economic compliance 307-1, 415-1 419-1
<b>Profitability &amp; Solvency</b>	Our liquidity and financial position are key factors in ensuring the company's viability and sustainability.	32-34 82-99		• Economic performance 201-1 a 201-4
<b>Attractive business model</b>	We encourage the constant transformation of our business model under criteria of excellence in a business environment that is increasingly digital, competitive and connected.	14-34		• Management approach 103-1 to 103-3
<b>Customer experience</b>	We are committed to an experience economy approach aligned with the new challenges in the tourism industry, continuing to focus on customer relationships and reinforcing the personalisation of the customer journey	112-119		• Customer health and safety • Customer privacy • Customer privacy 416-1, 416-2 418-1
<b>Health &amp; Safety</b>	We enhance the safety of our customers and employees through our #StaySafeWithMeliá programme, creating a safe and reliable environment	134-140		• Occupational Health • Health and safety 403-1 to 403-4
<b>Talent Management &amp; Training</b>	We accompany our employees by offering them tools, programmes and collaborative environments for their professional development and thus contributes to the greater professionalism of our teams	120-133		• Employment • Training • Training 401-1 to, 01-3 404-1 to, 04-3
<b>Innovation &amp; Digitalisation</b>	We are committed to the digitalisation of our entire value chain, with a 360-degree vision to create a more agile, more efficient and more competitive management model to face new challenges	100-102		
<b>Diversity &amp; Inclusion</b>	We foster a diverse human team and the resulting creativity, innovation and continuous improvement	131-133		• Diversity • Equal opportunities • Non-discrimination 405-1 405-2 406-1
<b>Climate Change</b>	Committed to combatting climate change, minimising our footprint and helping reduce our environmental impact in all our destinations	151-157		• Emissions 305-1 a 305-7
<b>Circular Economy &amp; Responsible Consumption</b>	The new context demands greater efficiency in the use of resources, better waste management and an evolution towards a circular economy	141-148 158-161		• Energy & Water • Effluents and waste • Supplier environmental assessment • Procurement practices 302-1 a, 02-5 303-1 a, 03-3 306-3, 308-1 204-1
<b>Economic &amp; Social Development in destinations</b>	Tourism is a major driver of economic and social development and we work to generate value in those destinations where we operate	162-167		• Indirect economic impacts • Local communities 203-1, 203-2 413-1
<b>Geographical Presence</b>	Our geographic diversification is one of our major competitive advantages with regard to the resilience and sustainability of the business	30-31		• Market presence 202-1, 202-2
<b>Biodiversity</b>	We preserve and protect biodiversity in the destinations in which we operate	149-150		• Biodiversity 304-1 a 304-4



# Good governance

## Governance Structure

GRI 102-18; 102-19; 102-22; 102-23

In 2020, the following **changes** were made to the company governance structure:

- Creation of the COVID-19 Management Committee, as foreseen in internal protocols for the management of exceptional situations (in this case, COVID-19).
- Creation of the Sustainability Committee, as an internal body focused on ESG matters.
- Change in the name of the Appointments and Remuneration Committee, now renamed the "Appointments, Remuneration and CSR Committee."



## Board of Directors

### COMPOSITION OF THE BOARD

GRI 405-1

Members	Women	External proprietary directors	External independent directors	"Other" external directors	Meetings 2020	Attendance
11	3 (27.3%)	4 (36.4%)	6 (54.5%)	0 (0%)	7**	100%*

\* Includes attendance in person and by proxy \*\* Includes a meeting in writing and not in session

During the financial year, the following **appointments and re-elections** were made within the Board of Directors and its Delegate Committees:

- Resignation of the External Proprietary Director, Sebastián Escarrer Jaume, after more than 20 years on the Board.
- Re-election of Carina Szpilka Lázaro as an External Independent Director.
- Appointment of the company Hoteles Mallorquines Agrupados, S.L. as an External Proprietary Director and Mr. Jose María Vázquez-Pena as its representative, replacing Mr. Sebastián Escarrer Jaume.
- With regard to the Delegate Committees, their Chairpersons have exchanged positions by virtue of the existing Corporate Governance recommendations and after having held their positions for four years.

Thus, Fernando d'Ornellas has become Chairman of the Appointments, Remuneration and CSR Committee, and Francisco Javier Campo has become Chairman of the Audit and Compliance Committee. Likewise, Carina Szpilka Lázaro joined the Appointments, Remuneration and CSR Committee and Cristina Henríquez de Luna became a member of the Audit and Compliance Committee, thus increasing the presence of both women and independent members on both Committees.

100% of the members of the Audit and Compliance Committee are currently independent.

#### NEW DIRECTOR SELECTION AND DIVERSITY POLICY

GRI 102-24

Applicable regulations and **recommendations on diversity (and equality)** support the objectives defined by the company in this respect. Therefore, after the amendment of

the CNMV's Good Governance Code for Listed Companies (CBG), and after proposal by the Appointments, Remuneration and CSR Committee, the Meliá Hotels International Board of Directors has approved a new [\*Director Selection and Diversity Policy\*](#), in which the new diversity objectives are applicable both to the Board and Senior Company Management.

#### FUNCTIONS OF THE BOARD OF DIRECTORS

GRI 102-26

- Act as the company's maximum legal representative
- Define and approve company policies and strategies
- Make decisions regarding the appointment and remuneration of Senior Management
- Identify the main risks to which the company is exposed
- Supervise internal information and control systems
- Call General Meetings and ensure compliance with the agreements adopted by the company
- Approve the company's Strategic Plan
- During the pandemic, reporting to and communication with the Board of Directors has increased considerably. The CEO reported weekly (in the first few months of the pandemic) and/or biweekly (in the following months) on the measures taken by the management team as well as on the contingency plan implemented by the company.

In general, both the Board and the Executive Committees have strengthened their supervisory functions, while also increasing their level of involvement in crisis management.

## COMPETENCIES MATRIX










GRI 102-27

In 2019 and 2020, the Appointments, Remuneration and Corporate Social Responsibility Committee led the preparation of a competencies matrix for the Board of Directors based on a *self-assessment process*. In 2020 the matrix was published on the

[corporate website](#) and has been updated according to the changes in the composition of the Board.

Among the members of the Meliá Board of Directors, the knowledge and experience of members in financial matters and risk management stand out.

## COMPETENCIES MATRIX OF THE BOARD OF DIRECTORS

Board member						COMPETENCIES AND EXPERIENCE													TRAINING								
						Tourism industry	Risk management	Financial management	Human Resources	Fiscal	CSR	Legal and Compliance	Asset management	IT	Marketing	Retail	International Experience	Engineering / Technical training	Finance (BA, Economics, etc.)	Legal	Technology (IT, new technology)	Languages (English, French, Italian, Chinese, etc.)					
	Gabriel Escarrer Juliá	Proprietary	President		24																						
	Gabriel Escarrer Jaume	Executive	Vice President and CEO		21																						
	Francisco Javier Campo García	Independent	Spokesperson	Audit and Compliance Appointments, Remuneration and CSR	8	Bankia																					
	Fernando D'Ornellas Silva	Independent	Spokesperson and Coordinating Director	Audit and Compliance Appointments, Remuneration and CSR	8	Prosegur																					
	Luis María Díaz de Bustamante y Terminel	Independent	Secretary	Appointments, Remuneration and CSR	9																						
	María Antonia Escarrer Jaume Hoteles Mallorquines Consolidados, S.L.	Proprietary	Spokesperson	Appointments, Remuneration and CSR	19																						
	Alfredo Pastor Bodmer Hoteles Mallorquines Asociados, S.L.	Proprietary	Spokesperson		1-star																						
	Juan Arena de la Mora	Independent	Spokesperson	Audit and Compliance	11																						
	Carina Szpilka Lázaro	Independent	Spokesperson	Audit and Compliance Appointments, Remuneration and CSR	4	Abanca, Grifols																					
	Cristina Henríquez de Luna Basagoiti	Independent	Spokesperson	Audit and Compliance	1	GSK, Applus																					
	José María Vázquez-Pena Pérez Hoteles Mallorquines Agrupados, S.L.	Proprietary	Spokesperson	-	0																						

## BOARD EVALUATION

GRI 102-28

Our Board of Directors evaluates the **operation and composition** both of the Board itself and the Delegate Committees on an annual basis. The Appointments, Remuneration and CSR Committee is responsible for reviewing and updating the corresponding questionnaires as well as approving and initiating the process.

The report with the results of the assessment for 2020 was presented to the Board of Directors at the meeting on February 23, 2021.

In relation to recommendation 36 of the Code of Good Governance of Listed Companies on assistance from external consultants, due to cost containment measures caused by the economic situation, the company decided not to employ external assistance in 2020.

However, given the situation, the Appointments, Remuneration, and CSR Committee, has been supported by the Human Resources and Corporate Governance departments of the company in the review and update of evaluation forms, which have added issues related to the management of COVID-19 and introduced improvements in line with recommendations and best practices.

## CBG RECOMMENDATIONS

After the publication of the latest amendment to the Code of Good Governance by the CNMV, this year both Delegate Committees have **reviewed the scope of the new recommendations** and devised an action plan to ensure compliance. In particular, we would like to highlight the following measures:

- Review and update of the policy on communication and contacts with shareholders, institutional investors and proxy

advisers regarding the incorporation of the new recommendation number 4 in the CBG.

- Update to the Director Selection Policy to incorporate new measures regarding diversity in the Board and in Senior Management.
- Reduction of the limit in the authorisation given at the Annual General Meeting to the Board of Directors for a capital increase without preferential subscription rights to 20% of the share capital in compliance with recommendation 5 of the CBG.

## Delegate Committees

GRI 102-20; 102-22; 102-26; 102-32

Just like the Annual General Meeting, in order to comply with health and safety recommendations after the declaration of a state of emergency in March 2020, all the meetings of the Board of Directors and the Delegate Committees have been **held virtually**.

This year **saw the end of the review of the functions of the Delegate Committees**, highlighting the change to the name of the Appointments and Remuneration Committee and the creation of a Sustainability Committee, an internal body responsible

for ensuring the integration of ESG criteria in our business strategy and throughout our value chain.

Like other internal committees, the Sustainability Committee reports to the **Senior Executive Team** (SET) and comprises the senior managers of the areas of **Legal & Compliance**, **Global Procurement**, Operations, Organisation, Investor Relations, **Real Estate** and Corporate Responsibility, also reporting to the Appointments, Remuneration and CSR Committee.

## APPOINTMENTS, REMUNERATION AND CSR COMMITTEE

Members	Women	External proprietary directors	External independent directors	Meetings 2020	President	Attendance (in person or online)
5	2 (40%)	1 (20%)	4 (80%)	8	Independent Director	98%

Among other functions, the **Committee is responsible for** preparing proposals for the appointment and re-election of directors and senior managers and defining their remuneration policy. The committee also reports on transactions that involve or may

involve conflicts of interest and leads the periodic assessment of the structure, size, composition and performance of the Board of Directors and the specialist Committees, making the recommendations it deems necessary and convenient in each case.



On the other hand, the Committee is also the **highest governance body with functions and responsibilities in regard to Corporate Responsibility and Diversity**, including the monitoring of strategy and practices in this regard, the evaluation of compliance with environmental and social objectives, the management of our corporate reputation, recognition and visibility, and the coordination and verification of the reporting of non-financial information.

- Monitoring of the employment and remuneration measures taken by the company as a result of COVID-19
- Review of the remuneration of the Board of Directors and adaptation to the current socio-economic situation.
- Updating of the Director Selection and Diversity Policy.
- Review and update of the evaluation questionnaires for the Board and the Chief Executive.

We would like to highlight the participation of the Committee in the following matters over the year:

#### AUDIT AND COMPLIANCE COMMITTEE

Members	Women	External proprietary directors	External independent directors	Meetings 2020	President	Attendance (in person or online)
5	2 (40%)	0 (0%)	5 (100%)	13	Independent Director	100%

Among other things, this Committee is responsible for providing **support** for the Board of Directors in monitoring the effectiveness of the company's internal control and risk management systems, acting as a communication channel with internal and external auditors. It also monitors the preparation and presentation of financial and non-financial information to the Board of Directors, as well as compliance with legal provisions and internal regulations.

We would like to highlight the significant increase over the year in the number of meetings of the Committee (+30%) as well as its participation in the following **matters**:

- Monitoring company liquidity, debt and high-level cost containment measures.
- Monitoring and supervising financial and non-financial information statements.

- Supervision of the relationship with the account auditor and follow-up on the recommendations of the financial, non-financial and ICFR audits.
- Monitoring of compliance with the Internal Code of Conduct, including a proposal to modify the measures applicable to personal operations.
- Monitoring and supervising the company tax strategy.
- Monitoring and supervising the Treasury Shares Repurchase Programme.
- Supervision of the adaptation of the internal audit plan and monitoring of relevant recommendations.

## Executive Committee (SET)

The SET (Senior Executive Team) is the body that **leads the management of Meliá Hotels International** and the constant review of the business, ensuring compliance with the objectives defined by the Board of Directors and supporting the CEO in his management.

It also ensures the sustainable growth of company activity and the creation of value for shareholders, supporting projects we undertake as a company for which they have been assigned responsibility, defining priorities, allocating the required resources and ensuring the achievement of objectives. The SET is also responsible for providing the Board of Directors with updated, objective and sufficient information to allow it to carry out its supervisory functions.

Given the global pandemic, from the outset the SET has assumed **the leadership of the crisis management function** at Meliá. It has supported, coordinated and ensured the implementation of all the measures taken to respond to the needs created by the COVID-19 crisis.

Among the measures taken, we would like to highlight the following:

- Activation of the COVID-19 Management Committee.
- Preparation of proposals to reduce the remuneration of senior management.
- Analysis and preparation of proposals for organisational restructuring.
- Health and safety measures in hotels (Stay Safe with Meliá)
- Prioritisation and support for the company's digitalisation process and the enablement of digital media to allow the continuity of business activity.
- Analysis of the different financing alternatives to guarantee the viability and liquidity of the company in the short, medium and long term.
- Supervision of a communications plan and the training plan for all employees.

From March 2020, **their activity**, as is the case for all Meliá governing bodies, has **increased considerably**, holding daily meetings during the first three months of the pandemic and combining both face-to-face and online sessions.

## Remuneration of the Board of Directors

GRI 102-35; 102-38

The remuneration of the Board of Directors of Meliá Hotels International is based on the [Remuneration Policy](#), best market practices, and applicable recommendations and regulations, including, where appropriate, remuneration surveys or analyses made by independent external bodies.

The [Remuneration Policy](#) in force in 2020 is the Policy applicable for 2019 to 2021 which was approved at the 2018 Annual General Meeting and modified at the 2019 Annual General Meeting, in order to include a claw-back clause in the variable remuneration of the CEO.

## MEASURES TO REDUCE THE REMUNERATION OF THE BOARD OF DIRECTORS

In line with best Corporate Governance practices, and in the context of the economic situation caused by the COVID-19 crisis, the following measures have been taken in terms of remuneration:

- The Executive Vice President & CEO, members of the SET (Senior Executive Teams) and VPs (Senior Management), voluntarily reduced their fixed salaries by 50% for four months, starting in mid-March, and by 25% until December 31, 2020.

- Along the same lines, the remuneration of the members of the Board of Directors for attending Delegate Committees (allowances) was reduced by 50% from March to December 31, 2020.
- The short and long-term remuneration plan for the CEO has also been suspended.

In 2021 we continued with measures to reduce remuneration:

- the remuneration of members of the Delegate Committees for attendance has been extended until June 30, 2021.

(In thousands of €)	2019						2020					
	SALARY	FIXED REMUNERATION	ALLOWANCES	SHORT-TERM VARIABLE REMUNERATION	LONG-TERM VARIABLE REMUNERATION	TOTAL	SALARY	FIXED REMUNERATION	ALLOWANCES	SHORT-TERM VARIABLE REMUNERATION	LONG-TERM VARIABLE REMUNERATION	TOTAL
CEO	761	22	32	434	1,251	2,500	578	22	32	-	-	632
Non-Executive Directors		237	608			845		206	549			755
Senior Management		1,930		679	2,229	4,838		1,467		-		1,467
<b>Total</b>	<b>761</b>	<b>2,189</b>	<b>640</b>	<b>1,113</b>	<b>3,480</b>	<b>8,183</b>	<b>578</b>	<b>1,695</b>	<b>581</b>	<b>-</b>	<b>-</b>	<b>2,854</b>

- In 2020, the difference between the annual remuneration of the Executive Vice President & CEO and the average remuneration in the consolidated perimeter was a multiple of 27.4.
- The average remuneration for Directors and Senior Executives (including the Internal Auditor) is €95,151 for women and €164,880 for men.
- The fixed salary of the CEO reported in the table has been impacted by the salary adjustment applied to the company as well as the suspension of Variable Remuneration for the short and long term to respond to the crisis caused by COVID-19

In addition to the reductions made in 2020, the company expects to approve a new Board Remuneration Policy for 2022 to 2024 which will be submitted for approval to the Annual General Meeting in 2021. The Policy will incorporate new recommendations on remuneration and transparency from the Good Governance Code (i.e. malus clause) and the Draft Law on the long-term involvement of shareholders.

## PROCESS FOR DETERMINING THE REMUNERATION POLICY AND THE INVOLVEMENT OF STAKEHOLDERS

GRI 102-36

In accordance with article 15 of the [Regulations of the Board of Directors](#), the Appointments, Remuneration and CSR Committee is responsible for remuneration policy and for (i) proposing to the Board of Directors the criteria and conditions of the Remuneration Policy, and (ii) ensuring the transparency of the same. The Board of Directors is

responsible for (i) approving the Remuneration Policy and (ii) proposing their approval to the Annual General Meeting.

During the preparation of the [Annual Remuneration Report for the Board for 2020](#) the recommendations received from proxy advisers during preparations for the Annual General Meeting (Glass Lewis and ISS) and best market practices applicable in the current socio-economic situation were also taken into account.

As indicated above, the new Remuneration Policy for 2022 to 2024 is expected to be submitted for approval to the Annual General Meeting in 2021. The new recommendations of the Code of Good Governance for Listed Companies (i.e. malus clause) will be taken into consideration in the preparation of said Policy, along with the new transparency requirements defined in the Draft Law for amending the Companies Act.

## 2020 highlights

### SHARE REPURCHASE AND CAPITAL REDUCTION PROGRAMME

In the first semester of the year, the Treasury Share Buyback Programme approved by the Board of Directors at the end of 2019

came to an end, with the corresponding capital reduction due to the amortization of treasury shares approved at the Annual General Meeting of July 10, 2020. The capital and shares resulting from said capital reduction is as follows:

Shareholder equity	Actions	Nominal value
44,080,000 Euros	220,400,000	0.20 Euros

Our President and Founder, Gabriel Escarrer Juliá, through the company Tulipa Inversiones 2018, S.A., and the Executive Vice President and CEO, Gabriel Escarrer Jaume, have increased their participation in Meliá Hotels International through the purchase of shares in September 2020.

### VIRTUAL GENERAL MEETING AND CANCELLATION OF DIVIDEND

Given the restrictions on mobility and meeting attendance caused by COVID-19, and following the recommendations of the new Good Governance Code for Listed Companies, Meliá chose to **implement virtual attendance and voting systems** to allow shareholders and investors to actively participate in the 2020 Annual General Meeting through a digital platform specially designed for that purpose. Attendance at the 2020 AGM was therefore representative of 71.178% of the share capital with voting rights.

Due to the situation caused by COVID-19, the Board of Directors also agreed to cancel the proposal for the distribution of dividends

against freely available reserves in order to strengthen the solvency and liquidity of the company.

### OLIVENCIA AWARD 2020

We took part in the third edition of the Manuel Olivencia Good Corporate Governance Awards organised by the Cuatrecasas Foundation which aims to acknowledge appropriate and transparent management by listed companies as an essential factor in the generation of sustainable value. The 2020 awards focused on aspects related to good governance during the pandemic, while continuing to monitor other corporate governance practices designed to encourage appropriate, transparent and sustainable management.



# Risk management

## Risk management governance

GRI 102-30

Our Risk Control and Management Model, and its governance, is based on **3 essential areas**:

- The [Risk Control Policy](#) and corresponding Internal Regulation define the general framework for action and the basic principles, guidelines and criteria that the company's Risk Management System should

apply to guarantee total alignment with strategy. Both documents were updated and approved by the Audit and Compliance Committee in 2020.

- A **structure consisting of Governing Bodies** with specific functions and responsibilities related to Risk Management.

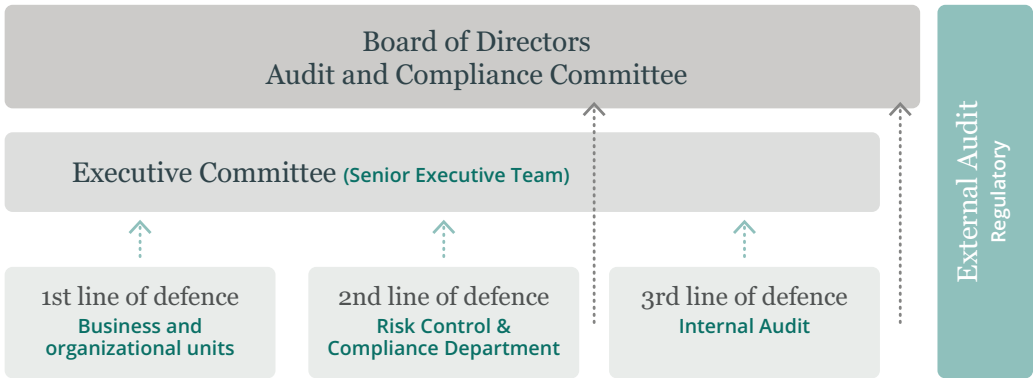
BODY	ROLE / RESPONSIBILITY
Board of Directors	Approve the Policy
Audit and Compliance Committee	Supervises internal control and risk management systems.
Executive Committee	Ensures the integration of risk management in critical processes, assigning ownership of risks and monitoring performance

- A **system to segregate and ensure the independence of functions** following the 3 lines of defence model, ensuring comprehensive and integrated management across the entire company, and with maximum responsibility lying with the Board of Directors.
- **First line:** business and organisational units which assume responsibility for identifying, assessing and managing risks and, as a direct consequence, defining and implementing the measures required to mitigate those risks.
- **Second line:** the Risk Control and Compliance department, whose main functions are: i) to guarantee compliance with the risk control policy and

regulation, ensuring the implementation and appropriate operation of the Risk Management System; ii) to assist in the identification, analysis and assessment of risks; iii) to control and monitor key risks; iv) to report to the Governing Bodies.

- **Third line:** the Internal Audit department, responsible for ensuring the proper functioning of the Risk Management System through supervision of the first and second lines of defence.

Meliá Hotels International ensures and guarantees **maximum independence in risk management**, since both the second and third lines of defence depend directly on the Audit and Compliance Committee.



## Risk management model

Meliá's Risk Management model is based on **COSO methodology**. Every year we use standardised criteria to identify and evaluate the key risks that may affect both our strategy and objectives.

The model is implemented in **5 stages**:

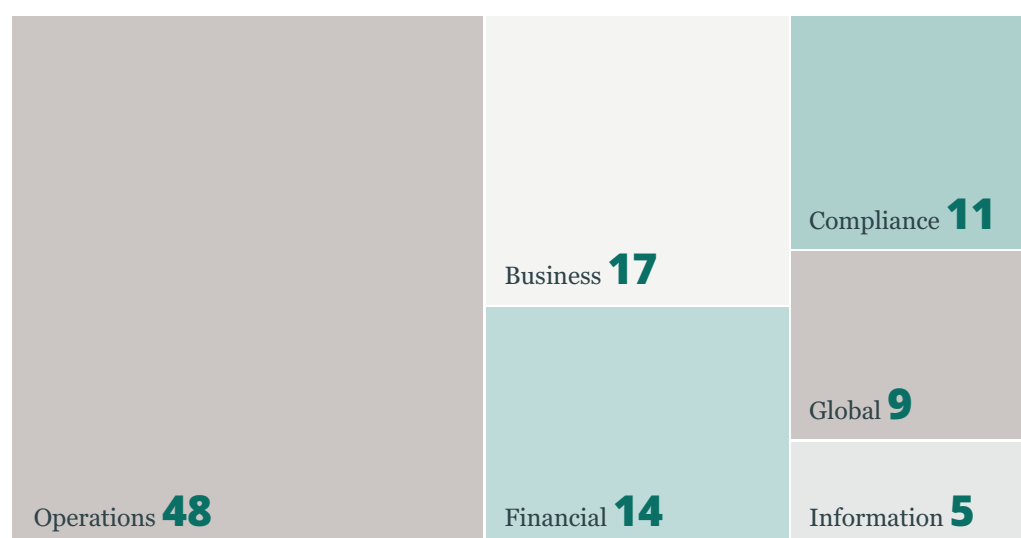
- Identification of risks that affect business strategy and objectives
- Assessment of the risks identified
- Response to risks and definition of appropriate action plans
- Monitoring and control of risks and the measures adopted

- Reporting to Governing Bodies and the rest of the organisation

We have identified **104 key risks** in 6 categories:

- Global
- Financial
- Business
- Operations
- Compliance
- Information

### 104 Risks Identified



## Key risks

GRI 102-15

The Risk Management Model is **shared by the entire organisation**. This means that both business units and corporate areas participate directly and use standardised criteria to identify and assess those risks that affect them directly.

The update in 2020 of the Group's Risk Map directly involved **79 managers** from different areas, leading to the creation of **92 Risk Maps**.

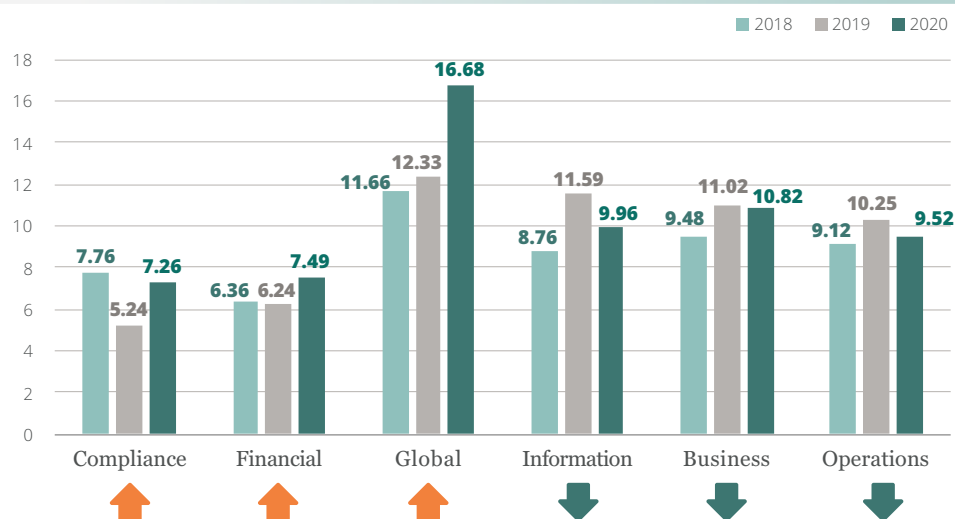
Risk maps

**92**

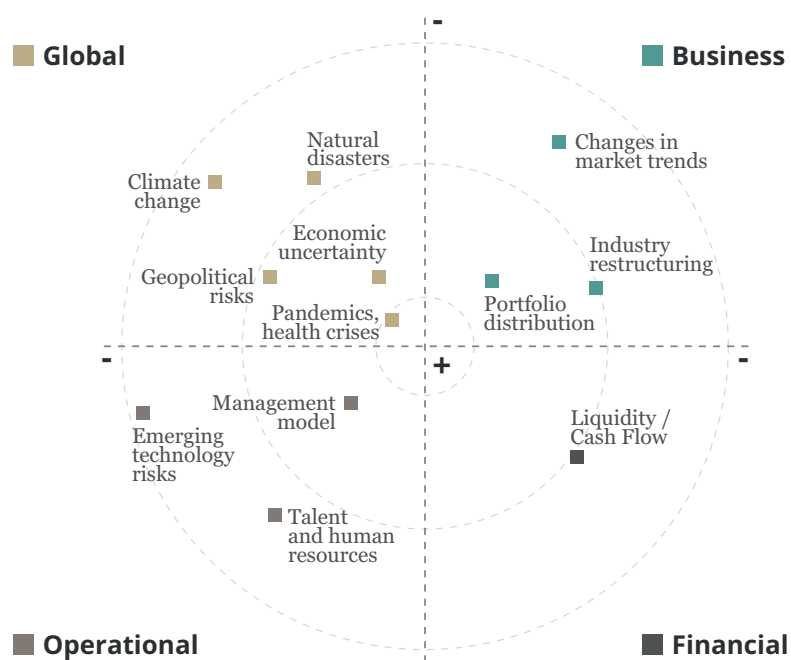
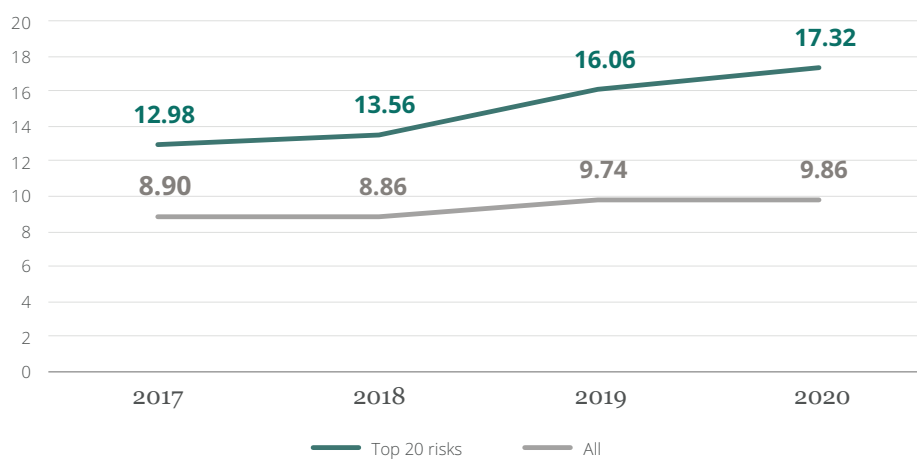
Managers involved

**79**

## EVOLUTION OF THE AVERAGE VALUE BY RISK CATEGORY



## EVOLUTION OF THE AVERAGE VALUE OF RISKS



Below are the key risks and the control and management measures the company has implemented in order to mitigate them.

					MANAGEMENT AND CONTROL MEASURES
CATEGORY	RISKS	ESG	DETAIL	TREND	THE DAY AFTER - 5 AREAS FOR RECOVERY AND RISK MANAGEMENT
Global	Pandemics, health crises	✓	Inability to adapt or respond to minimise impact	↑	<b>TACTICAL MANAGEMENT OF COVID - 19</b>  Business continuity plan with 5 key areas: 1. <b>Confidence about health and safety</b> through the #StaySafeWithMeliá Programme 2. <b>Preservation of employment and talent</b> Through the application of job protection measures, collaborative teleworking and greater communication and support for our employees 3. <b>Liquidity and financial position</b> 4. <b>Business continuity</b> Defining a plan for the agile management of hotel openings and closures as well as marketing and sales activities 5. <b>Reputational management</b> With intense communication and further enhancements to our social commitments
	Economic uncertainty		Economic uncertainty or crises at the national or international level	↑	
	Geopolitical risks	✓	Terrorism Political crises or insecurity in countries in which we operate Wars, popular uprisings or military coups	↓	
	Catastrophes or natural disasters	✓	Hurricanes; Earthquakes; Volcanoes	↓	
	Climate change	✓	Adverse effects of climate change Lack of adaptation to climate change	↑	
Business	Portfolio distribution			↓	<b>ORGANISATIONAL EVOLUTION</b>  Carry out an organisational evolution in three areas: • <b>Organisational Model:</b> becoming a more agile organisation • <b>Culture:</b> reinforcing some of the key aspects of our company culture • <b>Re-skilling:</b> transformation requires new skills and a constant learning environment.  <b>COMMITMENT TO DIGITALISATION</b>  Moving towards a digital operating model through innovation, technology and more efficient processes based on a collection of projects in three areas: • Distribution • Front Office • Back Office  <b>SUSTAINABLE MANAGEMENT</b>  Our Sustainability Master Plan is based on the following premises: • Global challenges and social change as a point of reference and guidelines for action. • The sustainable transformation of the tourism model, integrating social and environmental issues into the management model. • Ensure proper and transparent management through an agile and flexible governance model.
	Industry restructuring		Mergers, acquisitions, closures	↑	
	Changes in market trends	✓	Demographic changes Changes in preferences, habits, values, purchasing systems, etc.	↑	
Operational	Talent and human resources	✓	Loss or flight of talent Difficulty attracting or recruiting talent Some dependence on key personnel in certain positions Change management	↓	<b>BUSINESS STRENGTHS</b>  Strategic projects to reinforce our basic business strengths: • <b>Quality Growth:</b> a commitment to a selective and quality-based international growth model. • <b>F&amp;B Performance Growth:</b> bringing a new approach to traditional F&B. • <b>Personalised Distribution:</b> becoming owners of our distribution strategy and the relationship with customers. • <b>Efficient Management Model:</b> emphasising our capacity as managers with a view to becoming more competitive, more profitable and more flexible.
	Management model	✓	Competitiveness of the Management Model Hotel Management Culture Generation of new revenue streams Customer-market dependency Budget management Profitability	↑	
	Emerging technology risks	✓	Computer security breaches from cyberattacks Risks related to data protection and security and intellectual property Lack of evolution or adaptation of systems to technological risks	↓	
Financial	Liquidity / Cash Flow		Liquidity / Cash Flow	↑	

Note 1 - For more information on management and control measures, see the chapter on Strategic Priorities - The Day After: from contingency to resilience and recovery.

Note 2 - The identification of risks does not imply their materialisation during the year. However, the Group does work on ensuring that the necessary mechanisms are in place for their management and control.

Note 3 - Greater detail of the Risk Management Model available in the Annual Corporate Governance Report (section E)



## Emerging risks

An important part of the Meliá Risk Management Model is the identification of **risks that are the result of increased exposure or susceptibility to new environmental factors**, as is the case with COVID-19, and also risks related to increased exposure to an already identified danger, such as risks derived from climate change. These risks form part of our risk map, but we analyse them in greater depth to identify the **potential long-term impact** and the mitigation measures we have to put in place.

### EMERGING RISK 1: DESTINATIONS WITH WATER SHORTAGES

Water is an indispensable natural resource for the hotel industry and our services and activities. As a leading hotel company in sustainability issues, we are very much aware of the **importance of responsible, sustainable, and efficient water management** in line with the 2030 Agenda (SDG 6). For Meliá and the entire hotel industry, the risk of water shortages and/or droughts can have a negative impact on the business in several ways:

- Damage to facilities and equipment. Insufficient supplies due to problems with water sources
- Increase in operating costs due to limited access to water
- Discontinuity of operations and/or loss of business
- Breach of service quality standards and customer dissatisfaction.
- Loss of attractiveness as a tourism destination

The adaptation and mitigation measures include an **Environmental and Energy Management System "SAVE"** which monitors 95% of the water use in our hotels and allows us to measure and control our water consumption and also evaluate water-related risks and opportunities in the areas in which we operate, allowing a more strategic focus on water management and consumption.

We also work with the *Aqueduct Water Risk Atlas*, which allows us to identify areas with the highest risk of water stress worldwide and monitor our portfolio in these areas and adopt any necessary preventative measures.

In line with our commitment to guarantee the efficient use of resources, for the second consecutive year we have participated voluntarily in *CDP Water Security*, a prestigious international ranking which measures our capacity to ensure water safety and quality.

More information in the chapter on [Environment & climate change](#).

### EMERGING RISK 2: CHANGES IN CUSTOMER BEHAVIOUR

The exceptional situation caused by the pandemic and the paralysis of tourism in 2020 is also an **important catalyst for changes in travel behaviour**. Governments around the world have restricted travel and even taken drastic measures such as closing borders. Together with the fear and insecurity created by the virus, these measures led to travel and hotel occupancy being reduced to historic lows.

Despite the efforts of the private sector and governments to reactivate tourism, **changes are expected** in the behaviour of customers and a greater need to ensure they are completely safe when they are travelling.

The impact of changes in customer behaviour have been **reflected in phenomena** such as a decrease in travel by plane, an increase in domestic travel, a reduction in business travel due to technology used for virtual meetings or a change in accommodation preferences towards more rural or natural environments, all of which alter forecasts for demand and reduce profitability.

At Meliá, we aim to anticipate these changes by adapting our services to offer options such as the **Workation Programme** explained in more detail in the chapter on [Customer experiences](#) and by implementing the most stringent health and safety measures to guarantee the safety of customers, such as the **Stay Safe with Meliá programme**, described in more detail in the chapter on [Occupational Health and Safety](#).

## ESG risks

ESG refers to the three key criteria under which the sustainability of a company or an investment are evaluated: environmental, social and governance. This approach is the result of the **evolution of the triple bottom line framework**, with a focus on people, the planet and profit. Current trends consider all three concepts as equally important to ensure long-term sustainability and a **triple objective**: economically viable, socially beneficial and environmentally responsible.

At Meliá, risk analysis under ESG criteria is **integrated in our Risk Management**

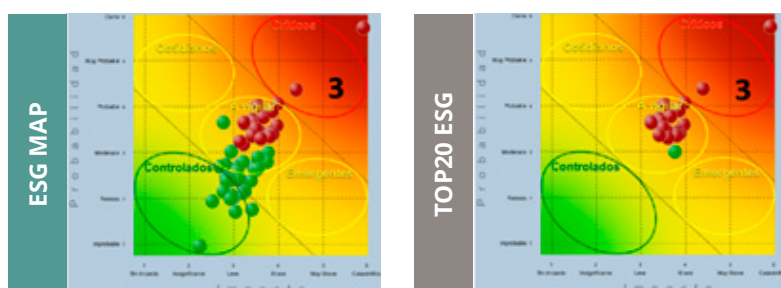
**Model** . Once the preparation of the Group Risk Map is completed, ESG risks can be identified and the ESG Risk Map extracted, applying the same management, monitoring and control model to measures adopted for their mitigation.

For the first time ever, this year **we created a specific ESG Risk Map** which identifies 47 risks in this area. The map will be reviewed every year following the same process as the Global Risk Map and analysed by the Sustainability Committee created this year.

ESG risks

47

### ESG RISK HEAT MAP



The most important ESG risks are shown below. The TOP 20 ESG Risks form part of the 30 top global risks for the Group, 11 of which are in the TOP 20 on the Global Risk Map.

### ESG TOP 3 RISKS (BY DIMENSION)

Position	Environmental Dimension	Position	Social Dimension	Position	Governance Dimension
4	Catastrophes or natural disasters	1	Pandemics, health crises	3	Integration of ESG criteria in the growth model
7	Lack of adaptation to climate change	5	Changes in market trends	10	Emerging technology risks
24	Inadequate environmental management	6	Talent retention	18	New legal or regulatory requirements

The identification of ESG risks is aligned with the main risks included by the *World Economic Forum* in their reports *Global Risks Report 2020* and *COVID-19 Risks Outlook A Preliminary Mapping and Its Implications*.

# Ethics and integrity

## Codes of conduct

GRI 102-17

### MELIÁ HOTELS INTERNATIONAL CODE OF ETHICS

The *Meliá Hotels International Code of Ethics* includes all our **principles and public commitments**, as well as **guidelines for activities** that give greater meaning to our values as a company.

Although we have made many public commitments in different areas which involve all our collaborators, we would like to highlight two that particularly set the tone for the way we carry out our activity.

- Comply with applicable national and international legislation and regulatory obligations
- Act with the greatest rigour and decisiveness with regard to corruption, fraud or bribery.

This code defines principles that **ensure alignment** between our internal policies, regulations, processes and procedures. It was specifically created to serve as a guide to ensure ethical relationships with our stakeholders and the fulfilment of our commitments to all of them.

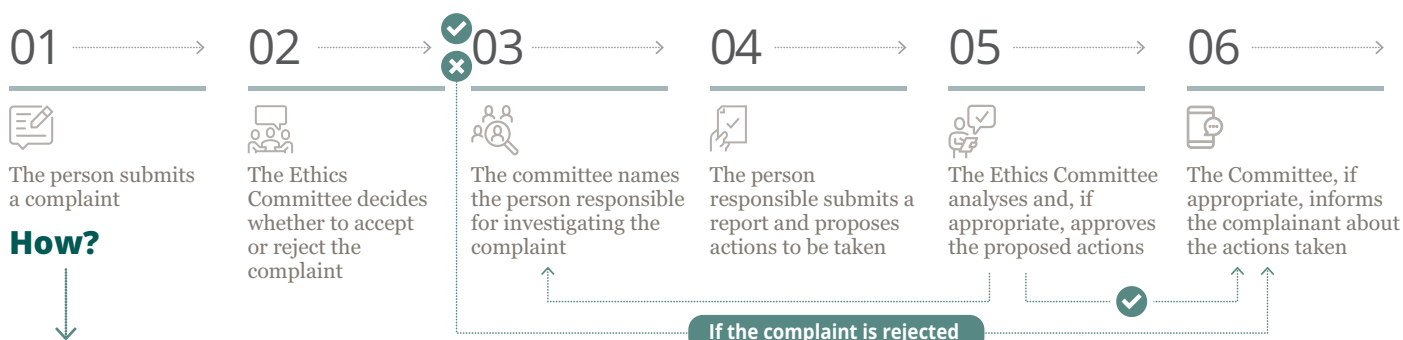
All the **people** that form part of Meliá Hotels International are required to **act and**

**manage responsibly** while also behaving ethically and honestly. They therefore must accept and comply with our Code of Ethics, which is available to them both on the institutional website [www.meliahotelsinternational.com](http://www.meliahotelsinternational.com) and the Employee Portal. The guidelines for all Group employees are even more demanding for people in managerial positions, and must be reviewed and accepted every two years through signature of the Management Code of Conduct.

To guarantee compliance with our Code of Ethics we have implemented **three mechanisms**:

- **Complaints Channel:** A key tool in channelling complaints to the company.
- **Ethics Committee:** Independent body whose main function is to ensure the proper management of any complaints received.
- **Code of Ethics Office:** Responsible for the interpretation and application of the Code.

Both the Complaints Channel and the Ethics Committee have their own operating regulations, approved by the Audit and Compliance Committee.



### How?



Through Meliá Home (employee portal) in the "Code of Ethics" section, clicking on Complaints Channel.



Through the Meliá corporate website: : <https://www.meliahotelsinternational.com/es/accionistas-einversores/gobierno-ocorporativo/codigo-etico>, clicking on Complaints Channel.



Visiting the URL: <http://melia.xperta.es/incidencias/crear>



By courier or regular mail to: Ethics Committee, Meliá Hotels International, S.A., Gremio Toneleros, nº 24, (Polígono de Son Castelló) 07009. Palma de Mallorca

In 2020 a total of 18 complaints were received. One of them was in reference to suppliers and behaviour contrary to the Code of

Ethics. The other 17 were filed by employees, and are of the following types:

Total employee complaints	Unethical behaviour	Laws and/or external regulations	Business principles	Policies, rules and procedures	Total supplier complaints
17	12	1	1	3	1

### SUPPLIER CODE OF ETHICS

Meliá not only complies with applicable legislation, we also focus on a key objective to work on the **constant and gradual implementation of criteria, practices and recommendations** related to good corporate governance and a sustainable and responsible business model. This also applies to our supply chain. That is why our Code of Ethics includes commitments and general guidelines related to all our stakeholders, including our suppliers.

We aim to build long-term relationships based on a model of trust, respect and mutual benefit, with a strong commitment to ethics and responsibility. Suppliers are an essential part of our success, so **cooperation with them** will allow us to ensure high quality services and guarantee both the present and future of our companies.

Social awareness, the competitive environment and the evolution of the business have led companies to be held increasingly responsible for impacts in their supply chain. At Meliá we aim to consolidate a sustainable and responsible business model to enhance our reputation and also integrate this model into our business and ethical principles.

As a result of this commitment, in 2018 we published our [Supplier Code of Ethics](#), a document which brings together all of our principles and values as a company. We trust that these principles and values are shared by our suppliers, and that in addition to compliance with regulations, they understand and apply the Code of Ethics with the conviction and peace of mind of knowing that they are doing the right thing.

Our model is strengthened by our support for business conduct models such as the **Universal Declaration of Human Rights**, the **Principles of the Global Compact**, the **Sustainable Development Goals (SDG)** and the **Convention on Children's Rights**, which define the challenges and general commitments for the sections in the Code. We also support industry initiatives, including the **Tourism Code of Ethics of the World Tourism Organisation**, which defines the principles for tourism development, the **ECPAT code (Eradicating Child Prostitution, Abuse and Traffic)** focused on the abolition of child exploitation, and the **Global Sustainable Tourism Council**, that encourages the development of sustainable practices in the industry (see Annex 1 for more information). Our Supplier Code of Ethics also recommends and encourages our suppliers to also adhere to these business conduct principles while also complying with the **specific principles** in the Code on matters such as;

- Professional ethics
- Human rights and the eradication of child labour
- Safety, health and hygiene at work
- Product quality and service
- Protection of the environment and the community
- Protection of information and assets

All our suppliers have a specific [Complaints Channel](#) available to them, through which they can report any conduct contrary to the code. The Complaints Channel works in a similar way to the channels available to Meliá employees, and has its own regulations, approved by the Audit and Compliance Committee.



## Compliance model

The guiding principles of our Compliance Model are defined in the [Compliance Policy](#). The key elements that ensure its proper implementation are the following:

- The Board of Directors, through the Audit and Compliance Committee, is responsible for supervising Risks and Compliance.
- The Risks and Compliance Department reports directly to the Audit and Compliance Committee through the company's Compliance Officer. The Compliance Officer is responsible, among other things, for developing the Compliance Model and supervising the validity of the controls in place, with a special focus on criminal compliance.
- The Meliá Hotels International Code of Ethics and its regulatory framework, consisting of policies, regulations and processes. Additionally, this section also includes the Supplier Code of Ethics.
- The Ethics Committee guarantees the proper management of complaints reported through the complaints channels provided by the company.

## Crime prevention and detection model

A solid Crime Prevention and Detection Model forms part of the Compliance Model. This model helps prevent criminal offences by our employees. It is reviewed every year and structured as follows:

- **Criminal risk map:** Identifies the criminal offences to which we are exposed as a company. We have currently identified **23 risks** of this type.
- **Inventory of controls for each crime.** At the end of 2020, this inventory consisted of **343 controls**. The review carried out this year allowed us to eliminate 27 controls and include 26 new controls.
- **Control verification system:** Allows an assessment of the suitability of the controls identified, with the evidence from said controls appropriately documented
- **Reporting model:** The analysis is reported to the Executive Committee, the Audit and Compliance Committee and the Board of Directors, as well as to all those responsible for it.

In 2020, after the audit carried out by AENOR, we renewed the certification of our **Criminal Compliance Management System**, verifying that it meets the requirements in the **UNE 19601: 2017** standard.

Criminal risks

**23**

Controls

**343**



## CORRUPTION AND BRIBERY

GRI 205-1; 205-2

We have a firm commitment to combat corruption in any of its forms. This is publicly expressed in our [Anticorruption Policy](#). This policy **governs the actions of all company managers and employees** in order to prevent, detect, report and remedy any actions that, in accordance with applicable regulations, may be considered corrupt or criminal.

In relation to crimes related to corruption forming part of our Crime Prevention and Detection Model, we have identified **99 specific controls** which we reassess every year and which form part of the aforementioned verification system.

We also have an **Internal Hotel Management and Control Regulation**, accessible to all employees through the Employee Portal which defines clear guidelines in the accounts payable and cash management areas to avoid corruption and fraud in processes related to:

- Invoice receipt, validation and accounting
- Payments to third parties
- Cash movements and management
- Bank reconciliation
- Opening and management of bank accounts

Specific controls

**99**

## MONEY LAUNDERING

The way we act to prevent this crime is included in the **Money Laundering Manual**. This manual is accessible to all employees through the Employee Portal, and defines the due diligence measures that must be applied in hotels that offer foreign currency exchange services.

We also have an **Internal Control body** which is ultimately responsible for all internal control procedures to prevent money laundering in currency exchange activities. The mentioned Crime Prevention and Detection Model has identified **61 controls** to avoid this criminal offence.

The Internal Audit Department is the third line of defence and reviews the Crime

Prevention Model every year. This ensures that the correct implementation of the controls in the model is guaranteed. It also conducts a review of the **Internal Control System for Financial Information (SCIIF)**, and the correct implementation in business units and corporate areas of the Policies, Regulations and internal processes, including those indicated.

In 2020, this department made **144 audit reports** on a global level, covering all regions, areas and businesses of the company.

As a result, based on the results of the audits, in 2020 we have not detected any practices that might expose the company to crimes of corruption or fraud.

Controls criminal offences

**61**

Audit reports

**144**

## TRAINING IN ETHICS AND COMPLIANCE

We believe that to ensure ethical management and compliance on an ongoing basis, we have to increase knowledge of the matter among our teams. The **eMelia** training platform has **three multimedia training courses** which are mandatory for more than 4,500 company employees, including corporate personnel, Hotel General Managers, Hotel Assistant General Managers and Heads of Department in our hotels.

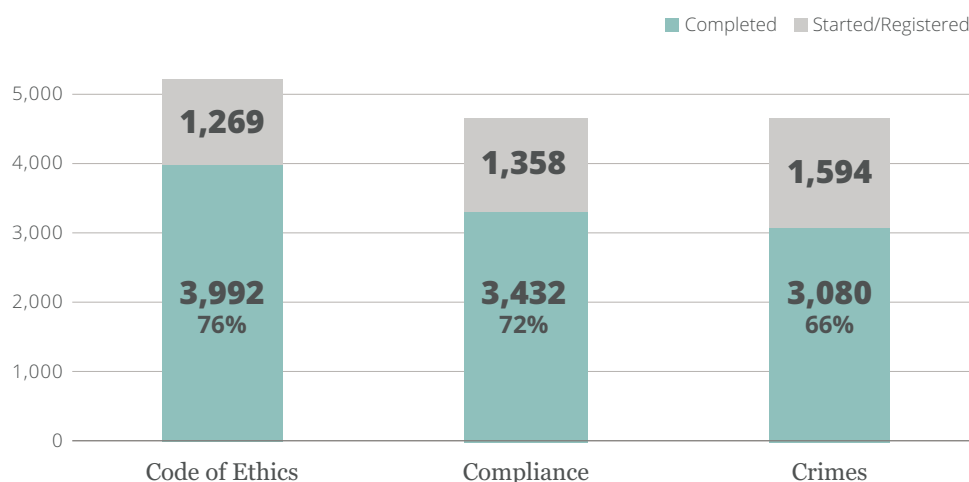
Participants must successfully pass a specific test for each of the courses.

- **Code of Ethics and Complaints Channel:** Specific training on the Code, its content and objectives.
- **Compliance:** A specific focus on compliance, its role and management culture, as well as an explanation of the responsibilities of the company's Compliance Officer.

- **Most Important Crimes:** Training course that indicates the main criminal offences to which the company is exposed, as well as the conduct or situations that might lead to the commission of crimes and the mechanisms available for their prevention and reporting, including specific training on the prevention of Corruption and Money Laundering.

At the end of 2020, approximately 70% of the employees with access to the online training platform had completed these courses. By category, around 82% of the company's management team have completed the training or are currently taking it. The following image shows the details of the trained personnel for each module:

PEOPLE TRAINED, BY MODULE



## Privacy protection

GRI 418-1

In a context in which we are immersed in a digital transformation and in which data is an asset in itself that must be protected, we are firmly committed to **"Protecting the**

**personal data that stakeholders have provided us to guarantee its integrity, availability, security and confidentiality."**

To ensure the fulfillment of this commitment we have a **Privacy Management Model** consisting of a number of complementary tools:

#### DATA SECURITY POLICY

The [Data Security Policy](#) defines the framework for data security. It is based on internationally recognized best practices in Data Security to guarantee at all times the confidentiality, integrity and availability of the data we manage and ensure it is handled appropriately.

#### PRIVACY POLICY

The [Privacy Policy](#) defines the guidelines to be followed by all our employees and refers to the creation, collection, processing, storage and/or deletion of information.

#### PRIVACY REGULATION

The **Privacy Policy** contains the criteria and principles that govern the incorporation, handling and use of personal data by our employees. It also defines the roles and responsibilities of the people who have access to processing personal data, the principles to be applied in processing and the minimum measures required to comply with the Policy.

It also defines the guidelines to follow to ensure that people can exercise their rights, notification procedures in the event of any possible contingencies, and the monitoring and control mechanisms required to ensure the effective implementation of the Meliá privacy management system.

The regulation also has a chapter on non-compliance which aims to promote a philosophy of **zero tolerance** with regard to any conduct that may involve breaches of legislation, regulations or internal processes.

#### NOTIFICATION PROCEDURE

The procedure for notification, management and registration of data security incidents has been defined with a double objective. Firstly, to minimise the impact, loss or deterioration of said data, and secondly, to make it easier to detect any possible security breaches and accelerate their notification.

#### DATA PROTECTION OFFICE

The Data Protection Office is **responsible for the protection of personal data**. It consists of representatives of corporate areas that are directly involved in monitoring and controlling personal data protection.

In addition to the aforementioned tools, the Internal Audit Department also plays an active role in supervising compliance with policies, regulations and procedures related to data protection. The most relevant aspects reviewed are:

- Access control
- Adequate information for customers
- Collection of consent for personal data processing
- Custody and destruction of data

Through the eMeliá online training platform all our employees have access to mandatory courses related to Data Protection and Cybersecurity, as well as other related courses such as Phishing and PCI.

Thanks to the **appropriate management and operation** of the Privacy Management Model, in 2020, no case has been opened by any authorities, nor have any substantiated claims related to violations of customer privacy been registered.



# Fiscal transparency

## Fiscal strategy

GRI 207-1; 207-2

The company's [Fiscal Strategy](#) was approved by the Board of Directors on February 25, 2016 and updated on June 6, 2018, in accordance with the provisions of article 529 ter of the Companies Act and article 5 of the regulations of the Board of Directors.

The **guiding principles** of our Fiscal Strategy are:

- Regulatory compliance and responsible fiscal management
- Cooperative relations with tax administrations and the risk management system
- Fiscal efficiency, effective defence of our fiscal positions and transparency

In addition, the Fiscal Strategy is **aligned with our vision, values and long-term business strategy** as well as our [Corporate Responsibility Policy](#) in two areas: the first states that one of its objectives is to ensure a proactive attitude towards the identification, prevention and mitigation of financial and non-financial risks; the second is a guiding principle focused on compliance with applicable legislation and regulations in force in all the countries in which we operate, and with our own [Code of Ethics](#), which includes an express commitment to the public authorities to respect the laws and regulations in all the places in which we operate, ensuring transparency and maximum cooperation with all public authorities.

## Fiscal Control and Risk Management Policy

As a Group we have developed a **Fiscal Control and Risk Management System** that operates on all the fiscal risks that are inherent to Group activities and processes, with particular emphasis on risks related to high-value investments and operations, the creation or acquisition of stakes in companies with a special purpose or domiciled in countries considered tax havens, and operations involving company board members or shareholders.

The Fiscal Control and Risk Management System is part of the function developed by our Tax Department with the support of all the business units and is deployed to ensure compliance with applicable tax legislation and internal policies (including the Tax Strategy).

In 2019, AENOR certified our **Criminal Compliance Management System** based on the **UNE 19601: 2017 standard**. As part of the certification process, **55 controls** to prevent and/or avoid tax crimes were analysed with a favourable result.

Our Tax Department reports directly to the Board of Directors at least once a year and through the Audit and Compliance Committee on a recurring basis and whenever there may be a particularly relevant issue to report. The Tax Department has reported directly to the Board of Directors and the Audit and Compliance Committee.

Among others, the reports include the following aspects: information on taxes paid in the previous period; relevant information about tax policies applied, litigation and tax inspections in progress or completed in the year, and legislative changes and tax impacts derived from the Covid-19 pandemic; as well as information on the operations that have required approval from the Board for which a tax report has been provided.

Tax crime controls

**55**

## Structure and presence in tax havens

Within the framework of our **commitment to responsible taxation**, we have a structure aligned with the business and appropriate to legal requirements, all within a transfer pricing policy framework aligned with value creation and the principles of free competition.

The creation or acquisition of a stake in companies with a special purpose or domiciled in countries or territories that are considered tax havens must be reported to and approved by the Board of Directors, with said approval constituting a non-delegable power. Similarly, any presence in tax havens must respond to legitimate economic motives.

At the close of 2020, the only Group company registered in a tax haven is Sol Meliá Funding, which is registered in the Cayman Islands. Its activity is residual and related to the former vacation club, and it applies the same criteria and general procedures for

management administration and control as the rest of the Group, cooperating with the authorities involved in providing whatever information they deem necessary regarding the activities carried out.

The Group also has hotel activities in countries that, while not considered tax havens according to Spanish legislation, are considered by certain external observers as jurisdictions that enjoy a tax system that is more favourable than the Spanish system, as may be the case in Panama, Holland or Luxembourg. It should be mentioned, firstly, that our presence in these jurisdictions is due to genuine hotel operations, and, secondly, that all of them are jurisdictions that have signed an agreement with Spain to avoid double taxation and with an information exchange clause.

From a tax perspective, in 2020 there were no significant changes in the corporate structure.

## Tax contribution

GRI 207-4

Meliá Hotels International is subject to taxes of various kinds on the profit it earns in the countries where it operates. Each tax has its own particular structure and rate.

**Table A** refers to results before taxes and contains aggregate data for each jurisdiction and excludes dividends from other

group entities following the guidelines for the preparation and presentation of country-by-country reports issued by the OECD (Action 13 BEPS report).

Taxes on profits paid in 2020 are shown in **Table B**, detailed by jurisdiction.

TABLE A - RESULT BEFORE TAXES (2020)

Country	€ thousand	Country	€ thousand
Germany	(42,600)	Cayman Islands	(253)
Argentina	75	Italy	(11,744)
Austria	(4,047)	Luxembourg	(923)
Brazil	(35,909)	Mexico	(15,650)
Bulgaria	115	Panama	66
China	525	Peru	343
Costa Rica	(4)	Puerto Rico	845
Cuba	(3,949)	United Kingdom	(34,361)
USA	(12,520)	Dominican Rep.	(54,303)
Spain	(381,894)	Switzerland	(251)
France	(21,097)	Venezuela	(3,674)
Greece	(90)	Vietnam	60
Indonesia	(528)		
<b>Total</b>		<b>(621,768)</b>	

TABLE B - TAXES PAID ON PROFITS (2020)

Country	€ thousand	Country	€ thousand
Germany	(1,354)	Luxembourg	235
Argentina	33	Mexico	3,755
Austria	87	Netherlands	(115)
Brazil	74	Peru	229
Cuba	57	United Kingdom	(154)
USA	(387)	Dominican Rep.	678
Spain	2,663	Switzerland	358
France	(93)	Venezuela	3
Indonesia	5		
<b>Total</b>		<b>6,074</b>	

The total amount of taxes paid appears in the Cash Flow Statement and the Consolidated Annual Accounts.

We would like to highlight that full tax information is included in the Consolidated Annual Accounts and the Individual Annual

Accounts for Meliá Hotels International, S.A. and each of its subsidiaries and, in particular, the Tax Note includes Tax Expenses and the most important litigation related to tax issues.

## Other relevant tax information

### NON-PROVISION OF TAX SERVICES BY THE ACCOUNT AUDITOR

The Group does not receive any tax advisory services from the firm that audits its accounts.

# Financial and operating results

## Global indicators

### FINANCIAL RESULTS

OWNED & LEASED HOTELS (millions of €)	2019	2020	Δ%
Revenues Owned and Leased Hotels	1,545.4	413.8	-73.2%
Owned	733.6	213.7	
Leased	811.8	200.1	
Of which, Room Revenues	996.1	235.4	-76.4%
Owned	403.0	106.3	
Leased	593.1	129.2	
EBITDAR	405.6	-62.3	-115.4%
Owned	177.1	-32.8	
Leased	228.5	-29.5	
EBITDA	385.2	-63.0	-116.3%
Owned	177.1	-32.8	
Leased	208.1	-30.2	
EBIT	157.9	-409.6	-359.4%
Owned	108.9	-156.2	
Leased	49.0	-253.4	

MANAGEMENT MODEL (millions of €)	2019	2020	Δ%
Revenue	299.0	80.2	-73.2%
Fees from third parties	49.1	10.4	-78.9%
Fees from owned and leased hotels	93.7	17.2	-81.6%
Other revenues	156.2	52.6	-66.3%
EBITDA	99.8	-18.6	-118.7%
EBIT	94.0	-37.4	-139.7%

OTHER HOTEL REVENUES (millions of €)	2019	2020	Δ%
Revenue	62.9	18.1	-71.3%
EBITDA	5.3	-4.2	-179.2%
EBIT	4.1	-5.5	-234.9%

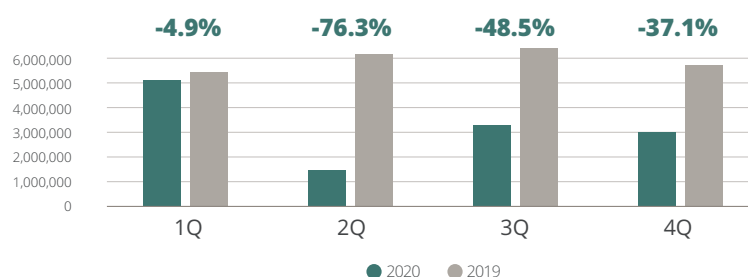
### BUSINESS RESULTS

#### KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total Hotels	39.2%	-31.6	€ 110.2	-10.2%	€ 43.2	-50.3%	34.9%	-30.3	€ 98.2	-7.3%	€ 34.3	-50.3%
AMERICA	37.1%	-23.9	€ 109.4	-8.0%	€ 40.6	-44.1%	29.6%	-31.1	€ 100.9	-7.7%	€ 29.9	-55.0%
EMEA	34.3%	-39.5	€ 117.1	-16.0%	€ 40.1	-61.0%	33.1%	-39.3	€ 122.2	-13.3%	€ 40.4	-60.4%
SPAIN	44.2%	-29.0	€ 106.5	-8.9%	€ 47.1	-44.9%	41.4%	-30.3	€ 99.5	-7.9%	€ 41.2	-46.8%
ASIA	-	-	-	-	-	-	33.4%	-17.4	€ 91.2	14.2%	€ 30.4	-24.9%
CUBA	-	-	-	-	-	-	31.0%	-33.4	€ 69.9	-5.4%	€ 21.7	-54.4%

(\*) Note: the calculation of RevPAR only takes into account open hotels. If we took into account all our hotels, the decreases in occupancy and the impact on RevPAR would be much greater

#### ROOMS AVAILABLE





## OPERATIONAL PORTFOLIO &amp; PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2019		2020		2021		2022		>2022		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned	43	13,128	43	13,126	-	-	-	-	-	-	-	-
Leased	108	22,093	103	20,984	6	1,413	-	-	2	197	8	1,610
Management	128	38,509	124	37,538	14	4,135	18	4,400	6	1,653	38	10,188
Franchised	47	10,048	47	10,928	-	-	-	-	4	554	4	554
<b>Total</b>	<b>326</b>	<b>83,778</b>	<b>317</b>	<b>82,576</b>	<b>20</b>	<b>5,548</b>	<b>18</b>	<b>4,400</b>	<b>12</b>	<b>2,404</b>	<b>50</b>	<b>12,352</b>

## CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
ME Dubai	Dubai	Management	93	Tryp Valencia Almussafes	Valencia	Franchised	133
Meliá Sunny Beach	Sunny Beach	Franchised	1,013	Meliá Villa Capri	Capri	Management	27
Gran Meliá Chengdu	Chengdu	Management	265	Meliá Budva Petrovac	Budva	Management	114
				Meliá Cayo Guillermo	Morón	Management	301
				Sol Cayo Guillermo	Morón	Management	268
				Sol Cayo Largo	Isla de la Juventud	Management	296
				Tryp Düsseldorf Airport	Ratingen	Leased	137
				Tryp Alicante City	Alicante	Management	70
				Innside Niederrad	Frankfurt	Leased	146
				Sol Calas de Mallorca All Inclusive (*)	Manacor	Leased	473
				Sol Cala Antena	Manacor	Leased	334

(\*) Includes two hotels (Sol Calas de Mallorca All Inclusive & Mirador de Calas)

## Results by region

### Region SPAIN

#### FINANCIAL INDICATORS

OWNED & LEASED HOTELS (millions of €)	2019	2020	Δ%
Revenues Owned and Leased Hotels	770.8	167.6	-78.2%
Owned	267.3	71.6	-73.2%
Leased	503.5	96.0	-80.9%
Of which, Room Revenues	542.1	107.7	-80.1%
Owned	180.6	43.6	-75.9%
Leased	361.4	64.2	-82.3%
EBITDAR	206.4	-28.4	-113.7%
Owned	65.5	-11.3	-117.2%
Leased	140.9	-17.1	-112.1%
EBITDA	193.0	-28.3	-114.7%
Owned	65.5	-11.3	-117.2%
Leased	127.5	-17.0	-113.3%
EBIT	67.8	-210.5	-410.6%
Owned	40.1	-51.4	-228.2%
Leased	27.7	-159.1	-675.0%

MANAGEMENT MODEL (millions of €)	2019	2020	Δ%
Revenue	73.6	17.7	-75.9%
Fees from third parties	24.8	5.2	-78.9%
Fees from owned and leased hotels	47.8	6.9	-85.6%
Other revenues	0.9	5.6	-509.9%

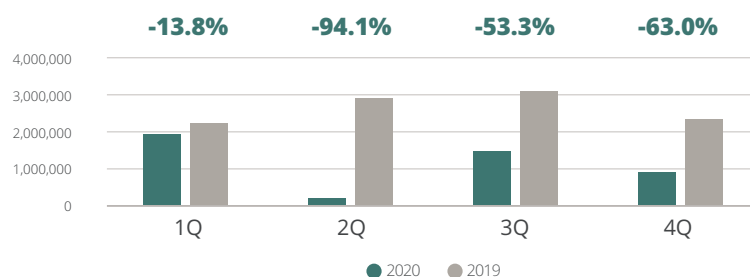
#### BUSINESS INDICATORS

##### KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total SPAIN Hotels	44.2%	-29.0	€ 106.5	-8.9%	€ 47.1	-44.9%	41.4%	-30.3	€ 99.5	-7.9%	€ 41.2	-46.8%
City	48.0%	-26.3	€ 118.8	6.9%	€ 57.0	-31.0%	43.7%	-28.1	€ 104.6	4.2%	€ 45.7	-36.6%
Resort	41.5%	-30.7	€ 95.9	-21.6%	€ 39.8	-54.9%	38.7%	-32.6	€ 92.5	-22.1%	€ 35.8	-57.7%

(\*) Note: the calculation of RevPAR only takes into account open hotels. If we took into account all our hotels, the decreases in occupancy and the impact on RevPAR would be much greater.

##### ROOMS AVAILABLE



#### OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2019		2020		2021		2022		>2022		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned	20	5,325	20	5,328	-	-	-	-	-	-	-	-
Leased	69	15,333	66	14,509	1	164	-	-	-	-	1	164
Management	43	13,176	42	13,104	2	1,046	4	908	-	-	6	1,954
Franchised	14	2,244	13	2,111	-	-	-	-	-	-	-	-
<b>Total SPAIN</b>	<b>146</b>	<b>36,078</b>	<b>141</b>	<b>35,052</b>	<b>3</b>	<b>1,210</b>	<b>4</b>	<b>908</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>2,118</b>

## CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
-				Tryp Valencia Almussafes	Valencia	Franchised	133
-				Tryp Alicante City	Alicante	Management	70
-				Sol Calas de Mallorca All Inclusive	Manacor	Leased	473
-				Sol Cala Antena	Manacor	Leased	334

## PERFORMANCE

Hotels began to close in Spain in the second week of March after the declaration of the state of emergency and lockdown of the population. From the end of March, we converted several of our hotels and a Conference Centre into medical centres for patients with COVID-19 or other illnesses, and also made other hotels available for healthcare workers and other key workers. With the easing of lockdown measures, the Spanish government allowed the opening of hotels with certain restrictions from May 11. However, given the limitations on travel between provinces, the demand for accommodation remained at practically zero, basically consisting only of assistance for essential services.

From mid-June, with the end of the post-lockdown stages and freedom of movement between Spanish provinces, we opened a number of hotels on the coast of mainland Spain to accommodate Spanish travellers, although occupancy levels remained low.

The third quarter was affected by outbreaks in different areas of the country, which led to restrictions on people travelling to Spain (mandatory quarantine on their return to their home country), the main impact of which was seen in the tour operator segment. In these circumstances, the sales strategy focused mainly on generating demand in the domestic market.

In resort destinations, as a result of the quarantines announced from July 25, mainly in the UK, some resort hotels closed early

due to their dependence on international markets. Despite the lack of international travellers, in the **Canary Islands** hotel openings were delayed until almost the end of July and were then activated by last-minute domestic demand. **City destinations** were affected in two different ways. Second-tier cities performed well, but major cities such as Madrid and Barcelona achieved more discrete results due to the absence of the MICE and Business Travel segments in September.

In the final part of the year, travel restrictions greatly affected the situation, bringing forward the closure of some hotels and delaying or preventing other hotels opening.

## OUTLOOK 2021

At the start of the new year, visibility in Spain is very low due to the fact that current demand is very short-term focused and there is a dependence on domestic travellers, making us cautious about the schedule for opening and closing hotels. In resort hotels the focus is on the Canary Islands, where the lockdown in the UK and Germany has delayed the planned opening of 5 hotels. In city destinations, restrictive policies regarding potential lockdowns force us to be prudent. Although a reactivation of the market is expected, especially in the third quarter and in resort hotels, much depends on the evolution of the vaccination programme in Spain and in feeder markets.

## EMEA Region

### FINANCIAL INDICATORS

OWNED & LEASED HOTELS (millions of €)	2019	2020	Δ%
Revenues Owned and Leased Hotels	383.1	120.3	-68.6%
Owned	107.2	23.4	-78.2%
Leased	275.9	96.9	-64.9%
Of which, Room Revenues	278.3	72.0	-74.1%
Owned	73.8	12.6	-82.9%
Leased	204.5	59.4	-71.0%
EBITDAR	105.2	-17.1	-116.3%
Owned	28.0	-8.3	-129.7%
Leased	77.2	-8.8	-111.4%
EBITDA	101.0	-16.7	-116.6%
Owned	28.0	-8.3	-129.7%
Leased	72.9	-8.4	-111.5%
EBIT	40.0	-119.8	-399.5%
Owned	18.3	-46.1	-351.5%
Leased	21.7	-73.7	-440.1%

MANAGEMENT MODEL (millions of €)	2019	2020	Δ%
Revenue	29.3	6.2	-78.8%
Fees from third parties	1.4	0.5	-64.0%
Fees from owned and leased hotels	22.7	4.2	-81.5%
Other revenues	5.3	1.5	-71.0%

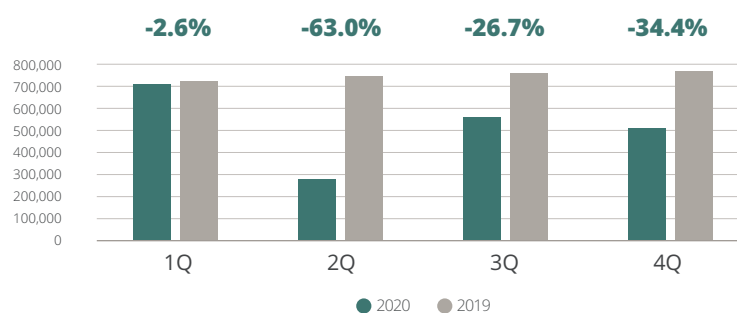
### BUSINESS INDICATORS

#### KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total EMEA Hotels	34.3%	-39.5	€ 117.1	-16.0%	€ 40.1	-61.0%	33.1%	-39.3	€ 122.2	-13.3%	€ 40.4	-60.4%
Germany	33.3%	-39.1	€ 97.0	-12.7%	€ 32.3	-59.9%	33.3%	-39.1	€ 97.0	-12.7%	€ 32.3	-59.9%
France	52.0%	-25.1	€ 123.8	-25.0%	€ 64.3	-49.5%	52.0%	-25.1	€ 123.8	-25.0%	€ 64.3	-49.5%
United Kingdom	32.8%	-43.1	€ 175.7	-1.2%	€ 57.6	-57.3%	31.8%	-44.1	€ 173.8	-1.1%	€ 55.2	-58.6%
Italy	35.6%	-36.1	€ 177.8	-17.9%	€ 63.4	-59.2%	35.6%	-35.7	€ 177.8	-19.5%	€ 63.4	-59.8%
Other EMEA	27.8%	-51.8	€ 137.4	-12.8%	€ 38.2	-69.5%	25.4%	-39.9	€ 164.1	4.2%	€ 41.7	-59.5%

(\*) Note: the calculation of RevPAR only takes into account open hotels. If we took into account all our hotels, the decreases in occupancy and the impact on RevPAR would be much greater.

#### ROOMS AVAILABLE



## OPERATIONAL PORTFOLIO &amp; PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2019		2020		2021		2022		>2022		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned	7	1,397	7	1,395	-	-	-	-	-	-	-	-
Leased	37	6,211	35	5,926	5	1,249	-	-	2	197	7	1,446
Management	9	858	8	812	3	667	6	1,730	2	390	11	2,787
Franchised	31	7,518	32	8,531	-	-	-	-	4	554	4	554
<b>Total EMEA</b>	<b>84</b>	<b>15,984</b>	<b>82</b>	<b>16,664</b>	<b>8</b>	<b>1,916</b>	<b>6</b>	<b>1,730</b>	<b>8</b>	<b>1,141</b>	<b>22</b>	<b>4,787</b>

## CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
ME Dubai	Dubai	Management	93	Tryp Düsseldorf Airport	Ratingen	Leased	137
Meliá Sunny Beach	Sunny Beach	Franchised	1,013	Innside Niederrad	Frankfurt	Leased	146
				Meliá Villa Capri	Capri	Management	27
				Meliá Budva Petrovac	Budva	Management	114

## PERFORMANCE

The year started fairly normally, with revenues increasing by around 3% in the first two months of the year. As of March, with the start of travel restrictions and the closure of hotels due to the pandemic, the situation evolved slightly differently in each destination, although with many common features.

In general, the closures and restrictions in March and April were followed by a tepid recovery that generated a certain optimism for the summer. However, the second wave of the virus arrived in mid-July and brought the summer season to a halt, leading to new restrictions and hotel closures.

The end of the year came in the middle of a third wave, with many European countries almost in total lockdown, including the United Kingdom and France, and others with minimal hotel operations and many difficulties, such as Germany and Italy. The good news came from the **MEA sub-region**, where the Meliá Zanzibar was able to capitalize on demand, particularly from eastern Europe, to operate at above 80% occupancy. **Dubai** also operated within a certain normality, with very satisfactory results at the Meliá Desert Palm and an opportunity for the *ramp-up* of our recently opened ME Dubai.

## GERMANY

Although the country ended the year with a situation similar to the rest of Europe, it is also true that Germany performed slightly differently throughout the year. There are several factors behind this. Firstly, ever since the beginning of the pandemic Germany had registered a lower number of infections than the rest of Europe, projecting an image of more efficient crisis management. Secondly, and as a result of the first, the restrictions in the first wave were far more lax than in the rest of Europe. Thirdly, around 60 to 65% of guests in German hotels are domestic travellers, a much higher percentage than other countries, which also contributed over the year to significantly better results.

These factors allowed Germany to show a lot of resilience in the first half of the year, with 80% of our hotels remaining open, although obviously with a significant decrease in results. In the summer season, hotels focused on corporate travel obviously saw a reduction in their activity, while destinations with a strong domestic leisure component (**Leipzig, Dresden, Bremen, Aachen and Hamburg**) performed strongly, with occupancy in July and August above 70%.



The second and third waves of the pandemic hit Germany with the same force as in the rest of Europe, forcing the country to impose similar restrictions. The leisure component disappeared at the end of the summer season and the bad weather combined with the lack of MICE and Corporate Travel segments to force us to close half of the hotels as the year ended.

## FRANCE

**Paris** is probably the capital city in the region that has suffered most from the impact of COVID-19, seeing very little of the minor recovery we have seen in other European cities. On March 17, we closed 6 of our 7 hotels in the city, leaving only the Ininside Charles de Gaulle open for air crews and transit at Paris CdG Airport. The lockdown was lifted in May, and on June 15 we decided to open a second hotel in the centre, the Meliá Vendôme, to take the pulse of the city and help us make decisions about opening the rest of the hotels. The hotel remained open until September without any more hotels opening during that period.

## ITALY

Italy was the first country to see outbreaks of COVID-19 in Europe, particularly in the Milan and Lombardy regions where we have most of our hotels. This made the first impact very severe, although once the virus spread to more countries the situation began to change, with an even stronger recovery being achieved at certain times compared to other neighbouring countries.

**Milan** was the area most affected by the pandemic, suffering the worst restrictions after it was classified as a high-risk area. Despite this, the city has shown greater resilience than many other Italian destinations, with signs of recovery in the summer, even though summer is typically the off season, and achieving its best results in September and early October. **Rome**, despite being less affected by the pandemic and classified as a medium-risk area for most of the emergency, trends were similar to those in high-risk areas such as Milan, with an even greater decrease in occupancy in the fourth quarter.

## UNITED KINGDOM

**London** began to feel the impact of the pandemic in early February 2020, when it began to receive cancellations and a significant decrease in business from countries already impacted by travel restrictions.

At the end of March, the government decided to implement a lockdown, forcing hotels to close their doors. As in other destinations, London seemed to flourish in summer, and in early July restrictions were finally lifted and we were able to reopen the ME London

At the beginning of the fourth quarter, new outbreaks hit the UK leading to new restrictions and measures limiting leisure activities and requiring teleworking, reversing the recovery that had begun in the third quarter.

## OUTLOOK 2021

In EMEA, in recent weeks, expectations have been changing due to the measures implemented by governments in different countries to face the second wave of COVID.

Expectations for the first quarter of 2021 in this region are very uncertain. MICE business is on hold, all of the important trade fairs for the first and second quarters have been cancelled or postponed, and most companies are focusing on teleworking, keeping travel to a minimum and with heavy budget cuts. Under these conditions, we hope to see half of our hotels open in January and February (those that are financially viable), and will wait until the end of February and March to recover greater normality as travel restrictions are gradually lifted.

## Americas Region

### FINANCIAL INDICATORS

OWNED & LEASED HOTELS (millions of €)	2019	2020	Δ%
Revenues Owned and Leased Hotels	391.5	125.8	-67.9%
Owned	359.1	118.7	-66.9%
Leased	32.4	7.1	-78.0%
Of which, Room Revenues	175.7	55.7	-68.3%
Owned	148.6	50.1	-66.3%
Leased	27.2	5.6	-79.3%
EBITDAR	94.0	-16.9	-117.9%
Owned	83.6	-13.2	-115.7%
Leased	10.4	-3.7	-135.6%
EBITDA	91.3	-17.9	-119.6%
Owned	83.6	-13.2	-115.7%
Leased	7.7	-4.8	-161.9%
EBIT	50.1	-79.3	-258.3%
Owned	50.5	-58.7	-216.3%
Leased	-0.4	-20.6	5,282.5%

MANAGEMENT MODEL (millions of €)	2019	2020	Δ%
Revenue	43.7	16.5	-62.2%
Fees from third parties	7.2	1.6	-77.7%
Fees from owned and leased hotels	23.2	6.1	-73.7%
Other revenues	13.3	8.8	-33.9%

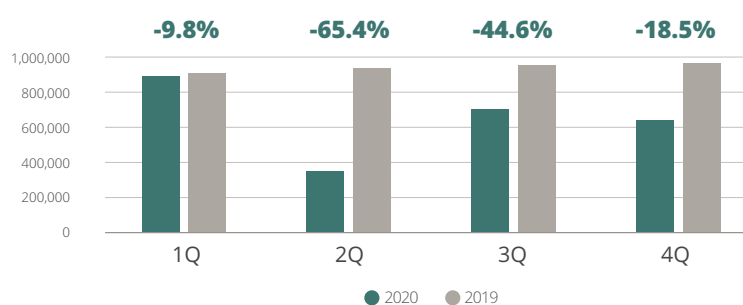
### BUSINESS INDICATORS

#### KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total Hotels AMERICA	37.1%	-23.9	€ 109.4	-8.0%	€ 40.6	-44.1%	29.6%	-31.1	€ 100.9	-7.7%	€ 29.9	-55.0%
Brazil	-	-	-	-	-	-	18.0%	-43.0	€ 61.6	-22.4%	€ 11.1	-77.1%
Mexico	41.1%	-27.1	€ 125.9	4.0%	€ 51.7	-37.4%	41.1%	-27.1	€ 125.9	4.0%	€ 51.7	-37.4%
Dominican Republic	46.4%	-13.8	€ 98.8	-8.1%	€ 45.9	-29.2%	46.4%	-13.8	€ 98.8	-8.1%	€ 45.9	-29.2%
Others AMERICA	25.0%	-24.5	€ 92.7	-33.4%	€ 23.2	-66.3%	27.9%	-27.1	€ 106.8	-16.6%	€ 29.8	-57.7%

(\*) Note: the calculation of RevPAR only takes into account open hotels. If we took into account all our hotels, the decreases in occupancy and the impact on RevPAR would be much greater.

#### ROOMS AVAILABLE



## OPERATIONAL PORTFOLIO &amp; PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2019		2020		2021		2022		>2022		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned	16	6,406	16	6,403	-	-	-	-	-	-	-	-
Leased	2	549	2	549	-	-	-	-	-	-	-	-
Management	17	4,280	17	3,933	1	498	-	-	-	-	1	498
Franchised	2	286	2	286	-	-	-	-	-	-	-	-
<b>Total AMERICA</b>	<b>37</b>	<b>11,521</b>	<b>37</b>	<b>11,171</b>	<b>1</b>	<b>498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>498</b>

## CHANGES TO THE PORTFOLIO

In 2020 there were no new openings or disaffiliations in the AMERICA portfolio.

## PERFORMANCE

## DOMINICAN REPUBLIC

Results up to February in the Dominican Republic were affected by a falling contribution from the US market (mainly in the MICE segment, still affected by the negative news campaigns which, in large part, turned out to be false), in spite of the company's efforts to increase sales in alternative markets such as Europe and Latin America.

Prior to the official declaration of outbreaks of the virus in the destinations, the company already began the closure process from the third week of March. In the second and third trimester, all the hotels in **Punta Cana** were closed due to a lack of demand and the slow recovery in the number of flights. In the last quarter we began to see a recovery, mainly due to arrivals from the United States.

## MEXICO

In Mexico, the first two months of the year saw a positive change in trend due to the end of the sargassum seaweed crisis and the success of the company's efforts to focus on the recovery of the North American market and the MICE segment. As in other destinations, the pandemic caused a collapse in tourism that began in March followed by a gradual reactivation from June onwards, which meant that in the third quarter most of the hotels in Mexico were opened, leaving just 2 hotels pending opening in the final quarter of the year.

## UNITED STATES

After a good start to 2020 in January and February, with occupancies of 70% and 80% at the Inside New York and Meliá Orlando, tourism slowed in March and stopped almost completely in April, causing both hotels to close. The Meliá Orlando was the first hotel in the region to reopen in mid-May. Despite the difficult situation in **Florida**, the hotel managed to end the year with occupancy of over 40% and with a positive EBITDA in December, which is great news for 2021. The opening of the Inside New York had to be delayed until October.

## OUTLOOK 2021

In **Mexico**, the MICE segment is expected to remain inactive until the second half of 2021 due to the restrictions. We will continue to prioritise direct channel sales, in addition to OTAs, and we will continue with tactical strategies in tour operation to recover revenues from countries with demand for Mexico such as the United States, Mexico, Brazil, Chile and Colombia.

In the **Dominican Republic**, recent measures taken by governments in feeder markets to control the pandemic (imposition of tests and quarantine for travellers when returning to their country), is once again causing flight cancellations, leading to greater uncertainty amongst travellers and slowing demand for travel. Given the risk of border closures, some MICE events planned for the first quarter have also been moved to future

dates. A positive evolution is expected for individual travel segments from the summer onwards as the vaccination process makes progress in feeder markets and alternative markets are also tapped. In the group segment, leads are expected to pick up for 2022 and 2023.

The expectations for the beginning of 2021 in the **US** are not very positive as the evolution of the pandemic in North America is

not good and there is a significant risk of exposure to the virus. Added to the continuing travel restrictions, this means that the projections, especially for the first semester, are not very positive. At the same time, the latest positive news about vaccination programmes around the world suggests that the situation may improve, but in the short term we expect the situation to continue to be complicated in the country.



## Region ASIA

### FINANCIAL INDICATORS

OWNED & LEASED HOTELS (millions of €)	2019	2020	Δ%
Revenues Owned and Leased Hotels	N.A.	N.A.	-
Owned			
Leased			
Of which, Room Revenues	N.A.	N.A.	-
Owned			
Leased			

MANAGEMENT MODEL (In millions of €)	2019	2020	Δ%
Revenue	6.9	2.3	-67.1%
Fees from third parties	5.7	1.6	-72.8%
Fees from owned and leased hotels	0.0	0.0	-
Other revenues	1.2	0.7	-40.1%

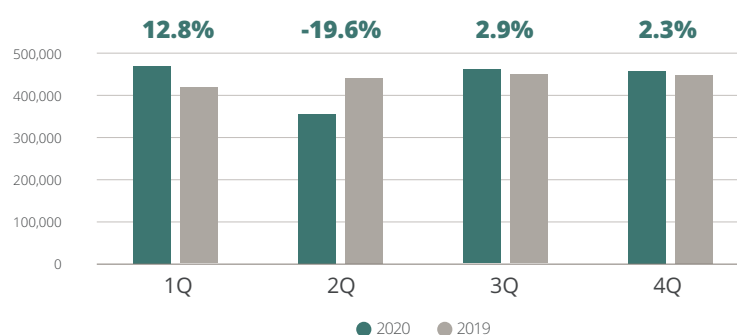
### BUSINESS INDICATORS

#### KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total ASIA Hotels	-	-	-	-	-	-	31.0%	-33.4	€ 69.9	-5.4%	€ 21.7	-54.4%
China	-	-	-	-	-	-	48.6%	-22.4	€ 64.0	-1.7%	€ 31.1	-32.7%
Southeast Asia	-	-	-	-	-	-	24.9%	-37.3	€ 73.8	-4.1%	€ 18.4	-61.6%

(\*) Note: the calculation of RevPAR only takes into account open hotels. If we took into account all our hotels, the decreases in occupancy and the impact on RevPAR would be much greater.

#### ROOMS AVAILABLE



### OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2019		2020		2021		2022		>2022		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned	-	-	-	-	-	-	-	-	-	-	-	-
Leased	-	-	-	-	-	-	-	-	-	-	-	-
Management	24	5,414	25	5,773	7	1,523	5	1,239	4	1,263	16	4,025
Franchised	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total ASIA</b>	<b>24</b>	<b>5,414</b>	<b>25</b>	<b>5,773</b>	<b>7</b>	<b>1,523</b>	<b>5</b>	<b>1,239</b>	<b>4</b>	<b>1,263</b>	<b>16</b>	<b>4,025</b>



## CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
Gran Meliá Chengdú	Chengdu	Management	265	-			

## PERFORMANCE

Unlike other regions, in Asia the Covid-19 crisis began with the arrival of the Chinese New Year (last week in January), with a significant impact on such important dates for the region, although we ended January with results fairly much in line with expectations. February was the month we closed four of our five hotels in **China**, with the Chinese market falling drastically both for *inbound* and *outbound* travel. However, our hotels in **Southeast Asia** enjoyed good occupancy levels mainly thanks to the Australian, European and domestic markets. March was when we really began to notice the impact in Southeast Asia, with 10 hotels open and 14 closed. In the second quarter, the infection rate fell across the region, with the exception of Indonesia which was still in a critical situation.

Countries began to recover at different rates, with China and Vietnam having applied the strictest measures to combat and contain the disease and therefore experiencing a greater recovery in their respective economies. Countries such as **Thailand, Malaysia and Myanmar** have had greater difficulties, but with the situation fairly much under control. We believe **Indonesia** will take longer to recover, especially in Bali, where there is a greater dependence on the international market which continues to be non-existent. With regard to demand, there is an evident improvement in China and Vietnam, where the travel industry is also seeing a considerable recovery. At the moment the market is purely domestic, with the challenge being to recover the international market in the medium term.

In the second half of the year, there were positive trends in hotels in **China**, with figures similar to 2019, especially in terms of occupancy. However, as we have said, the situation is different in **Indonesia, Malaysia, Thailand and Myanmar**, where the pandemic continues to have a strong impact, causing borders to be closed and making it difficult or impossible for international flights to arrive. Dependence on the domestic market is having a negative effect on the business. Our hotels in **Vietnam** have seen some improvements in city hotels thanks to a focus on local customers. However, the volume is still behind 2019 levels, with decreases in demand from corporate travellers. Resort hotels are doing better due to demand from local leisure travellers.

## OUTLOOK 2021

In APAC, our expectations for the first quarter of 2021 is that we will continue with the same trend seen in the fourth quarter of 2020: no international market, lack of corporate business and MICE, and with a focus only on the local market. We believe that we may start to see some recovery in the second half of 2021. Our forecast for our hotels in China for 2021 is to achieve figures similar to 2019 as long as Covid19 remains under control in the country.

## CUBA Region

### FINANCIAL INDICATORS

OWNED & LEASED HOTELS (millions of €)	2019	2020	Δ%	MANAGEMENT MODEL (millions of €)	2019	2020	Δ%
Revenues Owned and Leased Hotels	N.A.	N.A.	-	Revenue	12.1	1.9	-84.0%
Owned				Fees from third parties	9.9	1.5	-85.3%
Leased				Fees from owned and leased hotels	-	-	-
Of which, Room Revenues	N.A.	N.A.	-	Other revenues	2.1	0.5	-77.9%
Owned							
Leased							

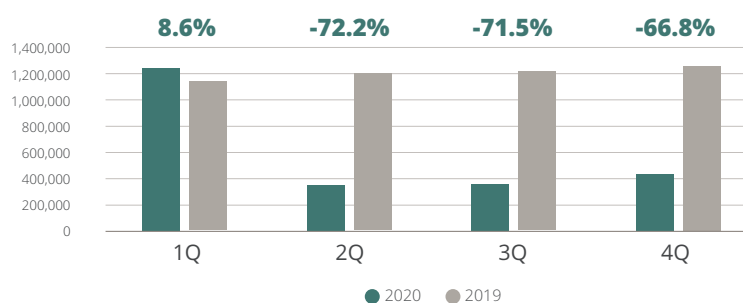
### BUSINESS INDICATORS

#### KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total CUBA Hotels	-	-	-	-	-	-	33.4%	-17.4	€ 91.2	14.2%	€ 30.4	-24.9%

(\*) Note: the calculation of RevPAR only takes into account open hotels. If we took into account all our hotels, the decreases in occupancy and the impact on RevPAR would be much greater.

#### AVAILABLE ROOMS



#### PORTFOLIO IN OPERATION AND PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2019		2020		2021		2022		>2022		TOTAL	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Owned	-	-	-	-	-	-	-	-	-	-	-	-
Leased	-	-	-	-	-	-	-	-	-	-	-	-
Management	35	14,781	32	13,916	1	401	3	523	-	-	4	924
Franchised	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total CUBA</b>	<b>35</b>	<b>14,781</b>	<b>32</b>	<b>13,916</b>	<b>1</b>	<b>401</b>	<b>3</b>	<b>523</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>924</b>

## CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
				Meliá Cayo Guillermo	Morón	Management	301
				Sol Cayo Guillermo	Morón	Management	268
				Sol Cayo Largo	Isla de la Juventud	Management	296

## PERFORMANCE

The cancellation of flights from Canada announced on March 17 in the wake of the spread of the Covid-19 pandemic marked a turning point. From that day on, hotels gradually began to close as cancellations, repatriations and the final departures of customers staying in our hotels began. On March 23, the country's authorities finally ordered the closure of the country's airports. As a result of the closure of borders and internal restrictions on travel, in the second quarter of 2020 practically all the hotels were closed. The exception was a few hotels which remained open to accommodate tourists who could not be repatriated before the borders were closed and foreign advisers from international companies who remained in the country to await reopening.

At the beginning of July, the reopening of a number of hotels for the domestic market was authorised, as well as the opening of borders to international travellers for the hotels in **Cayo Santa Maria, Jardines del Rey and Cayo Largo**. For the domestic market, we opened the Meliá Internacional and Sol Palmeras hotels, both in Varadero, as until mid-July the Luna Mares Complex in Holguín.

No regular commercial flights were available for most of the second and third quarters. The first Air Canada Vacations flights returned to Cayo Coco in September. Two major Russian tour operators also resumed weekly flights to Cayo Coco.

This incipient recovery finally allowed us to reopen several hotels in the region to international travellers in the final months of the year.

At the same time, at the end of the year we partially reopened hotels in **Havana**, with occupancy mainly focused on air crews,

online business and companies. Several airlines resumed regular flights to Havana although with limited frequencies.

During the period the hotels were closed, major repairs were carried out in several of them that would not have been possible to do under normal conditions.

Taking into account the limited sales opportunities and operational problems over recent years, in the final quarter of the year the Sol Cayo Guillermo, Meliá Cayo Guillermo and Sol Cayo Largo hotels were disaffiliated.

## OUTLOOK 2021

The recent measures taken by governments in feeder markets (especially Canada) to control the pandemic, have once again caused flight cancellations and hindered the arrival of tourists.

Due to its global implications, the most relevant news in the first quarter of the year was the significant monetary reform that came into effect in Cuba on January 1. The Cuban Convertible Peso (CUC) was eliminated as a regular currency and accounting unit in the business sector, and replaced by the Cuban Peso (CUP). The Cuban peso was also devalued with respect to the USD, with the official rate changing from 1 to 1 to 24 to 1, causing an upward surge in all wholesale and retail prices in the country as well as in wages.

As a result of the radical readjustment in relative prices, a notable improvement in the profitability (now measured in Cuban pesos) of export activities is expected, which will directly benefit the country's tourism industry.

## Club Meliá & The Circle

Just like the hotel business, Club Meliá & The Circle were affected by the impact of COVID-19, with operations closed down in mid-March. Sales in USD for the year fell by 69.7% compared to the previous year as sales operations were closed for six months in two hotels and three months in one of the three properties active with sales activity.

In the fourth quarter, membership sales continued to be affected by the pandemic despite the fact that sales operations resumed in **Punta Cana** and **Cancun**, with Playa del Carmen being the only centre that began operations from the third quarter.

On the other hand, a telephone sales campaign began in Punta Cana to encourage

people to upgrade and update membership even with the hotels closed. The “Improve your Membership: Upgrade and Save ” was launched on August 17 for Circle members and on September 22 for Club Meliá members, generating US\$800,000 in membership sales since its launch.

Revenue (IFRS 15) decreased by 25.3% over the year compared to the previous year. This result highlights the resilience of the Club's business model and its ability to continue generating income despite the effects of the pandemic and the prolonged closure of the hotels, as well as the conversion or transition of Options to other redemption systems.

## Real Estate Business

In 2020 we did not make any asset sales and therefore generated no capital gains. In the same period in the previous year we sold two hotel assets in Spain for a total amount of €21.2 M, generating net capital gains at the EBITDA level of €10.1 M. We also registered an impairment of €3.1Mn as a result of the fair-value adjustment of a shopping centre located in Caracas and other commercial premises.

However, as a result of the effects of the crisis caused by COVID, some of our assets have seen a decrease in their value:

- **Owned hotel assets:** For owned assets that have possibly lost value, an updated valuation has been obtained through a combination of valuations carried out by independent experts and internally by the company. As a result of these valuations, a negative income statement impact of €80.3 M has been recorded, of which €41.5 M corresponds to recently acquired hotel assets, €21 M to real estate investments held at market value and €17.7 M to assets in companies valued using the equity method.

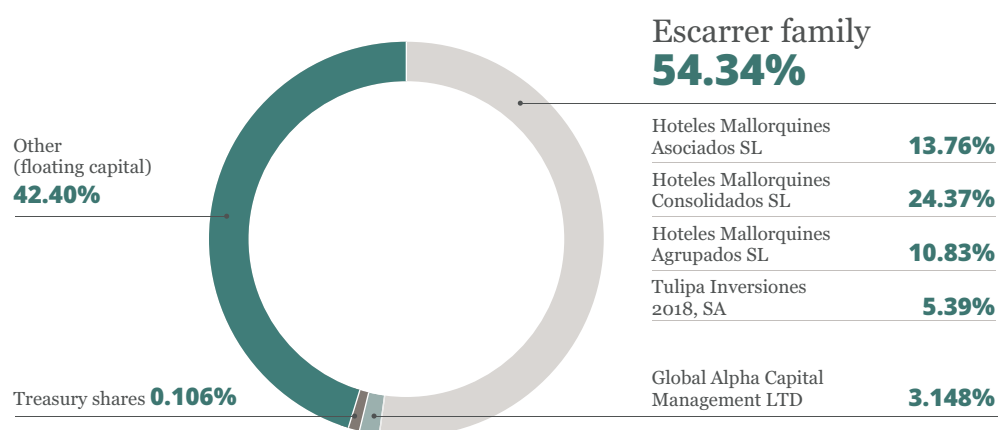
- **Rights of use over hotel assets (hotel assets under lease):** We have estimated the recoverable amount by determining the value of use based on an updated business plan for the period 2020-2030, resulting in an impairment of €70 million.

Note that these impairments are on the accounting level and have no effect on company liquidity. We continue to believe in the strength of our asset portfolio, both in terms of its quality and its underlying value. Excluding assets accounted for as Real Estate Investments, the Group's properties are recorded at their depreciated historical acquisition cost. Despite the value adjustments made in 2020, if we apply the discount rates used to the last asset valuation in 2018, which registered a total value of €3,750 million, which range between low single-digit and double-digit rates, depending on the location and relevant factors applicable to each asset, the company still shows significant underlying capital gains over the book value of the assets.

## Value for our shareholders

### SHAREHOLDER DISTRIBUTION

After the incorporation in 2019 of Global Alpha Capital Management Ltd as a significant shareholder and the capital reduction this year, as of December 31, 2020, the shareholders of Meliá Hotels International are as described in the following graph.



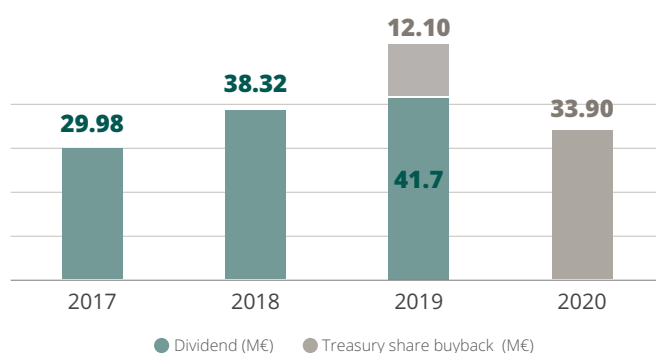
### SHAREHOLDER REMUNERATION

Shareholder remuneration policy aims to offer an attractive, predictable and sustainable dividend over time. This policy is compatible with the maximum priority of ensuring a sufficient amount of resources to guarantee investments for the future growth of the company and value creation.

Due to the difficult situation caused by the pandemic, to strengthen solvency and

liquidity, the Board of Directors in its session of May 18, 2020 unanimously decided, among other things, the following:

1. Cancel the proposal for the distribution of dividends initially included in the Annual Accounts presented by the Board of Directors on February 26, 2020; and
2. The early termination of the Treasury Shares Buyback Programme





## STOCK MARKET EVOLUTION

In 2020 our shares lost 27.2% of their value while the Ibex 35 fell by 15.5%.



## MAIN STOCK MARKET INDICATORS

	1T 2020	2T 2020	3T 2020	4T 2020	2020
Average daily volume (thousands of shares)	934,536	1,727,593	1,529,369	1,749,226	1,486,545
Meliá (% change)	-50.64%	-2.53%	-17.13%	82.51%	-27.23%
Ibex 35 (% change)	-28.94%	6.57%	-7.07%	20.21%	-15.45%

	2020	2019
Number of shares (millions)	220.4	229.7
Average daily volume (thousands of shares)	1,486.5	623.9
Maximum price (€)	8.34	9.18
Lowest price (€)	2.74	6.93
Latest price (€)	5.72	7.86
Market capitalisation (€ M)	1,260.7	1,805.4
Dividend (€)	-	0.183

### SHARE REPURCHASE PROGRAMME

At the meeting of October 17, 2019, the Board of Directors of Meliá Hotels International S.A. agreed to carry out a treasury share buyback programme to reduce the company's share capital.

As previously indicated, in the session of May 18, 2020, the Board of Directors unanimously agreed the early termination of the Treasury Share Buyback Programme to strengthen company solvency and liquidity.

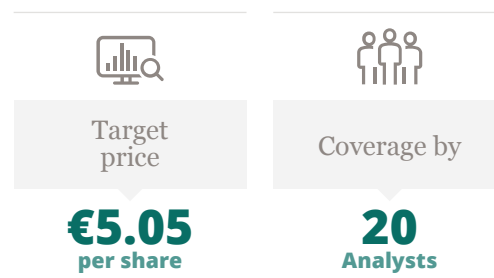
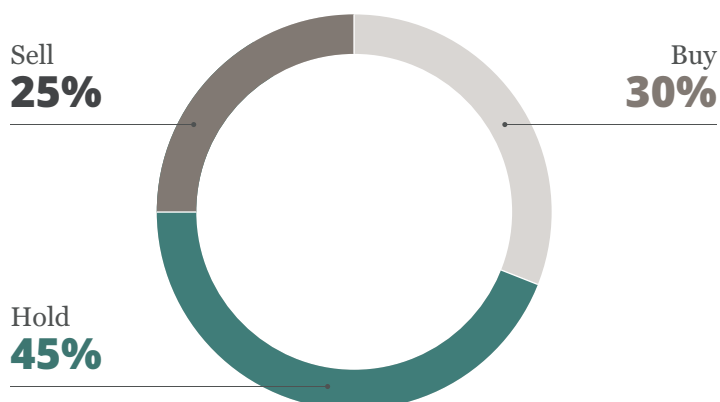
During the execution of the Buyback Programme, the company acquired 7,846,246 treasury shares (corresponding to 3.416%

of the share capital) and invested a total of €46,051,882 (including expenses).

On July 10, 2020, the Board of Directors, as delegated by the Annual General Meeting held on the same day, agreed to reduce capital through the amortisation of treasury shares also approved by the Annual General Meeting.

The purpose of the capital reduction through the amortisation of treasury shares was to improve shareholder remuneration.

### ANALYST RECOMMENDATIONS



# Digital transformation

## The Meliá digitalisation process

For more than 5 years we have been actively investing in the digital transformation of the company, beginning with our distribution model through the **Be More Digital** programme. The current circumstances have shown that to be a very astute decision.

For example, since 2015 total online sales have been higher than the total sales through traditional offline channels. In 2020 our digital sales through different online channels represented 70% of total sales.

Together with the fact that the pandemic has caused a technological revolution in both work and home life, that is why digitalisation remains one of our key strategic priorities. We have thus decided to extend the digital transformation to other areas of the company under a 360-degree, humanistic and sustainable vision, attending both to market requirements and to pioneering initiatives in the industry based on the following premises:

### Suppliers

We continue to see digitalisation as a route to growth, with the firm objective of maintaining and improving our leadership in the industry.



### Customers

Focusing on offering a digital experience to customers that meets their needs and expectations, in line with the value proposition of each of our brands.



### Employees

Involve the entire organisation in our digital transformation, enhancing their skills and attracting the best talent as the key to success.



### Processes

Seek maximum efficiency in processes that are "unseen", but which form the basis of our digitalisation.



With the objective of evolving towards a digital operating model through innovation, technology and more efficient processes, that is why we are focusing on Back and Front-Office processes and the customer experience based around 12 projects in three different areas:

#### DISTRIBUTION

Evolving our model and focusing on the customer experience while ensuring an omnichannel experience and the personalisation of our service

1. **Experience Customer Service Centre:** transform our call centre into a centre focused on improving the customer

experience, increasing our sales and service abilities through the improvement, automation or elimination of processes and prioritising high-value customers. To make it happen, we will focus on three key areas:

- Efficiency: improvement, automation or elimination of calls, emails or processes that contribute little or no value
- Revenue: Our commitment to an omnichannel experience as a driver of greater revenues and improved profitability
- Service: Differentiate service levels and operational ratios for "high-value customers" through personalisation

**2. CRS technology evolution (our booking engine):** The value generated by new technologies has led us to consider evolving our booking engine (CRS) towards a more agile, efficient, dynamic and flexible model using cloud-based technology which will help us significantly optimise our transaction costs.

**3. New generation melia.com:** Develop a unique site in which B2C, B2B and Circle sales and our brand strategies coexist, providing a coherent, personalised and modern experience for users and integrating personalisation, experiences and omnichannel.

#### FRONT OFFICE

Offering a unique digital experience to our customers throughout their customer journey:

**4. Meliá APP Evolution:** We want the Meliá APP to be a useful tool for travellers and are implementing best market practices to:

- Use it as a platform which consolidates all of the different tools and services that customers have at their disposal
- Enhance customer autonomy to improve their perception of the efficiency of some processes and their level of satisfaction
- Generate extra revenues during the stay, making it easier for guests to use F&B services or book Spa services, for example.
- Reduce stationery both in rooms and public areas (directories, menus, hotel information, etc.), contributing to our commitment to the environment.

**5. Point of Sale Management (POS):** aligned with the previous project and helping offer a digital experience to all our customers, we work on the digitalisation of all the products and points of sale that customers encounter on their customer journey: room service, self-ordering, restaurant reservations and even management of F&B points of sale.

**6. PMS Opera Cloud centralisation:** the evolution towards a single PMS is a major step in increasing efficiency as it allows a single database, the use of next-generation Cloud technology, accessibility online, platform agnosticism, openness to every kind of integration, unique versions and standards for all hotels, constantly ensuring availability, performance levels, security and optimal costs thanks to a SaaS (Software as a Service) model.

#### BACK OFFICE

To guarantee the efficiency and professionalism of the services offered to our business units

**7. Cash Flow Evolution:** project to optimise real-time information on Cash Flow to make cash management more efficient thanks to a tool that will allow us to integrate all the different information sources involved and centralise and automate all the related tasks.

**8. Employee Central:** evolution of the personnel management system towards a core system for talent management with the ability to digitalise the major part of Human Resources processes. We aim to centralise global data to allow more agile and more efficient decision making, while also allowing the standardisation, optimisation and decentralisation of processes while still retaining control over them. Responsive cloud-based system accessible from any device to improve the employee experience.

**9. Digital Procurement:** evolve the purchasing function and cost management towards a 100% digital model using best-in-class systems as a catalyst to drive change.

**10. Digital Experience :** promote major progress in the digitalisation of the work of employees through:

- Tools that facilitate both remote work and learning
- Raise awareness among employees about new technologies and solutions that help them in their work with a focus on greater efficiency
- Digitalisation of processes to allow the relocation of resources to perform tasks remotely.

**11. Transformation of Operational Processes:** after a study of current operations in a pilot hotel, to define new more efficient internal processes to optimise both operations and profitability through greater cost efficiency, the simplification of processes and the elimination of inefficiencies

**12. Analytics 360:** Finally, a company-wide project in all three areas. Analytics 360 aims to obtain greater value from information we already have and also add new dimensions of information to help us implement even more advanced analytics as a key driver of profitability. The new digitalisation projects will have their own analytical capabilities and this will also help optimise the analytical function and the value of data as a key creator of value for Meliá in its digital transformation process.





# Data Security & Cybersecurity

## Cybersecurity governance

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In line with our digital transformation, we are committed to facing data security risks through the implementation of a solid governance model which includes the representation and *expertise* of the Board of Directors as well as the [Data Security Policy](#) approved in 2017 and the new **Systems Security Regulation** approved by the Executive Committee in September 2020.

Guiding Principles of the Data Security Policy:

- Personal data protection
- Secure and responsible processing of credit card data and payment methods
- Unauthorised installation or use of IT assets that may undermine intellectual and industrial property
- Computer damage
- Business continuity
- Rights regarding privacy and unauthorised access

For Meliá, the protection of the personal data of its customers and other stakeholders is a top priority. To guarantee protection, the company has all the required structures, plans and control mechanisms to ensure alignment with the applicable legislation and regulations in each country.

The main aspects covered by the Systems Security Regulation are:

- Classification of the sensitivity of data by level of confidentiality
- Data classification process
- Information systems security framework
- Associated roles
- Mandatory compliance with PCI and its external certification
- Security incidents and crisis management
- Procedures for non-compliance

## Supply chain security

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When we sign contracts with suppliers, we carry out an analysis of security requirements based on their access to data and/or technological environments, focused on ensuring compliance with the regulatory framework of Meliá. We have also implemented a

technological risk management framework with third parties to ensure visibility and allow the verification of the security of information and technological environments within the entire supply chain.

## Security in payment systems

As part of the commitment of the company to safeguard and correctly manage credit card information, in 2020 we guaranteed PCI DSS certification of the booking

environment for the tenth consecutive year. Similarly, best practices in security are also applied to ensure proper use in the different means of payment offered to customers.

## CLOUD solutions

Cloud solutions comply with all the required security measures to guarantee technological alignment with data security, risk management and regulatory compliance.

Across the whole company, starting with the most critical areas, regular safety reviews of

the different solutions are carried out. The objective of this process is to regularly and systematically evaluate the alignment of security controls in each environment, measure the risks detected, and define and implement action plans.

## COVID-19 context: IT infrastructure resilience

Given the current number of people teleworking due to the pandemic, it is essential we have the technical and organizational systems to allow us to continue operating in the safest way possible. Thanks to the best practices we have implemented in Cybersecurity, we have been able to face the new demands and risks in the most agile and safest way.

We have a Security Operations Centre (SOC) which manages cybersecurity globally, monitoring and controlling security on our networks and in our system environments. We also control user access and permissions both internally and externally and also use

VPN technology, double authentication and virtual desktops. We keep the software used on the computers up to date and protect our private network through firewalls that block unauthorized access and also allow authorised communication. We use a state-of-the-art antivirus programme installed in all of our systems and hardware and we carry out mandatory cybersecurity training programmes on an annual basis to raise awareness about cybersecurity issues throughout the company. Our objective is to ensure that all our employees can work from home with the maximum security guarantees, just as if they were in the workplace.

Employees  
trained in  
cybersecurity

**4,225**

Employees  
trained in PCI

**4,202**

Employees  
trained in GDPR

**7,391**

# Communication strategy

## Communication and reputation management

### A NEW MULTI-CHANNEL AND MULTI-STAKEHOLDER STRATEGY

The current business environment has emphasised the need to transmit a sensation of trust and transparency to our stakeholders, showing that we are closer to them than ever and emphasising our involvement with the community and our company values. Travel companies suffered the almost total paralysis of our activity and forced closures which also presented an unprecedented challenge in the way we could communicate with our different audiences.

We decided to be proactive and adapt our strategy based on **new strategic communication**

**objectives:** keeping our company in the top of mind of our audience and strengthening engagement during a period in which reputation and trust were above any commercial concerns, and thus turning the crisis into an opportunity to be seen as an even more leading, innovative and responsible brand.

We had two very important factors in our favour: firstly, our high degree of digitalisation, which provided us with powerful online communication tools for our customers and other stakeholders, and secondly, our considerable strength in social media, in which there has been a spectacular increase in use during the lockdown with 62% of consumers getting their information through these channels.

Mentions in digital media

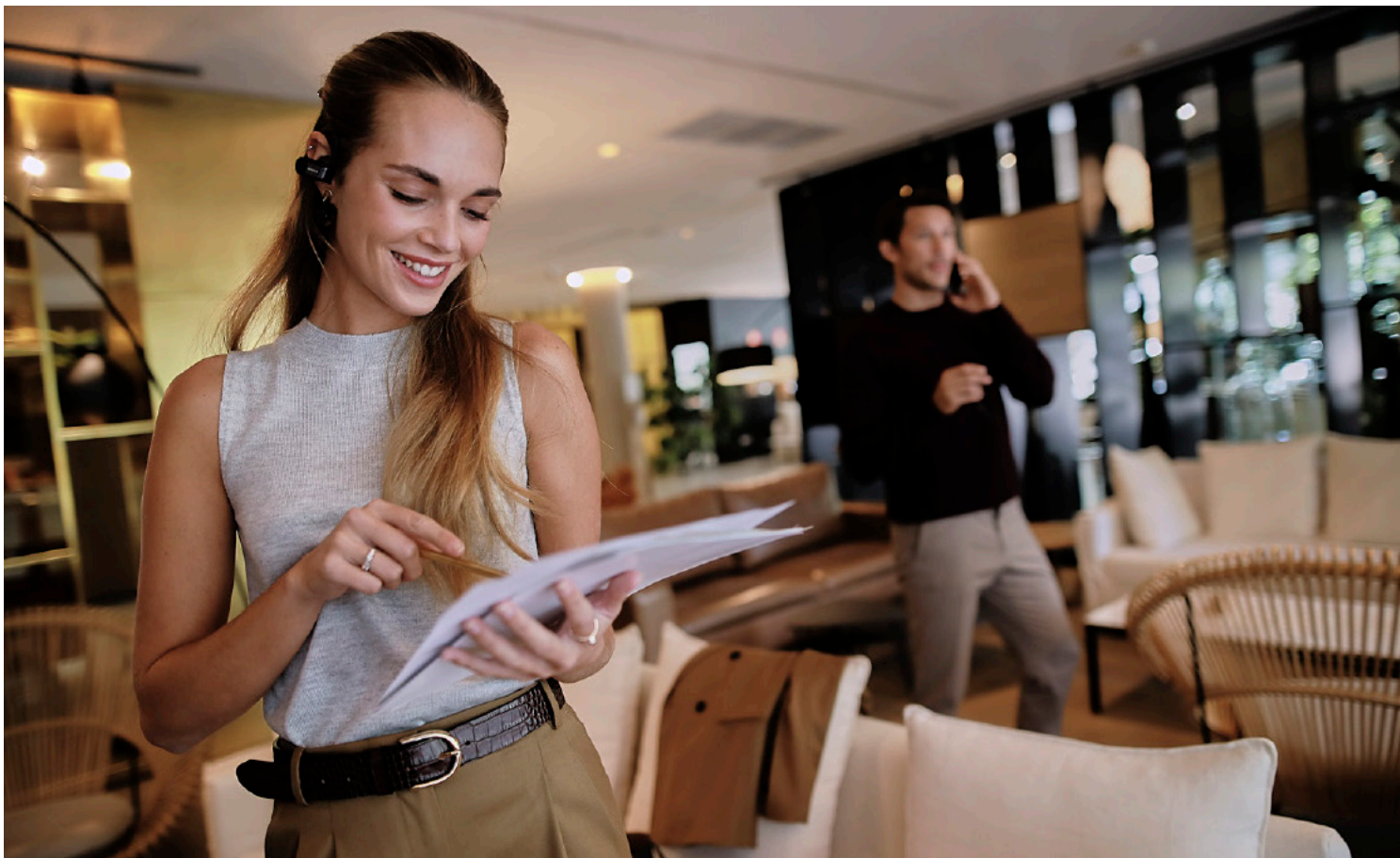
**79k**

Estimated total impacts

**135.2B.**

Positive and neutral sentiment

**91.2%**

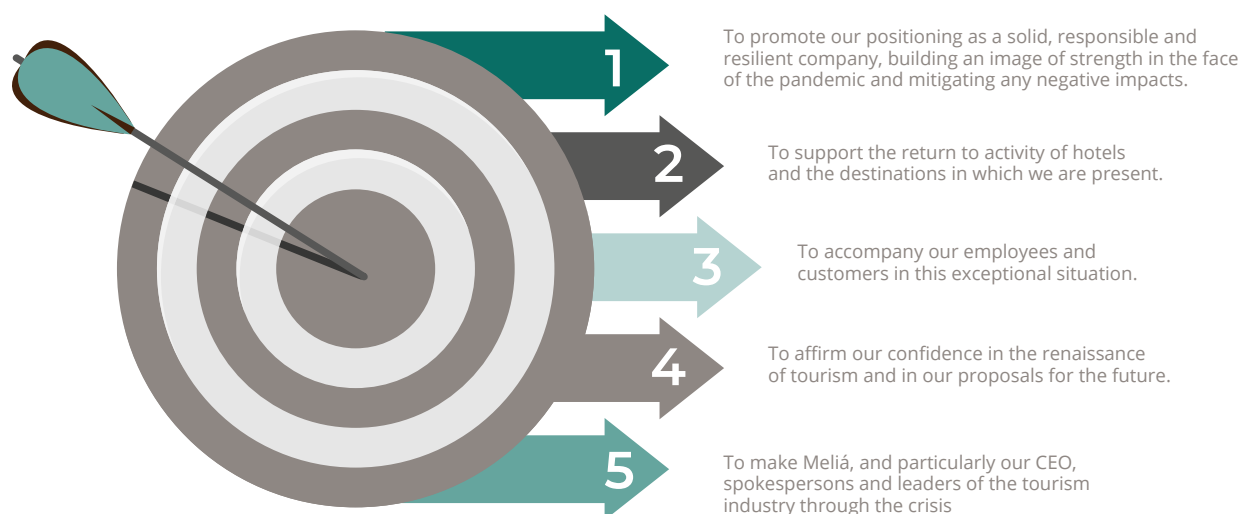


## NEW 360° APPROACH

Since the beginning of this extraordinary situation, internal and external communication through all channels has been essential in the management of the crisis and the consolidation of the reputation of the Group. That is why we decided to implement a coordinated strategy across the different corporate and sales communication areas, focusing on teamwork and alignment with the company's objectives and needs. The Corporate Communications management team formed part of the COVID-19 Crisis Management Committee to guarantee alignment, and both the CEO and the Senior Executive Team were actively involved in communication.

Given the poor visibility and the unexpected nature of the pandemic, an **evolutionary strategy** was designed, starting with a "shock and responsible adaptation" stage in March and April, followed by a "building confidence" stage in the 2nd quarter, and a progressive return to activity and "preparation for recovery" stage thereafter, which we had to make compatible with the management of occasional outbreaks of the virus from summer 2020.

We defined **five major goals and areas** to which all communication should contribute:



This multichannel communication strategy has allowed us to align all our efforts and investments to amplify our key messages. Actions such as "**Meliá with the Heroes**", the "**Stay Safe with Meliá**" programme and the "**Every day matters**" campaign are clear examples of the planning of public relations,

social media, corporate communication and digital marketing activities which have allowed us to create visibility and enhance the value of Meliá Hotels International and our collaboration with society, achieving excellent results with regards to audience perception.

Messages received in customer service

**355,866**

Positive and neutral sentiment

**93%**



## INTERNAL COMMUNICATION

Communication is one of the fundamental factors in our relationship with our employees. The complex context of 2020 and the impact on employees has forced us to adapt and reinforce our communication strategy to ensure greater coherence and proximity and ensure “no one gets left behind”, making everyone feel themselves an indispensable part of this large family in spite of the terrible circumstances.

Teleworking or furloughs for many employees have created a new relationship environment that led us to strengthen our digital communication to retain our bonds with employees, allowing them to participate in the changes the company was going through in real time and responding to all their doubts and concerns while keep them promptly informed about everything that affects them.

To do this, we strengthened **three fundamental channels**. Firstly, the creation of a new weekly *Newsfeed* sent to all employees and beginning with a message from the CEO, who has become our chief spokesperson and strengthened his proximity to employees. The *newsfeed* contains the most relevant recent company news, news from hotels and news about new projects focused

on our recovery from the crisis, with a very special emphasis on acknowledging the efforts made by our teams and their commitment to the company.

Within the **Meliá Home** portal we have also created new *sites or virtual communities* that have also been very important in communications about the crisis and changes. Two of them are particularly important: the creation of the COVID-19 management site for the distribution of all the protocols and materials created to assist in crisis management, and the creation of the Be Digital 360 site on the company's digital transformation programme, which accelerated its implementation in 2020 with the launch of numerous new projects.

Finally, the **eMelia** training platform has been a key tool in reinforcing digital communication and the bonds with employees. During lockdown, eMelia was opened up to a much larger group of employees, offering them excellent online learning opportunities to continue developing their talent, skills and abilities. The tool was also used to carry out numerous internal webinars to share experiences and *best practices* between our team members.

News

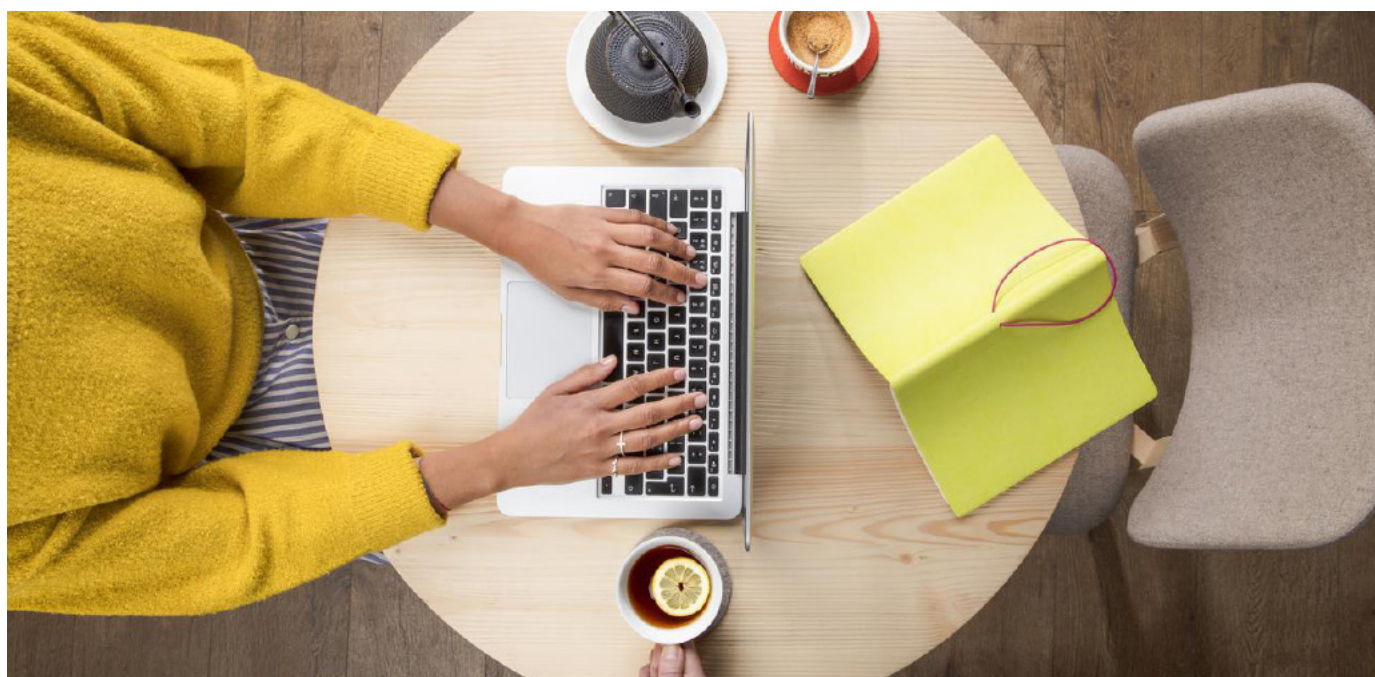
353

Internal  
memorandums

88

Newsfeeds

49





## Greater use of Social Media

Social media have been the media most used during the pandemic and the main channel we have used to promote positive feelings towards the company. Our total number of followers increased by 5.87% compared to the previous year with **8 million followers** with a reach of 680 million and 866 million impressions. Our **Communication Plan** was specifically adapted for social media to leverage this audience and provide high-value content in each of the different stages of the pandemic. The adaptation was based on 3 objectives:

1. Improve social communication with our audience
2. Support the reactivation of the business through different brand campaigns and influencer marketing
3. "Viralise" our responsible behaviour and social contribution in the fight against the pandemic

### ACTION STAGES

Our Social Media strategy consisted of **5 stages** in which our communication strategy was adapted according to the evolution of Covid19 and the sentiment of our audience.



#### 1 Shock

Information stage and promotion of Social Responsibility to users

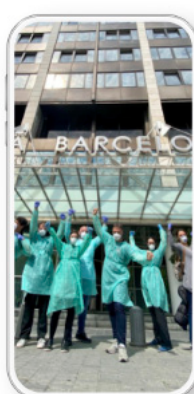
Messages received during the first weeks of COVID-19 compared to the previous year (claims and questions)

**+153%**



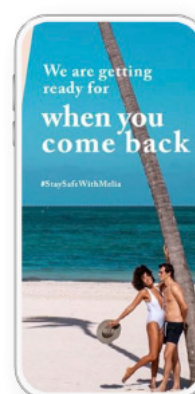
#### 2 Covid-19 Peak

Entertainment and Awareness Content



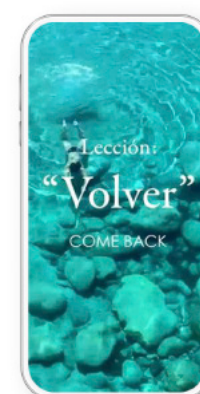
#### 3 Aftermath

Solidarity Values of Companies: Hotel-Hospitals and Meliá With The Heroes



#### 4 Rebirth

Positive News, Reopening of Hotels and "Stay Safe With Meliá" Safety and Hygiene Measures



#### 5 Dream again

Hope about travelling again and occasional sales promotions

Mentions

**10.1k**

Interactions generated

**1.2M**

Total estimated impacts in Social and Digital Media

**2.3B.**

Mentions

**85**

Interactions generated

**3.1k**

Total estimated impacts in Social and Digital Media  
**INFLUENCER**












**3.2M**

## MARKETING

Collaboration with influencers on social media was key to communicating, amplifying and enhancing trust in the **Stay Safe with Meliá** programme, as well as generating traffic and boosting bookings on our website.

Influencer marketing aimed at generating greater relevance, resonance and authenticity

through the use of professional content generated by the most qualified users. We also used the analytical capacity of **Traackr**, a partner specialising in identifying the influencers most closely related to the brand, to measure the performance and contribution of each collaboration.

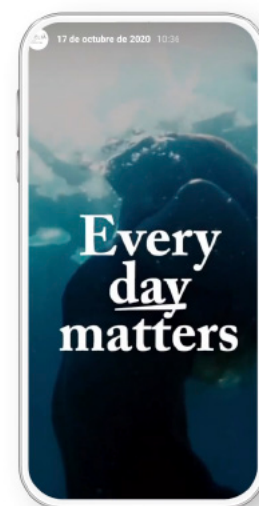
Total 2020	During Covid			
	<b>97</b> Influencers	<b>34</b> Influencers		<b>61M</b> Total followers of influencers
	<b>965</b> Posts	<b>478</b> Posts		<b>6</b> Nationalities of influencers
	<b>2.4M</b> Interactions	<b>1.8 M</b> Interactions		<b>14</b> Promoted hotels
	<b>4.14%</b> Engagement rate	<b>3.9%</b> Engagement rate		<b>249</b> Bookings
	<b>1.079M</b> Estimated total impacts	<b>851M</b> Estimated total impacts		<b>€147,145</b> Booking value
	<b>14.54%</b> Traffic for melia.com			

### "EVERY DAY MATTERS" CAMPAIGN

The impact of COVID-19 on tourism has highlighted more than ever its importance in economic and social development. At Meliá we have assumed the responsibility and challenge of making our involvement in society and our values as a company more visible.

This was the basis for the "Every day matters" project, consisting of a series of

mini-documentaries designed for our followers on social media. The videos were narrated by Gabriel Escarrer and starred different employees, allowing us to share with our audience in an innovative way our commitments to the environment, talent development, digitalisation or, now more than ever, the safety of the experience we offer our customers.



### Positioning and reputational transfer of the CEO

One of the fundamental aspects of our communication and reputational management strategy during the crisis has been the participation of the CEO who, also as President of Exceltur, has strengthened his personal brand and influence through participation in numerous forums, having a positive impact on the evolution of the industry and the reputation of the company.

#### AN INDUSTRY LEADER

As President of the Exceltur Alliance since 2019, an organisation which brings together more than 30 of Spain's leading travel companies, together with the Executive Vice President Jose Luis Zoreda, Gabriel Escarrer has led an active campaign of communication and influence with public authorities and the rest of the industry. Escarrer has met with representatives of both the public and private sectors both in Spain and abroad to encourage greater dialogue with the industry, raise awareness among government officials about the needs of the industry, and

encourage collaboration between companies and public-private partnerships.

He also represented the industry in UNWTO assemblies and international summits, such as the WTTC summit with G-20 Tourism Ministers on October 12, or as a speaker at the European Tourism Convention organised by the European Union.

With the same objectives and the same commitment, other members of the management team delegated by the CEO have actively participated and exerted an influence in areas such as Labour Relations in the industry, as is the case of our Chief Human Resources Officer, Gabriel Cánaves, or our Chief Legal & Compliance Officer, Juan Ignacio Pardo, in legal and regulatory matters, the transposition of European regulations and resolutions, as well as tourism organisations (WTO) or multi-sectorial organisations (Chambers of Commerce, etc.) of which Meliá is a member or participant.

Participation in

**28**

public events,  
forums and  
webinars

Participation in

**113**

tourism industry,  
business and  
public sector  
meetings

More than

**90**

interviews with  
the media

### A TEAM LEADER AND TRANSMITTER OF KNOWLEDGE

Internally, the CEO's communication with our employees was greatly reinforced, understanding that employees have been strongly affected by the crisis and that proximity and transparency are vital factors in nurturing their motivation and trust. That is why the CEO has sent a message every week to all employees since March 2020 to personally communicate the measures in the contingency plan, people management, preparation for the return to work or digital transformation; key messages in bolstering the cohesion and commitment of our people at such a critical time for the company, particularly due to the fact that the response of our talent will be key to how we face the recovery period.

Both the CEO and other members of the Senior Executive Team have also actively participated in transmitting knowledge and supporting team development through several webinars and video-streaming sessions.

### A SOCIAL CEO AND COMMUNICATOR

Gabriel Escarrer has also worked intensely on both proactive and reactive communication in his role as both CEO of the leading Spanish hotel company and as the most senior representative of Exceltur. He has increased his presence in traditional and online media, and enhanced the communication strategy on social media sites such as Twitter and LinkedIn, amplifying Meliá's achievements and becoming a key spokesperson for the tourism industry. Escarrer has become a **"LinkedInfluencer"** and, at the end of 2020, had more than 30,000 followers between both networks.

Followers  
on Twitter  
(+73.8% vs 2019)

**6,298**

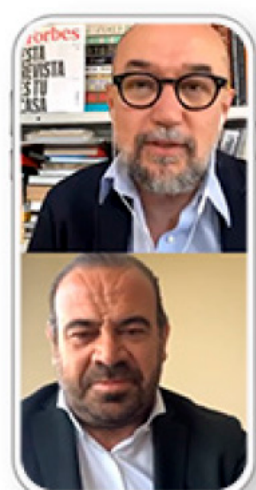
Posts on  
Twitter  
(-0.06% vs 2019)

**276**

Interactions  
on Twitter  
(+122% vs 2019)

**37,896**

### "THE SOCIAL CEO"



**9.1k**

Mentions in  
digital media



**15B**

Estimated total impacts  
of mentions in digital media



**87.4%**

Positive and neutral  
sentiment in mentions



**29,899**

Total followers  
(+100.44% vs 2019)



**3,055,244**

Impressions



**55,848**

Interactions  
generated



**18**

Articles on  
LinkedIn



**17,784**

Visits to CEO  
profile

# Customer experience

## Sales strategy & structure

Meliá Hotels International is committed to a transformation of the sales function to adapt to the new challenges faced by the tourism industry, maintaining a focus on customer relationships and reinforcing our leadership in the main leisure and *bleisure* markets.

In a rapidly changing environment, we have adapted our global sales strategy to the reality in each of the destinations and regions in which we operate with the assistance of specialist teams in each market segment. In a year in which travel has been severely restricted, stimulating demand has been one of our top objectives.

### DIRECT SALES

Our melia.com website remains our most relevant sales channel, generating 2.3 million stays. After significant growth in recent years, melia.com has become an essential driver of improvements to company performance and also our greatest strength in an increasingly competitive environment.

Over this very complex year, we have launched several campaigns and sales actions to stimulate demand and increase direct sales. The first campaign we launched after lockdown was to show our solidarity. The **"Nights for your days"** campaign gave away free stays to people that had been working on the front line of the battle against COVID-19. More than 40 million users visited the promotion site and its success was demonstrated by the fact that the 1,000 stays we gave away every day were booked in less than 5 minutes.

Shortly after, we launched the **"When you come back, stay safe with Meliá"** campaign as our hotels gradually began to reopen, seeing a positive response in terms of bookings in spite of all the uncertainty. At the same time we launched other support activities such as a new online check-in functionality, new free cancellation policies, the "Stay Safe With Meliá" health and safety measures, and emails to customers to recover possible cancellations and implement an "on-hold" reservation system.

We ended the year with the **Wonder Weeks** and **Black Friday** campaigns. Boosted by the hope created by the recently announced vaccines, they managed to boost bookings for future stays, with sales of 20 million euros for Black Friday.

On the whole, we should highlight the very positive increase in the proportion of bookings that our direct sales channel has generated since the beginning of the pandemic. Proof of this is that **32.2% of revenues** have come from direct sales this year, and we expect that to reach 38% in 2021.

### MELIA SYSTEM SOURCES\*

Direct Sales	32%
Leisure	23%
E-commerce	22%
Business Travel	13%
Meetings & Events	10%

(\*) of total revenue

### SATISFACTION LEVELS

Satisfaction scores at the company level have increased with respect to the previous year and with respect to objectives. In addition, this year 1,784 complaints were registered, of which 100% of them were answered.

The **NPS (Net Promoter Score)** improved compared to the previous year. Bearing in mind the pandemic, this is a sign that the management of the customer experience in hotels has been highly satisfactory.

NPS	2017	2018	2019	2020	2020o
Customer NPS	48.30%	46.90%	46.10%	48.10%	47.00%

In terms of the **GSS (Guest Satisfaction Survey)**, the results for the company as a whole and by brand show a positive evolution and are above objectives.

GSS	2017	2018	2019	2020	2020o
Customer GSS	82.10%	82.30%	82.80%	83.00%	82.00%



The **QPI (Quality Performance Indicator)** on a company level decreased slightly compared to the previous year, falling below our

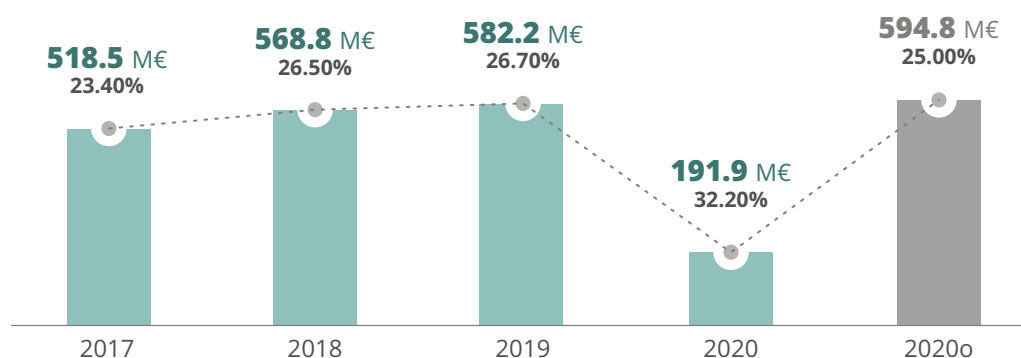
objective. This was due to a greater drop in our online reputation than our competitors

QPI	2017	2018	2019	2020	2020o
Customer QPI	96.30%	96.50%	96.60%	96.50%	97.00%

#### MELIA.COM CUSTOMERS

2017	2018	2019	2020	2020o
18.50%	19.80%	20.40%	28.10%	23.10%

#### DIRECT SALES REVENUE\*



\* Percentage calculated on aggregate revenue (room + meal plan)  
(\*\*) Revenue affected by the closure of hotels due to COVID-19

#### MeliáPRO

Our commitment to creating long-term relationships with our customers is achieved in the B2B space through MeliáPRO, a platform designed to offer the best advantages and exclusive benefits to our B2B customers.

MeliáPRO has become the best means of contact with our business partners and has 48,845 registered travel agencies and 382,426 registered companies with access to our corporate programme. We also continue to promote our loyalty programmes in the B2B space and have 124,153 travel agents who are currently members of MeliáRewards.

Given the lack of trade fairs and with very few events and sales visits, our teams had to reinvent their relationship with B2B customers in 2020 taking advantage of technology and social media.

New communication and interaction channels emerged, such as the "TravelLabs" project which opens permanent communication channels with our B2B customers through

exclusive communities for travel agents and meeting planners on Facebook and LinkedIn. The team organised online sessions to transmit news about the company, using the Stay Safe with Meliá programme to leverage greater connections with the industry. Different operational areas in our hotels, starting with the Hotel General Managers, also got involved in live streaming events to explain to customers the way the programme was being implemented.

The rest of the company's sales and operations teams also joined in and we currently have an extensive calendar of weekly events, some focused on our premium products, others specially prepared for key accounts and others much more general in nature.

#### OTAs (ONLINE TRAVEL AGENCIES)

OTAs are still a key segment, even more so in 2020 as online channels are more resilient in difficult times. We have reinforced our strategic agreements on a global level with the most important OTAs to ensure that we are a priority chain for them.

Over the year we also worked with the main OTAs, taking part in their campaigns and requesting their support in giving greater visibility to our own campaigns, the most important of which were: Stay Safe & Come Back, Early Booking, Black Friday, semi-flexible rates, online check-in and health and safety measures.

The **main OTA campaigns** in which we participated in 2020 were:

- Recovery of bookings that could not be enjoyed during lockdown, offering alternative future dates.
- Deeply discounted marketing campaigns.
- Partial refund of booking commissions for certain periods.
- Staycations for key domestic markets. This is because customer preferences changed dramatically during the year. Customers now prioritize health and safety and choose local destinations rather than long-distance trips.

## CORPORATE

This segment includes sales to companies and also travel agency sales, regardless of whether they are for business or leisure travel. The average decrease in this segment was 72% compared to 2019.

During the pandemic companies have drastically reduced travel by employees. Travel agencies have also been hit hard and also had to close their offices to the public for some time. Many of them are still closed or working reduced hours.

Just like in other segments, we have implemented total flexibility policies for new bookings. We have also extended all negotiated corporate rates until December 2021 and increased dynamic discounts for SMEs, guaranteeing them a 15% discount for their bookings for both leisure and business travel. Finally, we have also been carrying out tactical campaigns for destinations where hotels are open or for groups for special accounts, such as premium travel, consortia, associations or employee programmes.

## MEETINGS & EVENTS

The MICE segment has seen an average decrease of 76% compared to 2019. Given that this segment books well in advance, we already have indicators that 2021 will continue to see business volume well below 2019, but nowhere near as low as 2020. We are currently down 43% compared to the previous year. Looking ahead to 2022, we see a positive trend, with confirmed business 10% higher than we had a year ago for 2021, when the pandemic had not yet broken out.

**COVID-19** has forced us to make several changes:

- New set-ups: signage and transit
  - New concepts of personal space and social distancing depending on the regulations in each country
  - New capacity limits, signage systems and directional indications for transit
  - Digital applications for meeting planners such as virtual inspection visits and 3D previews of event room layouts
  - Hospitality Desk with protective screens and gel
  - Advance delivery of detailed information
- Additional health and safety measures
  - Viricidal protocols and products
  - Drinks in glass bottles and sealed cutlery
  - Elimination of textiles and reduction of decoration
  - Gel dispensers
- Dining
  - In private rooms or reserved areas
  - Minimisation of self-service and possibility of take-away service
  - Coffee breaks and buffets with service staff to avoid customers handling items
  - Show-cooking and pop-up stations with service staff
  - Promotion of outdoor events

Our sales efforts focus on the following areas:

- Maximum flexibility for changing the date of confirmed events if the origin or destination is affected by restrictions
- Redefinition of force majeure criteria and adaptation of group contracts signed by hotels, with total flexibility with regard to pandemics
- Attraction of new business, with more flexible cancellation policies up to 60 days before arrival and the chance to change dates up to 30 days before arrival
- Launch of a global campaign aimed at attracting groups for 2021 and for the first half of 2022

In July most countries restricted travel to Spain and package operations were all cancelled. Under the circumstances, between the end of August and the beginning of September, many of the hotels closed early. In mid-October we saw some hope when Germany and the UK lifted travel restrictions to Spain, but unfortunately the impact of the second wave in early November led most European countries to enter a new lockdown.

Although the outlook remains uncertain, we believe some factors such as the requirement of a negative PCR test in certain destinations, the vaccine and the improving weather will reactivate travel.

## TOUR OPERATORS

The tour operator segment has been severely affected by the pandemic. The health crisis prevented operations restarting in non-EU countries and in the EU operations only lasted for a few weeks.

## Measures against COVID-19

Our sales policies in previous years helped us prepare and quickly react to the complex circumstances throughout 2020. One of the biggest achievements was the early preparation of clear and tangible solutions for the “new normal” period in our industry, offering guarantees of excellence, innovation and health and safety to our customers.

The results of our customers' evaluation of the Stay Safe with Meliá programme are very positive, with all brands showing satisfaction levels above 82%. The results show that the programme designed to transform the customer experience in the context of COVID-19 has been very well received by our customers.

Stay Safe with  
Meliá (GSS)

**83.3%**

## STAY SAFE WITH MELIÁ

In addition to defining the protocols for the most important operating processes and hygiene and disinfection measures, the programme emphasises employee training and the emotional aspect of customer relationships. More information in the chapter on [Occupational Health and Safety](#).

## MELIÁREWARDS

This year MeliáRewards has become the umbrella brand for all of the company's brand sales and marketing campaigns. With this in mind, we intend to continue building our brand recognition worldwide and maximising use of the programme and the satisfaction of its members.

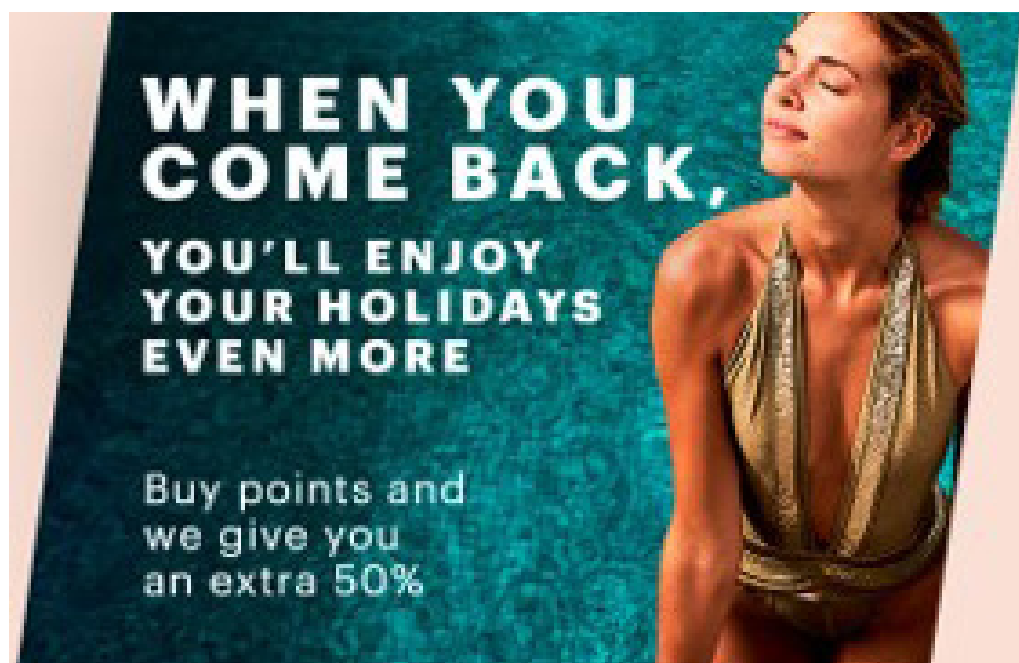
As a consequence of the pandemic and travel restrictions, one of the most important decisions in 2020 was the extension of the Silver, Gold and Platinum levels for an extra

year. Other benefits were also extended, such as the expiration date of points and the validity of birthday gifts.

Another campaign to highlight was the purchase of MeliáRewards points in summer, under the slogan, **"When you come back, you'll enjoy your holidays even more"**. Customers were offered 50% extra points for every points purchase. The action was repeated in September with 40% extra points.

MeliáRewards  
members

**13,153,949**



## CANCELLATION POLICY

Given the uncertainty caused by the pandemic, we also changed our cancellation policies to adapt to the new circumstances. We began to offer customers and partners the greatest possible flexibility when booking their trips, safe in the knowledge that they could change or cancel their booking for free.

## WORKATION

Another test of our resilience has been our ability to reinvent ourselves and adapt. In October we launched the Workation programme, a new experience based on

teleworking from hotels while enjoying all the hotel services and the safety of our Stay Safe With Meliá programme. The company leveraged its know-how and leadership in the bleisure segment to respond to a growing demand from companies and employees who needed a well-equipped, comfortable and safe place to work.

## CONTACT CENTRE

Our Contact Centre has also been transformed during the pandemic to adapt and extend its services and technology to respond to the requirements that both the situation and customers demanded. Some of the highlights were:

- Move the entire team from a physical location to a virtual desktop environment through system connectivity, including the entire worldwide telephone network.
- Centralise all calls related to closed hotels.
- Creation of 11 specific customer service lines in 5 languages and 2 email addresses.
- Expansion of the Customer Service team to respond to any contact in less than 48 hours, attending to more than 100,000 contacts.
- Enable a virtual assistant in Spanish to improve efficiency.
- Enable chat in both Spanish and English in the final two stages of the purchase process.
- Implement a booking modification process adapting to the Covid-19 cancellation policy and an “on-hold” booking status which allows cancellations to be transformed into future bookings with the dates of the next stay pending confirmation.
- Increased emphasis on the call process to avoid cancellations and measurement of the reasons for cancellation to help optimise guidelines.
- Creation of a new functionality to call customers who have previously contacted us to make a tentative booking.
- Definition and implementation of an SOP for re-housing customers based on the weekly openings and closures of hotels.

## Strategic projects

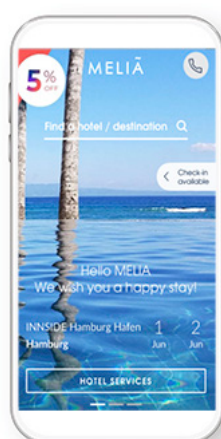
In 2020 we adapted our hotels and the entire sales structure to the challenges posed by the pandemic. We have thus developed a number of projects to improve the customer experience in these new circumstances.

### DIGITALISATION OF THE STAY

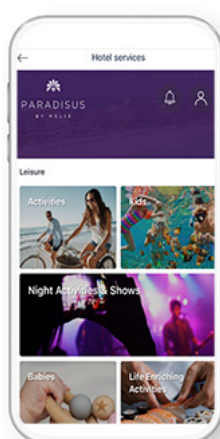
Our Meliá App has now become the cornerstone of the digitalisation of the hotel stay, providing customers with full information

on the hotel and also carry out transactions and thus avoid physical contact with hotel employees. Functions such as requests for services, viewing restaurant menus, booking activities or chatting with the hotel are now increasingly important in this new situation.

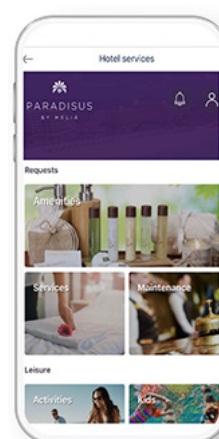
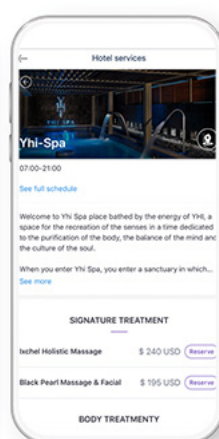
### MELIÁ APP



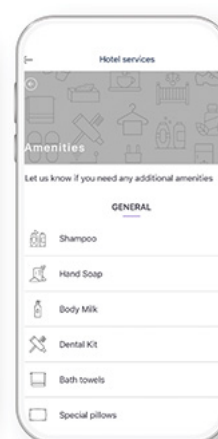
Homepage



Bookings



Requests





## NEW MELIÁ.COM WEBSITE

Another of the major challenges in 2020 was to develop a unique website in which sales for B2C, B2B, Circle and Club Meliá could co-exist alongside our brand strategy. We are therefore working on creating a modern, personalised experience for customers and improving the generation of organic traffic, our positioning and conversion rates.

The new platform will integrate other strategic projects such as personalisation, high-end sales, omnichannel consistency and travel experiences, with a special emphasis on the latter.

All these updates and improvements will allow melia.com to continue to position itself at the forefront of online websites and consolidate the channel's enormous growth expectations.

## ANALYTICS DEVELOPMENT AND IMPROVEMENT

In a business environment in which it is increasingly important to have accurate information for decision-making and where data is a key asset to improve customer relationships, Meliá continues to implement and redesign its analytical architecture to make it more cost-effective, quick and efficient, taking advantage of all the capabilities that cloud-based environments allow us. One of the most important challenges is knowing how to recognise relevant information and use that information in "near real time".

The company's pricing strategy must also take full advantage of all our available analytical capabilities. Meliá has developed an advanced system of powerful and user-friendly dashboards for the Opera and Sihot PMSSs.

The efficient management of digital marketing investments is still a fundamental factor in our leadership in direct sales. The optimisation of our attribution models in a changing environment and the construction of statistical models that allow us to measure impacts on sales are key factors behind our success.

In the data value chain, the ultimate goal is for customers to receive personalised recommendations thanks to our intelligent systems.

## TRANSFORMATION OF THE CONTACT CENTRE

The transformation of our *Call Centre* into an *Experience Customer Service Centre* is another major 2020 milestone. The main objective was to eliminate low-value processes and implement new interactions that would help us increase revenue and profitability, implementing a "High-Value Customer" vision through specialisation and team building.

All this was carried out through the implementation of **23 projects** focused on efficiency, revenues and service improvements, as well as adapting the organisational structure to this new vision.

### 1. PROFESSIONALISATION AND CONNECTIVITY

The professionalisation of the *Experience Contact Centre* has been supported by the use of agile, automated, intelligent and interconnected processes. The initial milestone was the implementation of Salesforce Customer Service, bringing a change to the way we manage the customer with a 360°-view of information from different channels and also knowledge of the reasons that customers contact us.

### 2. MULTICHANNEL - OMNICHANNEL

We also launched a virtual assistant to allow us to be more efficient in situations in which an agent does not add any greater value than a machine. This was especially relevant during the first stage of COVID, in which certain types of interactions such as cancellations or inquiries about the status of hotels increased exponentially. The improvement of processes and automation in areas such as email channels led to a 30% reduction in manual interactions and the auto-classification of certain interactions in Salesforce that had an impact on 25% of cases. These improvements in efficiency have also allowed us to include a Chat functionality in Spanish and English for all channels.

### 3. TRAINING

Transformation does not only involve technology. We have also focused on training our teams in order to improve their product knowledge and communication and sales skills so that we can gradually move towards greater specialisation. To achieve this, we designed training programmes based on our agents' profiles. The training went from being solely technical and face-to-face to being digital through the eMeliá platform, fulfilling one of the basic requirements and making the training process, especially on-boarding, far more agile and dynamic.

Regarding quality measurement, we went from evaluating customer satisfaction in a survey at the end of the call to a far more

complete analysis. With interactions segmented by type (service, sale or cancellation) and an assessment of processes and skills also included, this allowed us to identify both training needs and areas for improvement.

### 4. CENTRALISATION

Our experiences prompted us to begin to centralise Experience Contact Centre booking services in order to implement standardised methodologies, tools and ratios, laying the foundations for a future cloud-based Experience Contact Centre.



## COVID-19 context

The exceptional situation generated by the COVID-19 pandemic caused the closure of a large part of our hotel portfolio. Given the significant negative impact this had on our employees, we have taken different measures to ensure the preservation of employment and talent.

The **COVID-19 Management Committee**, led by the Executive Vice President & CEO and made up of members of the Executive Committee and other areas involved, was created with **three key objectives**:

- Guarantee the health and safety of our customers and employees
- Ensure the continuity of the business while preserving as many jobs as possible and our talent
- Prepare for the recovery of the business and the destinations in which we operate

### EMPLOYMENT PROTECTION MEASURES

In general terms, we are committed to maintaining employment in all countries to the extent that operations allow, with special attention to critical groups and personnel on development programmes. In each country, we have observed the specific employment regulations implemented due to the pandemic.

In 2020, the active workforce was reduced by 50%, mainly due to the reduction in the number of open hotels due to the pandemic. Despite this, the company has chosen to maintain employment as far as possible in all markets, adapting to openings and closures at all times. The workforce decreased compared to the previous year as a result of the non-renewal of temporary contracts and the absence of recruitment in seasonal hotels due to the decrease in operations.

Globally, the Company's Senior Management, Vice Presidents, Operations Directors and Hotel Directors all reduced their salary by 50% from March 15 to September 15, and at the end of the year continued to receive a reduction of 25% on their gross annual salary.

In all those countries where we are present and in which we directly manage our employees (owned, leased and managed hotels), we have adopted measures to preserve employment and talent. With considerable help from governments, we continue to work incessantly to support our teams and transmit peace of mind as we all work together to reactivate the business.

### SPAIN

Since the beginning of the state of emergency on March 16, a **furlough system** caused by force majeure has been in place for all employees in Spain with two different levels: a 50% reduction for essential positions required for continuity in company management; and a 100% reduction for positions mainly involved in hotel operations.

In order to ensure financial support for our employees, unemployment benefit was also supplemented up to 100% for furloughed staff who were not receiving at least 50% of their gross salary. From July 16, a decision was made to raise the subsidy for furloughed staff from 50% to 75% of gross salary.

In addition, variable bonuses and the extra summer and Christmas payments were paid in full.

## DOMINICAN REPUBLIC

The Government approved two subsidy schemes:

- Stage 1, assistance of up to RD\$8,500 (equivalent to €120) for employees while furloughed
- Stage 2, assistance for the company of up to a maximum of RD\$5,000 (equivalent to €70) for employees who return to their functions.

The following additional support measures were also implemented:

- Advance of half a month of salary between May and June and aid of US\$750/month furloughed Operating and Executive Committees. As of August, salaries were completed up to 75%, extended until December 27, 2020.
- Extra help of US\$150/month for 200 working employees for working in dangerous conditions, extended until October 31, 2020.
- 100% payment of health insurance, life insurance and housing assistance

## MEXICO

In general terms, the employment of permanent and trusted personnel was maintained and the minimum wage was guaranteed to unionised personnel. For key workers, the working day was reduced to 50%.

- Special attention was paid to vulnerable employees (employees with disabilities, pregnant and lactating women, and employees over 60 years of age to whom 100% of their salary was paid according to government regulations.
- Once the hotels are open, the trusted and unionised staff will begin to receive 100% of their salary and the key workers 75%, adapting operational staff according to the volume of business in each hotel.

## INDONESIA

A reduction in working hours has been applied adjusted to the amount of business in each hotel, with a corresponding salary reduction, paying special attention to employees with lower salaries. The Government has provided aid for employees with a salary of less than 5 million rupees.

## GERMANY

Ever since March a process to reduce working hours has been in place (Kurzarbeit). This process was in effect until December 31, 2021 for most work centres in Germany. The system assumes a reduction in working hours of 70-77% from the fourth month and 80-87% from the seventh month. The government temporarily pays up to two-thirds of wages as a job preservation measure in addition to reimbursing social security costs (100% until June, 50% until the end of 2021).

Among other support measures provided by Meliá, employees who are not eligible for Kurzarbeit received 50% of their gross salary until July 2020 and 75% of their salary from that date. This measure is in effect until March 31, 2021.

## OTHER COUNTRIES

In all those countries where we are present and in which we directly manage our employees (owned, leased and managed hotels), we have adopted measures to preserve employment and talent. With considerable help from governments, we continue to work incessantly to support our teams and transmit peace of mind as we all work together to reactivate the business.

## SUPPORT DURING LOCKDOWN

The COVID-19 crisis meant that a large part of our teams had to work from home. To help them cope with this new work environment, communications focused on promoting the physical and emotional well-being of employees and providing them with the tools required to acquire the new habits that virtual and remote work need, including weekly recommendations for training and audiovisual resources.

### WEBINARS

Our eMeliá training platform hosted 27 webinars so employees could continue with their learning and professional development in spite of the circumstances. Together with experts in the field or internal experts, the themes of the webinars revolved around current affairs, professional development and emotional well-being, aiming to respond to needs arising as a result of COVID-19 such as:

- How to enhance your emotional well-being in uncertain times (Affor)
- How to succeed in online presentations, videoconferences or webinars without being a communication expert (Sebastian Lora)
- The future of work in VUCA environments (Future for Work Institute)
- Remote leadership (Deloitte)
- Meliá hotel-hospitals in Spain
- How to make the most of eMeliá training.
- Tips for language learning (Busuu and Learnlight)
- The power of attitude (Goodhabitz)
- APAC Operational vision: Hotel Management during the COVID-19 Crisis
- Training on Cleaning and Disinfection Protocols in Food and Beverages (Diversey)
- Training in Floor Cleaning and Disinfection Protocols (Diversey)

### LEADERSHIP IN PERIODS OF CRISIS AND UNCERTAINTY

A specific support program was designed, together with the IE Business School for three groups of employees that have responsibility for customers and employees in their day-to-day activities.

The programme consists of 4 online sessions, the first of them for all the groups, "The future of the hospitality sector - Challenges ahead", and the other three sessions, one per week, were specific for each group:

- Hotel management and operations: Leadership on the edge - Taking care of your health - Critical Thinking
- Guest Experience and Front Office: Empowering your influence - Conflict management and difficult conversations - The customer experience at critical moments
- Human Resources: Empowering your influence - Conflict management and difficult conversations - Personal transformation and how to help others transform

A collaboration area was also made available for each group online so they could offer their thoughts on the sessions and share their experiences, situations, questions, etc., to enhance collaboration and peer support.

Participants

**438\***

Satisfaction

**9.39**

eNPS

**7.9**

(\*) Hotel Management and Operations Module (201 people), Guest Experience and Front Office Module (91 people), HR Module (146 people)



## New organisational model

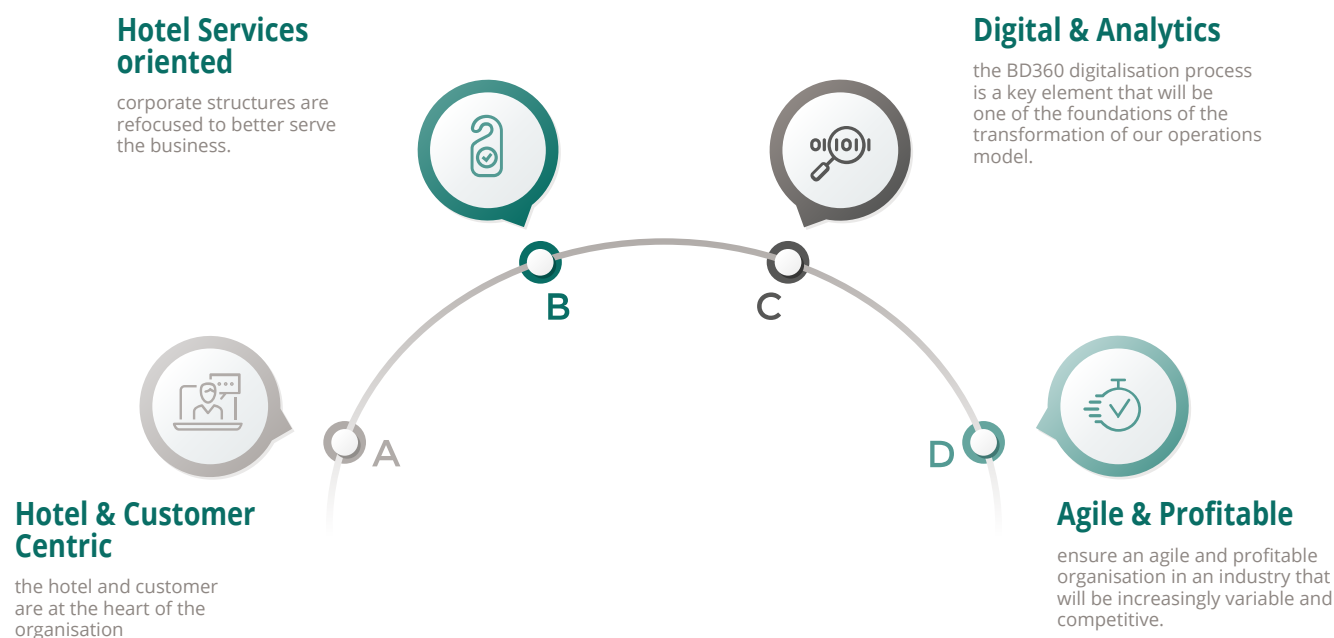
The acceleration of digitalisation, the confirmation of sustainability as a key success factor, the importance of optimising organisational models and particularly flexibility and agility are all essential to guarantee the competitiveness and survival of companies in an industry that has been as hard hit as travel. These are some of the things the crisis has taught us.

Our current organisational model "**Competing by Design**" has allowed us to face uncertain times with robustness and certain guarantees. But this now has to be re-examined and adjusted to the current circumstances to better prepare ourselves for a quick and agile return to activity and to ensure we remain competitive in a contracting market which will put extra pressure on our operating margins.

With this in mind, in 2020 we developed a new organizational model named "**Leading a New Future**", aligned with the current circumstances and with the fundamental objective of enhancing the competitiveness of the organisation, incorporating our digital transformation and providing us with the agility and dynamism required to face the disruption in the hotel industry.

We have therefore organised hotel operations in **11 business areas** that form the backbone of the new model and around which the global service areas have to pivot.

The **4 basic principles** on which the design of the new model is based are:



In the last quarter of 2020, the CEO communicated the basic principles and foundations of "**Leading a New Future**" to the entire Organization. By the end of the year, the most

important organisational structures in the new model had been defined and communicated to ensure they are fully implemented once the Group's activity is 100% restored.

## Training and Development

GRI 404-1, 404-2

The COVID-19 pandemic has forced a re-think of our internal development strategy, maintaining and enhancing best internal

practices and the commitment of our employees, and prioritising those actions that provide a rapid response to the business.

### TRAINING PROGRAMMES

#### EXECUTIVE DEVELOPMENT: DIRECTOR TALENT POOL

The development programme aims to generate new competencies, acquire greater knowledge and develop skills in different areas in order to create a pool of leaders prepared to assume positions of greater responsibility in the organisation.

In response to COVID-19, we have worked with Deloitte on a **Resilience Coaching Programme** where members of the Talent Pool reflect on how to face uncertain and complex situations, how to manage their own emotions and those of their teams, and how to develop collective resilience.

#### HOTEL MANAGEMENT TALENT POOL

For yet another year, our Hotel Management Talent Pool is under way to ensure the development and training of the skills required by those people responsible for the company's most important business units. As a result of the closure of hotels, in 2020 face-to-face training was suspended and individual

monitoring and virtual training was implemented, supported by the eCornell academy and the new "Hotel Leadership Programme" training course in three areas: Lead your personal development, Lead your relationships, and Lead your vision with exclusive content from LinkedIn Learning.

#### EXECUTIVE GRADUATE PROGRAMME

The Graduate Programme aims to respond to critical talent needs, either due to the scarcity of candidates in the market or high demand for them in our company. To do this, we initially launched the following programmes for base-level personnel in the first year of their contract or for interns.

The *Executive Graduate Programme* aims to identify base-level personnel with potential for hotel management, allowing them to occupy an intermediate management position after 18 months with future projection towards a position in Hotel Management.

#### FINANCE, F&B, REVENUE GRADUATE PROGRAMMES

Programmes lasting about 12 months whose objective is to identify and train internal talent occupying positions on the operating committee with the aim of promoting them to the executive committee.

During the lockdown we have maintained these resources and the experience in hotels

in every case in which it has been possible. In addition, online training has also been strengthened in the absence of face-to-face training through inclusion in the Hotel Leadership Programme - Graduates Edition.

Participants

24

Satisfaction

100%

Participants

64

Satisfaction

100%

Participants  
in both  
programmes

17

Satisfaction

100%

### UNDER30 BOOTCAMPS

*Millennials* and *centennials* now represent 50% of our workforce and Generation Z, having recently entered the labour market, represent almost 26% of the world's population. Around **20% of our employees are under 30 years of age** in our corporate offices worldwide.

Bearing in mind the above, and also the need to develop new talent management and retention strategies for the younger generations, we launched the UNDER30 Bootcamp Programme. The programme consists of monthly sessions to share the company's vision through internal sponsors, offering an inspiring vision through external collaborations and launching challenges in which ideas and proposals for actions are collected to help drive constant improvement.

The themes for the sessions led by internal experts in each area revolved around the priorities and concerns of the younger generations and the needs detected in our workplace climate survey "You have the Word" from the previous year.

- Employee Experience
- Sustainability Strategy #Meliá4ThePlanet
- Key factors in teamwork
- Hospitality Masters
- Social Media
- Challenges in a VUCA environment (volatile, uncertain, complex and ambiguous)

Participants

**31**

Satisfaction

**93%**

eNPS

**52%**

### RISING STARS

Meliá is committed to monitoring our team members at key moments in their careers. The Rising Stars Programme was created to support new employees and help them perform successfully in their new positions.

The programme is structured around three main areas:

- Interpersonal skills: skills focused on people management, self-awareness and transformative leadership
- Global and strategic vision: Business-oriented skills aligned with the company strategy
- Management skills: Technical know-how, methodologies and tools for efficient project management
- Adapting to the current context and the impossibility of carrying out face-to-face sessions, the programme was redesigned to be followed online on the eMeliá platform.

## eMELIÁ

Five years ago, we launched the first version of eMELIÁ, reaching as many employees as we were able, to assist them in their professional growth, share know-how and constantly development core training content. After five years, and especially during a year with an even greater need for online training, we wanted to improve the learning experience for employees and be able to manage all the learning programmes for employees all over the world.

That's why we launched the new eMELIÁ with the support of Cornerstone at the beginning of the year. The launch was carried out worldwide in all corporate offices and hotels simultaneously, both virtually and in person with several eMELIÁ Open Days being held in which we informed employees about the new functionality and content.

Employee reach**	Active users	Total hours of training*	Hours per employee*	Satisfaction*	eNPS *
<b>+45,000</b>	<b>21,839</b>	<b>510,218</b>	<b>22.6</b>	<b>87.1%</b>	<b>56%</b>

(\*) Aggregate scope (\*\*) Includes total workforce employed pre COVID-19

### eMELIÁ TRAINING CONTENT

We have several prestigious partners in the creation of content:

- **GOODHABITZ:** As its name implies, their content helps promote good habits on a personal and professional level. Over the year, Meliá was the company with the highest number of visits internationally (+184,500), the highest number of completed courses (+28,600) and the highest number of training hours (+57,000 hours)
- **THINKING HEADS:** Content on global trends with internationally renowned speakers
- **LANGUAGE SCHOOL:** To improve the language skills of employees, regular invitations are made to employees to access courses on more than 12 languages. In 2020, two invitations attracted 476 employees to cover 100% of the available places. In total, more than 36 hours of training per user were received through two suppliers: Busuu, with classes via APP and Learnlight, which also includes one-to-one calls with native teachers.

- **LINKEDIN LEARNING:** Tutorials from internationally renowned experts, allowing employees to earn certificates and add them to their LinkedIn profile to validate their skills and enhance their professional reputation. In total, 393 courses have been completed since January 2020, and 9,699 videos viewed with 192 hours of viewing.

### DEVELOPMENT OF DIGITAL SKILLS

Just as important as the digitalisation of processes and the work environment, it is also vital that we ensure that our employees have the skills they need for the new digital environment. To acquire these new digital skills, eMeliá has an area in which users can improve their knowledge of all the internal and external tools used by the company in its day-to-day activities.

- Discover and master all the tools in the Microsoft 365 package.
- Discover all the internal tools used at Meliá Hotels International
- Learn to work with collaborative and communication tools.

### FUNDAULA PLATFORM (ACCENTURE FOUNDATION)

Platform developed by the Accenture Foundation together with Meliá and other members forming part of the Foundation's "Together for Employment" project, aimed at people with a basic level of training and focused on improving their digital know-how and personal skills so that they can get started in the digital world

- On the road to digital: works on the skills and knowledge required to adapt to the transformation in the labour market and society in an increasingly digital environment.
- Highly collaborative teams: works on the skills and knowledge required to enjoy the range of opportunities offered by new technology for efficient organisation and work collaboratively from any location and device using cloud-based services.

#### AWARENESS COURSES

Employees benefited	Hours
<b>19</b>	<b>58</b>

#### ADVANCED COURSES

Employees benefited	Hours
<b>14</b>	<b>68</b>

#### DIGITAL COURSES

Employees benefited	Hours
<b>36</b>	<b>187</b>

### MELIÁ HOSPITALITY SERVICES ACADEMY

100% internal training programme for Hotel Administration personnel and coordinated by members of Meliá Hospitality Services (MHS) with a double objective:

- ensure that MHS team members acquire the skills and knowledge required to form part of the team and carry out the tasks assigned to them: digital skills, document management, work methodologies, on-boarding of new employees, etc.
- reinforce the feeling of belonging, creating forums where MHS team members can share their know-how and experiences.



## COVID-19 TRAINING PLAN

### STAY SAFE WITH MELIÁ

Before the end of the first half of the year, we launched the Stay Safe with Meliá programme including all the new hygiene and safety procedures and protocols implemented in all our hotels worldwide.

The training programme is aimed at all employees in hotels and corporate offices worldwide, guaranteeing the deployment of the protocols and procedures, developed jointly by Meliá and Bureau Veritas for correct operations in hotels to ensure an appropriate environment for customers and employees.

Available in all our corporate languages and with an approximate duration of 12 hours,

the course must be completed through the eMELIÁ platform by all hotel staff, who receive a certificate at the end of the programme.

The online training programme has two main blocks:

- New operating procedures for the different departments and new occupational health and safety measures
- Skills required to offer the best customer service, manage resilience and emotional well-being for better self-management and team management

Participants

**21,839**

Training hours

**294,854**

Satisfaction

**89.6%**

eNPS

**75%**

### VIRTUAL WORKING GROUPS

Created in eMeliá to offer a more informal space to view and share recommendations, experiences, best practices, expert advice, etc., to help our employees adapt and cope with the current situation.

- Leadership in virtual environments group for team leaders to help them adapt their leadership methods when managing teams remotely. Used to share articles, tips, help to organize work, support and guide teams.
- Teleworking group, aimed at sharing best practices and providing advice about

effective teleworking, how to organise work and the keys to achieving good results. In addition, it includes a playlist with articles, TED talks and an online training that can help employees be more efficient in teleworking.

- Conciliation group at home #MeQuedo-EnCasaconNiños, created to support employees with children working from home in which we offer ideas and advice about how to spend lockdown and better manage our time.

## BENEFITS FOR EMPLOYEES

GRI 102-35

At Meliá we are committed to providing benefits for employees through one single programme, **MyBenefits**, which has flexible options adapted to the needs of each employee.

**BeFlex** is a flexible remuneration programme for employees which offers a range of options to buy products and services such as health insurance, childcare, transportation, training or daily meals with significant tax advantages.

**Privilege**, an employee discount programme offering a wide range of discounted products and services for all employees, regardless of their place of work.

**My Insurance**, with access to special coverage for vehicles, home, life, death, travel and overseas health.

**My Finances**, programme providing access to Bankinter financial products through a **virtual** office.

**Me Wellness**, a programme to promote healthy lifestyles among our employees. Through an agreement with AndJoy, our teams in Spain and Italy have access to more than 1,000 gyms.

**My social responsibility**, through which employees can make donations to charitable causes and benefit from special prices on sustainable and socially responsible products.



## New ways of working

### ORGANISATION OF WORK HOURS

Continuing with the measures taken in 2019 to improve **conciliation** between our employees' personal and professional lives, in which employees could choose **to leave work earlier** (less time for lunch)

**and flexible hours** (start and end of the working day adapted to employee needs). In 2020 we ensured that these measures were also adapted to the new virtual work environment.

### TELEWORKING AND WORKPLACE DIGITALISATION

As a result of lockdowns, remote work has become the norm and we have had to focus on reinforcing measures and procedures to help people adapt to teleworking, develop digital skills and find a balance between work and their personal lives.

During the lockdown period, guidelines for remote work were created in different countries to facilitate the transition to virtual work and remote team management. We have therefore promoted the implementation and correct use of tools for remote work such as Microsoft Teams through the #adoptaTeams programme, including live

events hosted on the tool itself focused on productivity and efficiency, including:

- Effective meetings
- Teamwork
- Files in Teams
- Teams vs Group Chat

A total of 168 people took part in the different training sessions. Additionally, the AdoptaTeams site and all the relevant content was also published on MeliaHome.

To date, TEAMS has a total of:

In 2020 Teams has been used by more than 95% of corporate personnel and more than 85% of Hotel General Managers and Assistant General Managers.

available to employees and help them work more efficiently.

The following sites have been created:

- Risk Control-COVID: 93,456 Visits
- Hotel Administration: 390 Visits
- Legal: 607 Visits
- Be Digital: 11,173 Visits
- Brandbook Inside: 4,104 Visits
- Sales B2B: 14,001 Visits

### KNOWLEDGE MANAGEMENT - MELIÁ HOME

Knowledge management has been improved by encouraging, coordinating and assisting different areas in creating functional and project sites on MeliaHome using SharePoint Online to make information

Active teams

**923**

Active employees

**3,745**

Meetings held

**+60,000**

## Digital Disconnection

To the extent that business activity allows, Meliá recognises and respects employees' rights to digital disconnection outside of the working hours defined by law or convention, respecting rest periods, leave and holidays, as well as personal and family privacy. That is why the Digital Disconnection Policy was approved last year as part of the [Human Resources Policy](#).

The Digital Awareness course associated with the policy is part of the mandatory training that company employees have to take to be aware of the legal measures and policies that have been adopted. We make sure that employees are aware of the implications of hyperconnection and the impact it has, and we encourage digital disconnection, especially in a year in which the virtual work environment has become predominant.

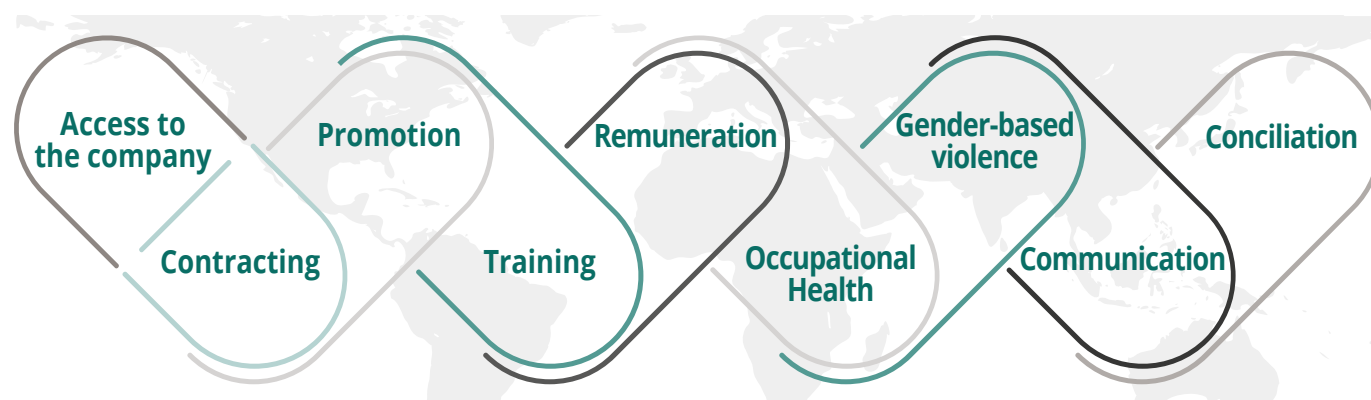
## Equality, diversity and inclusion

### EQUALITY PLAN

GRI 405-1

In 2019, we approved our second Equality Plan, an update and improvement to the first plan created in 2011. The Plan has already been implemented in Spain. The

**International Decalogue on Equality** helps us promote the global implementation of the commitments in the Plan, based around nine areas:



We are also signatories of an agreement with **UITA (International Trade Union for the tourism industry)** against sexual or workplace harassment. We have therefore introduced improvements related to victims of gender violence in matters such as time off work and help in moving house, justification of absences and refuge in hotels, among others.

In terms of **work-life balance**, the plan improves access to training and promotion and extends facilities for people with children or other dependants, introducing greater flexibility so they can accompany children to school tutorials, visits to the doctor or hospital, greater flexibility in adjusting shifts and the possibility of reaching a mutual agreement with the company to change their

working hours during the first year after the birth of a child without the need to reduce the number of hours.

Total women in the workforce*	Women in managerial positions (% of total in category)*	Women in junior management positions (% of total in category)*
<b>41.2%</b>	<b>25.5%</b>	<b>48%</b>
Women in senior management positions at a maximum of 2 levels from the CEO (% of total in category)*	Women in management positions in revenue-generating positions (% of total in category)*	
<b>19.4%</b>	<b>57.7%</b>	

(\*) Aggregate scope

## CLOSINGAP



Since 2018 Meliá has participated in the **Closingap "Women for a healthy economy"** project led by Merck Spain together with 11 other leading companies representing different industries in the Spanish economy. Our vision is to promote social transformation in terms of women and the economy in close collaboration with the public and private sectors to allow us to become a benchmark cluster in terms of equality.

Among our main objectives, the following are worth highlighting:

- Leading cluster in the generation of data, knowledge and debate on women and the economy
- Source of innovation in initiatives related to women and the economy
- Driver of social and economic transformation through public-private partnerships
- Committed to promoting the Sustainable Development Goals of the 2030 Agenda

To achieve the objectives defined, a number of initiatives are being supported:

- Publication of sectorial reports on gender gaps and opportunity costs
- Creation of an annual indicator of the impact of inequality on Spanish GDP
- Presence at relevant economic events, forums and business and economic organisations

- Publications in the media and social media
- Celebration of an annual event - "Closingap Economic Equality Summit"
- Creation of the Closingap Awards
- Institutional, economic and business Relationship Plan

Despite the health crisis, Closingap has increased its notoriety and public presence in the media, forums and in the digital sphere, in addition to sticking to its action plan despite COVID-19.

The main milestones and deliverables over the year, which can also be viewed on its website ([www.closingap.com](http://www.closingap.com)), are as follows.

- Best Practices ToolKit Publication
- Launch of the First Cross-Mentoring Programme
- Consumption Gap
- Employment Gap
- Digital Divide
- Report on post-coronavirus economic and social reconstruction
- Redesign of an accessible Closingap website
- II Edition Closingap Economic Equality Summit
- I Closingap Awards

**closingap**



## WORKPLACE INTEGRATION OF PEOPLE AT RISK

We believe that one of the best ways to contribute to the development of people is to offer them a job opportunity. Since 2018 we have been members of the **Incorpora Programme run by the La Caixa Bank Foundation** through which we offer work and learning opportunities in different hotel operating areas. The frame of reference for projects of this type is the **SDG 8 (Decent work and economic growth)**.

This area of work has suffered significantly as a result of the pandemic and the closure of hotels for most of the year. Our objective is to continue contributing to generating job opportunities to the extent that the recovery of our activity allows us to do so.

Active hotels	Job offers	Candidates	Insertions
11	29	56	39
(69.6% success)			

### INSERTIONS BY TYPE OF RISK\*

Persons deprived of liberty	Immigrants	Youngsters	Aged 45 or over	Victims of gender violence	Vulnerable people aged 30-45
3%	23%	41%	15%	8%	10%

\* A person can belong to more than one group

### TRAINING PROCESSES

People completing internship processes	People that have been hired
21	47%
(10% at Meliá, 37% by other companies)	

## UNIVERSAL DISABILITY AND ACCESSIBILITY

Meliá understands that disability management is something that has to be considered for both internal and external customers. Raising our sustainability standards requires us to act at different levels of technical and sustainable management.

Our design and construction manuals include universal accessibility criteria such as

motion sensors for lighting, wide lifts, ramps, pool lifts, public areas free of any obstacles and specially adapted guestrooms, among others. The manuals provide our teams with design criteria and standards which must be applied to all renovation projects or new hotels, regardless of their location.

Employees with disabilities (consolidated perimeter)

**136**

Employees with disabilities (aggregate perimeter)

**202**

# Occupational health and safety

## A new global priority

Undoubtedly this year will be marked by a pandemic that has made **health and safety a top priority** in global terms and at all levels. The impact on the global tourism industry has been devastating, although the sector has responded appropriately in terms of managing the health and safety of its customers and employees.

However, at Meliá we already had **crisis management protocols and previous experience in health crises** that we had had to face in the past. Together with the fact

that we have operations in China, the first country to adopt measures to contain the pandemic in January, this allowed us not to anticipate the enormity of the crisis, but at least to adopt appropriate measures to face the crisis such as the immediate activation of a **COVID-19 Management Committee** led by our Executive Vice President & CEO, defining new protocols, reviewing processes, adapting our products and services, approving certain investments and, of course, training our teams.

## Occupational health and safety management system

GRI 403-2; 403-3; 403-6; 403-8

At Meliá we have evolved from the health and safety approaches we were developing based on the OHSAS 18001: 2007 standard towards a system aligned with the international standards defined by the international **ISO 45001: 2018** standard.

In parallel, we have been following the **Healthy Work Environment Programme** of the World Health Organization (WHO), complying with its by including individual and organisational actions to create healthy and safe work environments that allow the participation and interaction of employees at all levels, without discrimination of any kind, working on different themes and areas and with a vocation of permanence over time. Among the **measures taken in corporate offices and hotels**, the following stand out;

- Promotion of training on well-being and healthy habits
- Adaptation of spaces to promote training and for the use of internal trainers in matters of health, well-being, relaxation...
- Promotion of healthy habits and rationalisation of the food offered in staff canteens
- Improvement in the management of chemical products in work centres
- Hygiene campaigns at all levels of the hotel
- Standardisation of staff uniforms
- Promotion of warm-up exercises before the start of work for the housekeeping department

In 2019 we started the certification process for both our **Health and Safety Management System** and the WHO Healthy Work Environment Programme at Meliá based on **ISO 45001: 2018** standards. This process aimed to ensure compliance with legal, regulatory and contractual requirements, confirm their suitability in meeting our objectives and provide appropriate tools to identify areas for potential improvement.

However, the certification process was interrupted in 2020 as a result of the pandemic. Despite this, and before forced closure of practically all of our hotels, we made significant progress that allowed us to achieve 100% verification of the system, pending audit processes in the 9 hotels selected by the certification body. We intend to resume the process as soon as we can, and the audit processes will be rescheduled for 2021.

In parallel to external certification, over the year our Internal Audit Department carried out 3 specific audits of the Health and Safety Management System in hotels in Spain, with support, control and advice from our Occupational Health Department to ensure that hotel activities conform to the requirements of the Management System.

Internal Audit

3

COVID-19 Crisis Management Committee

GRI 403-1

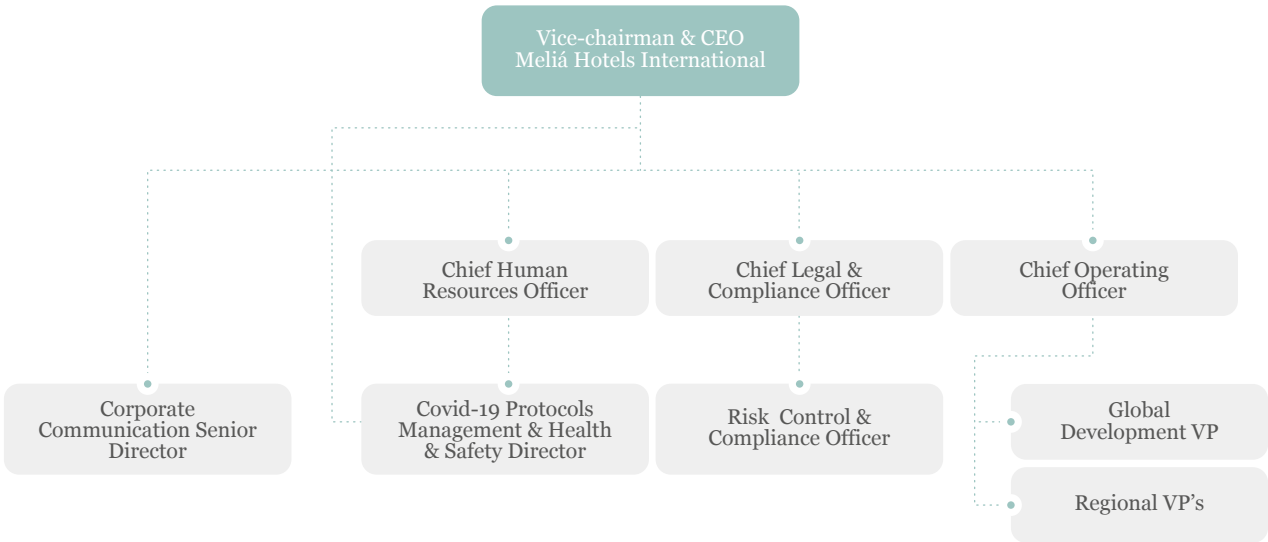
Although this committee was not new, its activation was essential in ensuring a space for reflection, debate and coordination at the highest level.

Led from the beginning by our Executive Vice President & CEO, it defined the appropriate guidelines for managing the crisis based on coordinated work and agile and

effective decision-making, always with the health and safety of employees and customers as the top priority.

The decisions made in the committee combined reflections on the impact of the crisis on the business and operations with all of the health and safety measures the company had to undertake.

COVID-19 CRISIS MANAGEMENT COMMITTEE



Given the exceptional nature of the crisis, the **Health & Safety Director**, with a direct report to both the **Chief Human Resources Officer (CHRO)** and the **Chief Executive Officer (CEO)**, assumed the leadership of all the company's health and safety protocols on a global level to define guidelines for our response to the pandemic. The decisions made by the committee have been communicated downwards to ensure their correct

implementation at the corporate level and in the business units.

To make the analysis and response to each situation quicker, Meliá defined a specific management and feedback process in which all the members of the committee assumed a specific role to ensure the resolution of any incidents detected.

## Global Response Plan

We created a **comprehensive pandemic response plan** with clear objectives in which information, motivation and awareness were essential factors in implementing the plan quickly, efficiently and objectively.

To achieve this, we brought all the **experience** acquired in China in the initial months of the crisis before it became globally relevant. This involved multidisciplinary teams (occupational health, catering, risk management, customer experience, procurement, sales and technology, among others). We also had the support and experience of other partners with expert knowledge in health, hygiene and food safety.

We also directly involved our customers through focus groups and questionnaires, and integrated best practices in the hotel industry both in Spain and internationally.

Among the **measures taken**, highlights include:

- Maximising preventative measures in all our facilities in accordance with scientific knowledge and in line with the guidelines and recommendations of national and international health authorities
- Aligning the company's response on a global level with standardised guidelines which can also be adapted to the demands, guidelines, regulations and recommendations made by local authorities.
- Providing all our corporate and hotel teams worldwide with scientifically-based information on the virus and specific, clear and simple guidelines for our teams and customers.
- Sharing guidelines and measures with our teams in terms of booking changes and cancellation policies, depending on the degree of emergency in the different destinations and in coordination with central services.

- Providing our directors with guidelines for reporting to the COVID-19 Management Committee and coordinating requests for information from our main stakeholders (hotel owners, partners, distribution, media, etc.). This aspect was essential as times of uncertainty require that information must be rigorously verified.
- Providing appropriate information to our teams through their managers to answer questions and resolve specific situations of all kinds.

Additionally, a **Functional Site**, was created using Sharepoint Online with information on preventative measures and action protocols available to the entire workforce and with frequent updates due to the ever-changing pandemic situation. Specifically, all Meliá employees have access to guidelines on returning to work, cleaning and disinfection, communication, global operations, recommendations for technical facilities, information on auditing and certification processes and regulations applicable to COVID-19, among others.

In addition to the **involvement and excellent predisposition of our teams**, the implementation of all the guidelines in operating units was also made possible due to the direct involvement of hotel Health and Safety Committees which normally play a very important role in day-to-day hotel operations.

## STAFF REPRESENTED ON HEALTH &amp; SAFETY COMMITTEES

	Americas	EMEA	APAC	Spain
Consolidated	5.94%	45.02%	-	78.06%
Aggregated	14.39%	36.42%	67.45%	95.63%

## Risk assessment and incident handling

GRI 403-2

At Meliá we update our risk assessment whenever conditions or the work environment change. On a regular basis, working conditions are evaluated and adapted to ensure the correct health and safety of employees as defined in the Meliá Health and Safety Management System. The minimum frequency for reviewing the risk assessment is once a year, and this may be increased depending on the needs of the workplace affected. The Internal Audit department verifies the validity of the risk assessments in its regular audits.

This monitoring verifies compliance with corrective measures and action plans through indicators such as the incidence

rate and frequency, severity index, average duration, days lost due to accident, % of absenteeism due to work contingencies and, in Spain, % of absenteeism due to common contingencies.

Given our activity, Meliá has no job positions with a high risk of occupational illness. However, there are positions that are exposed to illnesses motivated by the work performed, among which those related to musculo-skeletal disorders (mainly carpal tunnel, rotator cuffs) are most prominent. The positions with the greatest exposure to risk are those in the housekeeping and food and beverage departments

## Stay Safe with Meliá

GRI 403-5;416-1

Meliá has managed to adapt to the situation in a very agile way. Having defined the management guidelines and governance model for the crisis, the company defined a new way of understanding the hotel industry in a situation with a great deal of uncertainty and in which health and safety measures became increasingly important.

The company thus defined a new **Customer Journey Map** to continue adding value for customers through a 360° perspective with health, safety and quality as the top priorities.

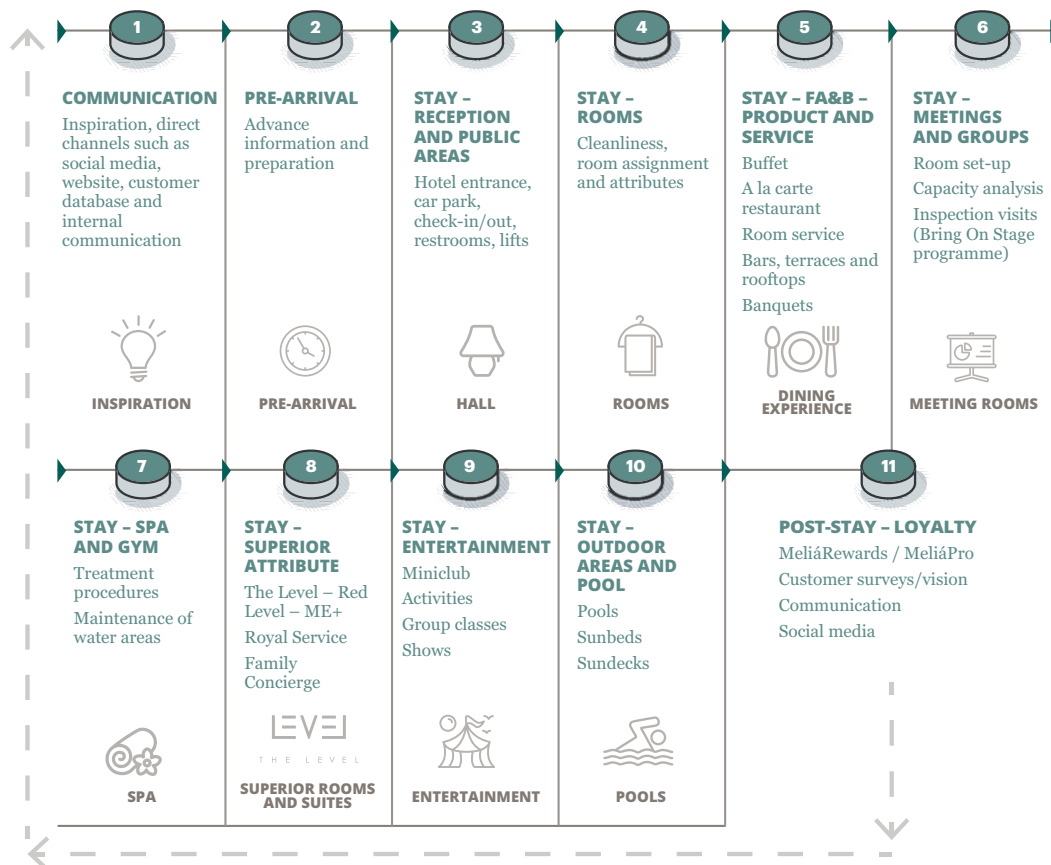




Before being implemented globally, all of these approaches were piloted in hotels to confirm their suitability, lay the foundations for training processes and, ultimately, prepare and train our teams. The adaptation of the programme involved a 360° redefinition

of the traditional hotel experience and intense and specific training for employees.

Throughout the **11 stages** of the journey, customers see that their safety, health and confidence are at the centre of the experience.



From the beginning, we have regularly measured and evaluated customer satisfaction with the programme through a specific question in satisfaction surveys. The results

indicate a positive perception of the programme. From the beginning to the end of the year, the results were as follows:

Region	Stay Safe with Meliá (GSS)
EMEA	82.0%
Spain	82.9%
Americas	85.8%
Asia	87.4%
<b>Global</b>	<b>83.3%</b>

Brand	Stay Safe with Meliá (GSS)
Innside	82.6%
ME	87.4%
Gran Meliá	86.1%
Meliá	82.6%
Paradisus	89.0%
Sol	82.5%
Tryp	83.9%
Affiliated by Meliá	87.8%
<b>Global</b>	<b>83.3%</b>

The programme includes new cleaning and hygiene measures, guarantees of social distancing and the reinforcement of cleaning and hygiene processes existing in business

units prior to COVID-19. In addition, the creation of training hotels allowed us to directly test the new measures, among which the following stand out:



## HEALTH AND SAFETY MEASURES

- Definition of new cleaning and disinfection protocols, including new cleaning equipment and products to be used from the arrival of customers until their departure in all contact points. The protocols have been defined by Diversey, a strategic partner of Meliá specialising in cleaning and sanitisation systems.
- Creation of Ambassadors, responsible for ensuring the adaptation of the programme in the hotel and the emotional well-being of customers.
- Special prevention and maintenance plan for air-conditioning, heating, refrigeration and water systems to guarantee air quality and the disinfection of equipment.
- Specific personal protection equipment (PPE) and focus on training in hygiene and food health standards prior to opening for all employees.
- New procedures for laundry services, defining a protocol for washing and collecting linen during the stay and after the customer's departure to avoid contamination.
- After disinfection of guest rooms and meeting rooms, sealing of frequently used items such as glasses, rolls of paper and remote controls. Whenever possible, depending on hotel occupancy levels, rooms are not assigned to a new guest until at least 48 hours after the departure of the previous guest.
- Elimination of waste bins and all stationery in the rooms, with the implementation of a digital directory on the TV and in the Meliá App. Only the bathroom waste bin remains in place, and must have a lid, a double bag and a non-manual opening system.
- Elimination of items requiring dry cleaning such as decorative items that cannot comply with new cleaning protocols (wash at more than 60°)
- Dispensers and prevention kits with hydroalcoholic solutions for hand disinfection in public areas and personal protection kits (masks, gloves and gel) for customers who wish to use them.



### MEASURES TO ENSURE SOCIAL DISTANCING

- Information prior to the arrival of customers at the hotel to let them know all the measures and how their stay will be. The information is always available and updated on melia.com.
- A new signage system to inform customers and indicate how spaces must be used and the need for social distancing.
- Protective screens in the reception and in new dining services.
- Training courses to connect with customers in this new space, focused on their well-being.
- Capacity reduction and implementation of space reservation management tools to reduce capacity in restaurant areas, meeting rooms and swimming pools.
- Evolution of the buffet towards a market-type concept, offering the same variety of products but served directly to customers, optimising customer flows and reducing food handling.
- New take-away food services through which customers can enjoy meals wherever they wish (pool, room ...)
- Virtual visits through the implementation of the Spazius diagramming tool to design new layouts for the MICE segment and allow virtual inspection visits.
- Digital concierge through WhatsApp for direct service for individual customers and groups.

## The guarantees of a certified programme

In addition to designing a full programme, we worked with **Bureau Veritas**, a leader in testing, inspection and certification, to certify our programme as a **Global Safe Site** and thus guarantee our stakeholders compliance with all preventative measures, protocols and safety and hygiene processes implemented in the hotels.

Since launching the programme in March 2020, Bureau Veritas has certified **47 hotels**. Those hotels that did not open in 2020 will be certified gradually as they begin to reopen.

	Americas	Asia	Spain	EMEA	Total
Certified hotels	4	8	14	21	47
Certified hotels open in 2020	13%	47%	18%	44%	27%

In 2021, as we recover our hotel activity, we will resume the system verification process under the **ISO 45001: 2018 standard** in selected hotels which was suspended in 2020. We will also resume the audit process carried out by Bureau Veritas to certify the Stay Safe with Meliá Programme in our hotels.

Apart from all the exceptional measures taken to deal with COVID-19, Meliá has always considered the safety and health of its

employees a top priority. That's why in 2021 we will continue to introduce new measures to make our workspaces even safer, extending our ergonomic reviews and the evaluation of physical work through heart-rate monitoring for different positions.

Hotels certified by  
Bureau Veritas

**47**

# Environment and climate change

## Environmental management model

Since 2017, we have an [Environmental Policy](#) which defines our key commitments to ensure responsible and sustainable activity and the efficient management of resources, preserving biodiversity and fighting climate change.

The **Environmental Management System known as "SAVE"** has been in force since 2007, ensuring the measurement and management of our energy and water consumption. As the system has matured, other relevant indicators have been added, such as the control and management of waste generated in our hotels or the identification of areas with water stress. The scope of the implementation of the SAVE project includes 100% of owned, leased and managed hotels.

The system was designed by our in-house engineers and allows us to measure consumption in hotels, guaranteeing the identification

of opportunities for improvement and monitoring progress towards objectives for energy and water use, the reduction of emissions and waste management.

Our environmental and energy management system, the latter certified under the **ISO 50001** standard, has been recognized over the years for its commitment to sustainability and reducing our impact on the climate.

Due to the stoppage of activity caused by COVID-19 and the need to activate contingency plans, in 2020 we suspended the certification processes in sustainable tourism with organisations endorsed by the GSTC (Earthcheck and Travelife). These processes will be resumed as soon as our hotel activity gets back to normal.

SAVE Hotels

**272**

SAVE Portfolio  
(aggregate)

**100%**

CO2 emissions  
covered by SAVE

**100%**

## Environmental performance in the context of COVID-19

In 2020, Meliá experienced a situation unique in all its history, having to close practically all of its hotels. Despite the major difficulties, we remain even more committed to sustainable development than ever before. That is why we have joined the European initiative known as the Green Recovery Alliance to promote sustainable solutions in rebuilding the European economy in response to the COVID-19 pandemic.

The initiative is based on the **European Green Pact** and growth strategy based on three concepts: digitalisation, decarbonisation and resilience, understanding that competitiveness and the environment go hand in hand. The initiative has the express support of more than 230 Spanish personalities from the worlds of business, politics, journalism, academia or services.

The exceptional nature of 2020 has also placed greater emphasis on operational control of our facilities in accordance with our management system to guarantee the efficient use of resources. The objectives are several: to ensure cost reductions, identify possible incidents in facilities and ensure the correct maintenance of equipment in closed hotels.

In line with the commitments and objectives in our [Environmental Policy](#), we also continue to focus on prioritising the acquisition of renewable energies, the promotion of investments to reduce emissions, and the permanent monitoring of energy and water use to identify deviations, potential improvements and corrective actions.

## Energy management

GRI 302-1, 302-3, 302-4, 302-5

### ENERGY EFFICIENCY MEASURES

#### PROJECT CO<sub>2</sub>PERATE

In 2019, we launched the CO<sub>2</sub>PERATE project with the aim of gradually implementing a remote management system using artificial intelligence in air-conditioning systems and also monitor 80% of energy use to reduce consumption in a total of **98 hotels**.

In 2020 installation was completed in all of the hotels involved in the project, including hotels that were inoperative due to the pandemic, thus getting everything ready to resume the project when they reopen. In parallel to the completion of the installation, training on the system was also given to our hotel teams.

The total investment since the start of the project in 2019 has been €2,471,061, achieving savings of €994,291, equivalent to a total of 11,078,832 kWh saved and 6,120 tons of CO<sub>2</sub> emissions avoided. The monitoring of consumption in hotels that were closed due to COVID-19 also allowed us to reduce consumption through energy monitoring and overconsumption alarms. It is estimated that in a normal year the project would generate savings of €3.3 million.

The CO<sub>2</sub>PERATE Project received the **National Award for Corporate Responsibility** in January 2020 at FITUR at the Caixabank Hotels & Tourism Awards.

#### CO<sub>2</sub>PERATE INDICATORS (2019-2020)

Accumulated investment

**€2,471,061**

Financial savings

**€994,291**

Energy saving

**11,078,832**  
kWh

Emissions avoided

**6,120**  
Tn CO<sub>2</sub>

#### DESIGN AND CONSTRUCTION MANUALS

We include sustainability criteria in all of our investments, making a major effort to invest in new technologies that help us be more efficient and thus reduce both costs and our carbon footprint. One of the examples of this is the **Meliá Sustainable Construction Manual**, which defines the design guidelines (including construction materials, equipment, etc.) adapted to the climate in each of the locations in which we operate to ensure the greatest possible efficiency and integration with the environment.

To optimise the environmental impact of our hotels, **in 2020 we invested €11.2 M in works and renovations or the renewal of equipment under environmental and energy efficiency criteria.**

In this regard, the rebranding of the Inside Cibeles and rehabilitation of Meliá Madrid Serrano received awards for Best Sustainability and Best Hotel Rehabilitation Projects at the annual Habitat Futura Group awards.

#### ENERGY AUDITS

In accordance with Royal Decree 56/2020, of July 15, in 2020 we carried out 98 energy audits to review our energy management system and identify potential improvements that we could analyse and potentially implement to further demonstrate our commitment to energy transition.

In 2019, we consolidated the certification of our **energy management system under ISO 50001 standards**, validating our proposed actions and objectives along with the rigorous monitoring and management of indicators to ensure that we meet our objectives and identify corrective actions for constant improvement.

Energy audits

**98**

#### MEASURES ANALYZED

Analysis phase

**858**

Approved and executed

**70**

Approved and in execution

**10**



In 2020, €0.5 M was allocated to the SAVE Programme to implement all the energy improvement opportunities detected in our facilities. Over the year, 70 measures were implemented, including both continuity of the CO<sub>2</sub>PERATE project and energy-saving

measures with a value of €305.5 M. In 2021, the implementation of measures delayed by COVID-19 will continue so that we can complete the investment programme assigned to the SAVE project.

## ENERGY CONSUMPTION

GRI: 302-1; 302-3; 302-4

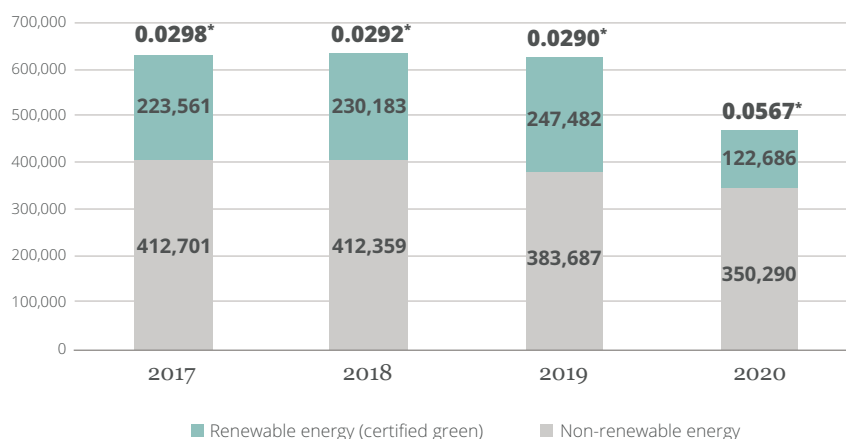
In 2017 we designed a global contracting strategy for our energy management system which focused on minimising the impact of energy acquisition and prioritised the purchase of certified green energy. In recent years, the contracting of energy from renewable sources has been gradually extended to all of those countries that have centralised energy procurement and/or the required energy market mechanisms. The results so far

have been very positive, having progressed from 49% green electricity use in 2016 to 61% in 2020 (consolidated perimeter).

Regarding the energy intensity ratio, the following should be taken into account:

- The increase in the measurement perimeter (67 hotels)
- The reduction of almost 62% in the number of stays compared to previous years due to the pandemic

### CONSUMPTION OF RENEWABLE AND NON-RENEWABLE ENERGY (MWH) \*\*



(\*) Intensity ratio (MWh per stay) (\*\*) Aggregate perimeter

## Water management

GRI: 303-1; 303-4, 303-5

### WATER EFFICIENCY MEASURES

Water is a scarce natural resource and of vital importance for our activity, with our main source of supply being municipal water networks. As is the case with energy, our SAVE

system monitors 95% of the water consumption in hotels under our operational control (owned, leased and managed).

SAVE allows us to optimise water consumption through:

- Performance indicators to stimulate constant improvement
- Creation of reports for analysis and control
- Definition of global reduction targets
- Water efficiency improvement measures
- Definition of best water management practices
- Awareness and joint actions with stakeholders

We have also implemented the following measures for water efficiency:

- More efficient installations that guarantee the reduction of water consumption.
- Installation of taps with aerators in new buildings and existing buildings
- Collection of sewage and/or rainwater for (re)use
- As part of our commitment to digitise the company and guarantee the quality of data, our water use is entered in a

database according to the billing of public services or daily water measurements in line with environmental management system procedures. Investing in improvements in facilities and sharing best practices with our customers and employees are fundamental factors in proper water management.

In line with our commitment to guarantee the efficient use of resources, for the second consecutive year we took part in the **CDP Water Security** programme, earning a **B rating**. This ranking measures the impact of companies on the environment in general and on the safety and quality of water, in particular. Our participation allows us to continue to make progress in sustainable water management and also assess water risks and opportunities in areas where we operate, facilitating decision-making and a better water management strategy.

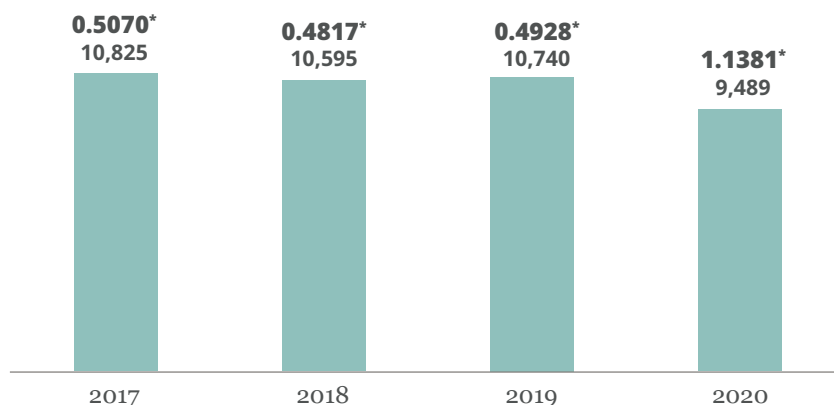
## WATER USE

GRI 303-5

2020 was used to improve the measurement of water consumption and identify the

different sources of water extraction in our hotels. The objective is to define better action plans and generate constant improvements in the water management system, prioritising actions in areas with the greatest water risk.

### NET WATER CONSUMPTION (THOUSANDS M<sup>3</sup>) \*\*



(\*) Intensity ratio (m³ per stay) (\*\*) Aggregate perimeter

Regarding the water intensity ratio, the following should be taken into account:

- The increase in the measurement perimeter (67 hotels). Of these hotels, 30 are located in Cuba, representing **2.3%** of the company's total water consumption
- The reduction of almost 62% in the number of stays compared to previous years due to the pandemic

The increase in water consumption and drastic drop in occupancy caused by COVID-19

increased the intensity ratio. 2020 also helped us define better measurement procedures and improvements to the implementation of the environmental management system, in which water consumption is one of the main impacts of the company. This will allow us to define a better water management strategy over the coming years. In 2019, we achieved a reduction in water consumption of 8.51% (m<sup>3</sup> per stay) as a result of measures implemented in previous years and constant communication and awareness messages in hotels about the responsible use of water.

## WASTEWATER DISCHARGE

GRI 303-2

Wastewater is mainly discharged into the public sewer network (6,323,391 m<sup>3</sup>, 66.6%) and wastewater treatment plants (3,084,487 m<sup>3</sup>, 32.5%), with an insignificant percentage reaching the sea (27,362 m<sup>3</sup>, 0.29%) or septic tanks (54,050 m<sup>3</sup>, 0.57%). Wastewater management is always handled in accordance

with applicable regulations and our management system requires the analysis of the main environmental impacts of our activity, including those related to water spills. The tool created for risk identification and analysis also allows the early identification of key risks and their prevention, as explained in the section on "Audit of risks associated with hotel activity" in this chapter.

## PORTFOLIO LOCATED IN AREAS OF WATER STRESS

SASB: SV-HL-140a.1, SV-HL-450a.1

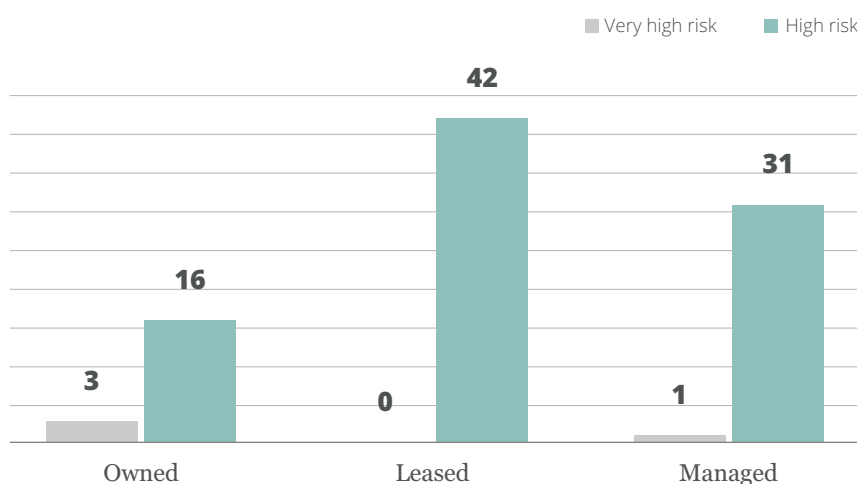
In 2020, the **Aqueduct Water Risk Atlas** tool allowed us to update our water stress analysis, including data on the quality and availability of water by geographical area. Mapping data allowed us to identify risks related to both the quantity and quality of water, so we have greater visibility for hotels in areas with high water risk created by climate change and can begin to develop risk management strategies and possible adaptation and mitigation plans.

To assess the risks related to water safety and determine whether they are significant, we have analyzed the entire operating portfolio and considered two parameters: probability and magnitude of the impact.

The probability is evaluated according to the results of the **Aqueduct Water Risk Atlas** for water stress, assigning a score of 3.5 to high-risk hotels and 4.5 to those with extremely high risk. The magnitude is determined by the importance of each hotel to the business based on its annual revenue.

These two parameters have been used to calculate the financial impact for each hotel. When the financial impact is above the significance threshold (> 3% of total annual revenue), a hotel is considered to have a substantial impact on the business.

According to the results this year, we have 93 owned, leased and managed hotels with a risk of water stress, of which only 4 of the currently active hotels have a very high risk and the potential to cause a financial impact on the company.



To estimate the possible financial impact of this risk, we have considered the supposed loss of revenue due to the closure of the hotels due to a lack of enough water to maintain the service quality levels expected of the hotel.

This analysis allows us to have relevant information to respond to possible risks caused by climate change in the short, medium and long term.

Hotels in areas with water stress

**93**

(aggregated perimeter)

**61**

(consolidated perimeter)

## Waste management

### PREVENTION, RECYCLING, REUSE, RECOVERY AND DISPOSAL MEASURES

One of the key aspects of our Environmental Management System is the treatment of the waste we generate: urban solid waste, hazardous waste and spillages.

To make progress in our Scope 3 reduction strategy and mitigate the impact of waste generated by our activity, we have adopted the following measures:

- Digitalisation of waste measurement through a pilot project with the Mallorcan start-up company WDNA

- Identification of opportunities in the management of urban solid waste and hazardous waste and the definition of a roadmap based on data from operational risk audits

- Implementation of an operational risk management tool to identify the key needs in hotels to improve the management of solid urban and hazardous waste

Hotels in areas at risk of flooding

**41**

(aggregated perimeter)

**28**

(consolidated perimeter)

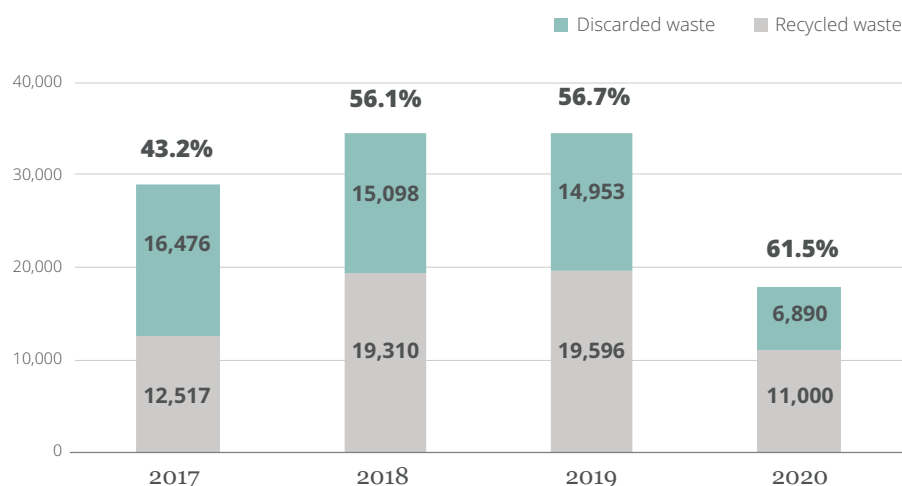
### RECYCLED AND DISCARDED WASTE

GRI: 306-2

As far as possible, the stoppage in our activity has been used to update the existing waste management model and extend the measurement of urban solid waste to all the countries in

which we operate. This has made it possible to increase the measurement to **146 hotels**, with the goal of having all hotels report the data by the end of 2021 according to the segregation of waste carried out in each country. This improvement has helped us to have more information on the separation of MSW in 2020.

#### VOLUME OF RECYCLED AND DISCARDED WASTE (TN)\*\*



(\*) Recycling rate (selective collection) (\*\*) Aggregate perimeter

## INITIATIVES TO COMBAT FOOD WASTE

### LEANPATH PILOT PROJECT

In line with our commitment to promote the efficient and responsible use of raw materials and reduce waste, in 2019 we started a project to reduce food waste with the help of technology that can trace the entire process from beginning to end and then use the data the system provides to make improvements.

In 2020, the temporary closure of a large part of our portfolio put the project on hold, although progress has continued to be made in the launch of pilot hotels in Spain, specifically in the Meliá Tamarindos and Sol Lanzarote hotels, as soon as hotel operations get back to normal. Likewise, pilots at the Paradisus Playa del Carmen La Perla and Esmeralda in Mexico and the Meliá Caribe Beach and The Circle hotels in the Dominican Republic are ready to start as soon as the project resumes.

In 2021, the pilot is expected to be extended to 3 more hotels in Spain: Gran Melia Palacio de Isora, Melia Salinas and Meliá Calvia Beach.

Main estimated benefits:

#### FINANCIAL

- 30% reduction in food waste
- 4.5% reduction in direct food costs
- Decrease in organic waste management fees

#### ENVIRONMENTAL

- Carbon footprint reduction, per hotel
- Reduction of water consumption (cleaning)
- Commitment to employees in raising awareness about climate change

### OIL FILTER PILOT PROJECT

Using the "**Fried Oil's Cleaner**" system for fryers we were able to extend the life-cycle of oil from 2 days to approximately 10 days. During the year, pilot projects were carried out in 6 hotels, with the following conclusions on food safety and environmental impact:

- With the oil being cleaned daily, we offer our customers much healthier meals
- Reduction of polar compounds and acidity, extending the useful life of the product by 300% after different filtration processes
- Using the new filter cycles, both the presentation and flavour of fried products also improved.
- Reduced risk of acrylamides, controlled according to Regulation (EU) 2017/2158
- The "Fried Oil's Cleaner" filtration system reduces the consumption of plastics by 33% (5L oil jugs)

## Circular economy with social repercussions

Our involvement in initiatives that help promote a more sustainable and safer tourism value chain encourages us to continue promoting a hotel model that uses circular economy criteria with social repercussions as a key driver for generating value in destinations. Both initiatives are clearly focused on the SDGs. Specifically, **SDG 3 (Health & Well-being)** as the ultimate goal involves the

free delivery of soap and masks for protection against COVID-19, **SDG 10 (Reduction of inequalities)**, allowing access to essential materials to people with real difficulties in finding them, and **SDG 12 (Responsible consumption and production)**, as it allows us to offer new life to waste products such as soap and hotel linen.

## SOAP FOR HOPE PROJECT

In 2018 we began the **Soap for Hope™**, project with **Diversey** to generate health, social and environmental benefits. The project remained active throughout 2020 and aims to recycle hotel soap for social purposes. Through local NGOs we deliver free bars of soap to vulnerable people. The project has extended access to basic hygiene products at the precise time that the WHO is recommending extreme hand washing as a preventative measure against the virus.

Both projects have been a challenge given the difficult operating conditions that our teams and Diversey have faced with the closure of activities and reopening of certain hotels. Despite this, we are extremely proud to have continued with two very positive community projects at such a difficult time.

	2017-2019	2020	Accumulated
Recycled soap (Tn)	45.9	8.8	54.7
Beneficiaries (k)	31.9	16.5	48.4

## LINENS FOR LIFE PROJECT

We have also launched the **Linens for Life™** project together with **Diversey**. The project aims to convert sheets and pillowcases into masks for local communities, essential in preventing the spread of COVID-19, and which in certain communities are not easy to get hold of.

The project started in June and allowed us to make thousands of masks that were

delivered free of charge to vulnerable local communities in America and Asia through hotels which continued to operate despite all the limitations. In addition to preventing the spread of the virus, the project has also generated employment through workshops managed by partner NGOs and helped reduce water consumption and environmental impacts by reducing carbon emissions through the recycling of hotel linen.

	2020*
Recycled linen (Tn)	1.5
Masks made (k)	37
Water saved (M. litres)	7
CO2 emissions saved (Tn)	18
Hotels involved	19

(\*) June-December 2020

Participating  
countries

8

Hotels involved

19



## Biodiversity management

GRI: 304-2

Our significant presence in resort destinations and our commitment to moving towards a sustainable tourism model highlight the importance of preserving biodiversity in those destinations in which we operate. For this reason, and in line with SDG 15 of the 2030 Agenda, we have implemented mechanisms and projects within a biodiversity management model to reduce our impact and protect biodiversity.

### KEY ACTION AREAS

**Environmental value:** Ensure the environment and its ecosystems is seen as an essential part of the destination, respecting and protecting the environment from the perspective of responsible and sustainable tourism.

**Fauna & Flora:** Defence, protection and awareness of our responsibility to protect native animal and plant species, especially those at risk, as part of the natural heritage of destinations.

**Alliances:** Work together with local organisations, institutions or businesses to define shared objectives.

**Measurement & Mitigation:** Manage hotel activity in a responsible way, measuring the use of natural resources and potential externalities that hotel activity could cause to ecosystems and biodiversity and activating appropriate protection and mitigation measures.

**Protection & Preservation:** Take an active role in protecting the areas of influence of our assets through proactive management of maintenance and prevention.

**Awareness:** Involve our stakeholders with a message of co-responsibility in the protection of biodiversity, making them part of our commitments.

### BUSINESS CASE: SOS PROJECT (Sargassum Ocean Sequestration)

At the end of 2019, we joined a project led by the **Dominican Popular Bank** with 11 other companies to combat **sargassum**, a sea-based macroalgae that floats on the surface of the ocean and is an important habitat for many marine species, as it provides food, shade and shelter for fish, shrimp, crabs and turtles. However, in recent years, excessive growth caused by increased water temperatures, ocean currents and winds, has had an important impact on environmental balance in the affected areas.

The main objective of the project was to detect opportunities or methodologies to eliminate the sargassum off the coast of the Dominican Republic with assistance from the **Massachusetts Institute of Technology (MIT)** and financed by the companies participating in the project.

The funds were used to design and manufacture machinery and equipment that would speed up the process of collecting and cleaning the beaches in one of the top tourist destinations in the country, installing it on a boat to facilitate collection of the sargassum and its deposit on the seabed. After tests carried out in the destination itself under more favourable conditions than in previous years, the research has concluded without having met the expectations the company considered suitable to guarantee that the machinery could act effectively to combat the growth of sargassum.

## HOTELS IN PROTECTED AREAS

GRI: 304-1

SASB: SV-HL-160a.1, SV-HL-160a.2

Through **Protected Planet**, the world's most comprehensive source of information on protected areas, we regularly update the analysis of our hotels in such areas. Actually, **49 of the owned, leased or managed hotels** in our portfolio (operational + pipeline) are located either in or near protected areas (17 hotels in the consolidated perimeter).



Among the hotels in or near protected areas, 42 are resort hotels in which we are even more rigorous in the implementation of our environmental management model, and 7 are in urban areas and less affected. The areas in which the resorts are located are especially attractive due to their natural beauty, an essential part of their attractiveness for tourists.

An example is the Balearic Islands, with both protected land and sea areas and home to invaluable biodiversity. In 2019, a project was started with the **Palma Aquarium Foundation Marine Fauna Recovery Centre** (Mallorca, Spain), managed by the Consortium for the Recovery of Fauna of the Balearic Islands (Cofib). The main focus

was research to help **protect loggerhead turtles (*Caretta Caretta*)**, as well as actions to clean the turtle habitat and environmental outreach tasks, including training given by Palma Aquarium experts to employees and suppliers on action protocols and awareness-raising.

Although these activities were not possible due to the pandemic, at the beginning of 2020, before the pandemic struck, employees from Meliá headquarters and their families visited both Palma Aquarium and the Centre for the Recovery of Marine Fauna. During the visits, both young and old were able to see first-hand the actions carried out by the centre to protect biodiversity and the sea.

Hotels in  
protected areas

**49**

Resort Hotels

**42**

Urban Hotels

**7**

## Climate change

### GOVERNANCE MODEL FOR CLIMATE CHANGE MANAGEMENT

The Board of Directors has defined a sustainability strategy which includes, among other things, initiatives to combat climate change, one of the greatest challenges currently facing our society, and requiring a decisive response from governments, legislators, companies and society in general.

Following relevant recommendations and best practices, in 2020 the company created a **Sustainability Committee** to ensure the integration of ESG (environmental, social and governance) criteria in company strategy and throughout the value chain. The Committee is chaired by members of the Executive Committee and reports directly to the **Appointments, Remuneration and CSR Committee**.

This helps us address the climate emergency, one of the most important challenges of our times, and which urgently requires companies to define governance models and strategic models that provide appropriate responses to the risks and opportunities of climate change.

### RISK MANAGEMENT AND OPPORTUNITIES CREATED BY CLIMATE CHANGE

GRI: 201-2

Climate change has become one of the major challenges to which we all must respond given its global nature and the economic and social consequences its evolution implies.

To address the different challenges and consequences of climate change, Meliá is working on addressing the changes required to contribute to the adaptation and mitigation of climate change and its consequences. We have identified the main potential risks and opportunities caused by climate change as a global company, classifying them into physical risks (derived directly from the direct effects of the climate) and transitional risks (derived from regulations and other related changes), and concluding with their identification in the short, medium and long term.

TRANSITION RISKS				
Risk type	Description of risk	Temporal horizon		
		Short Term (<= 3 years)	Medium Term (> 3 Years <= 10)	Long Term (10 years)
Policy and legal. Extension of the legal framework for climate change and resource management				
Increase in the price of greenhouse gas emissions	We may see the value of emission rights extended to emerging markets or countries currently without a developed market in this area. Regulatory changes may also transfer these rights to our industry in the same way as they have for other industries such as industry or energy, and thus raise energy costs.	X	X	
Regulation regarding current products or services	New product and service certification standards may put Meliá at a disadvantage compared to other companies in the industry	X		
	Current regulations on Climate Change, Energy Transition, Circular Economy and Waste are undergoing important changes due to growing concern about short and long-term global challenges, and the travel industry is not immune to these changes.			
Increase in reporting requirements concerning emissions	Increase in financial resources required for the analysis of climate change, increasing requirements for measurement, reporting and verification of data	X		
Possibility of lawsuits concerning environmental issues	Failure to comply with regulations on climate change, adaptation and mitigation, may lead to fines and other sanctions from the authorities. In the most severe cases, this may lead to closure of the business and reputational damage	X	X	
	Risk of non-compliance with environmental regulations in the supply chain			
Technological				

TRANSITION RISKS				
Risk type	Description of risk	Temporal horizon		
		Short Term (<= 3 years)	Medium Term (> 3 Years <= 10)	Long Term (> 10 years)
Replacement of current products and services with low-carbon alternatives	Current regulations regarding the circular economy and responsible consumption requires us to adapt purchasing decisions according to the type of material (for example, single-use packaging) or the processes associated with the service (storage, replacement, etc.)	X		
Unsuccessful investments in new technologies	The application of new technologies in energy efficiency or the need to modify processes may be unsuccessful, with a consequent financial loss. In the short term, the pandemic may negatively influence the return on these investments.	X		
Transition costs to a low-carbon technology	The adaptation of existing buildings or new buildings to new regulations on energy efficiency may require significant investments, which may pose a risk for Meliá in terms of its financial capacity and the time allowed for adaptation	X		
<b>Market</b>				
Changes in consumer behaviour	Increase in social and environmental awareness among citizens which may modify travel behaviour, reducing travel by plane to typical holiday destinations, reducing the size of our key European markets who provide strong demand for destinations such as the Caribbean or Spain		X	
Market uncertainty	Poor predictability of events in aspects such as energy markets, which may bring unexpected changes in the prices of energy and raw materials		X	
Increase in raw material costs	Changes in weather patterns associated with global warming may lead to losses in the agri-food industry, affecting supply and the price of raw materials		X	
<b>Reputation</b>				
Changes in consumer preferences	An inability to adapt to new customer expectations with regard to climate change creates a risk of being considered an unsustainable organisation which may also affect brand reputation		X	
Stigmatisation of the industry	The stigmatisation of mass tourism, seen as an industry that puts natural resources and their allocation at risk, may affect the attractiveness of certain travel destinations, especially those in the resort segment in which Meliá has a greater presence		X	
Increased concern or negative feedback from stakeholders	The demand for greater reporting and transparency regarding information on climate change and a lack of leadership in this matter may cause reputational damage and a loss of trust with stakeholders		X	

PHYSICAL RISKS				
Risk type	Description of risk	Temporal horizon		
		Short Term (<= 3 years)	Medium Term (> 3 Years <= 10)	Long Term (> 10 years)
Acute				
Increased severity of extreme weather events	One of the main risks to which the tourism industry is exposed is extreme weather events, the potential consequences of which may lead to higher operating costs, decreased revenue due to damage to hotel facilities, more expensive supplies or increased insurance premiums.	X		
Chronic				
Changes in rainfall patterns and extreme variability in weather patterns	Part of our portfolio is located in areas with a higher risk of exposure to climatic events and changes in rainfall patterns, which may cause damage to assets if there are torrential rains or floods, preventing them opening or carrying out their normal activity	X		
	Changes in rainfall patterns can also cause operational risks due to water quality and supply problems, which may lead to a loss of asset value and increased operating costs.			

PHYSICAL RISKS				
Risk type	Description of risk	Temporal horizon		
		Short Term (<= 3 years)	Medium Term (> 3 Years <= 10)	Long Term (> 10 years)
Increase in average temperatures	Chronic physical risks may cause tourist destinations to become less attractive due to significant variations in temperature, which may alter the holiday season and affect revenue	X		
	An increase in the number of sunny days and high temperatures in the winter season in mountain areas may cause a lack of snow in ski resorts and make them less attractive for our customers.			
Rising sea levels	Rising sea levels can jeopardize coastal assets or holiday areas. This risk can cause a direct loss of the asset if it is located in flooded areas or due to the loss of attractiveness of its location (loss of sand or biodiversity, among others)			X

OPPORTUNITIES				
Risk type	Description of risk	Temporal horizon		
		Short Term (<= 3 years)	Medium Term (> 3 Years <= 10)	Long Term (> 10 years)

Greater resource efficiency				
More efficient buildings with better standards	The renovation of buildings, applying sustainability criteria in the construction and renovation processes, allows us to reduce operating costs (energy consumption and maintenance) and increase asset value	X		
Reduction in the use of energy and water	Our commitment to improvements in the efficiency of energy and water use helps us manage processes more efficiently, with actions such as the digitalisation of consumption and investments in energy efficiency measures helping us meet our public commitments	X		
	Projects such as CO <sub>2</sub> PERATE allow the use of technology and artificial intelligence in buildings to make them increasingly smart and sustainable, thus anticipating regulatory requirements and achieving improvements in energy performance			
Minimisation of carbon footprint	A carbon tax in any of the countries in which we operate could bring significant extra operating costs. Energy efficiency measures help us reduce our emissions and therefore reduce any potential payments	X		
Recycling	Encouragement of recycling in our facilities and the inclusion of sustainability criteria in purchasing processes to guarantee reuse and recycling, help anticipate regulatory changes in the countries in which we operate.	X		

Energy resources				
Use of renewable energies and diversification of energy use	The inclusion of renewable energies reduces operating costs associated with electricity and/or fossil fuels, reduces emissions and therefore helps us achieve our emission reduction targets		X	X
	Progress in the purchase of renewable energy allows us to also make progress in our decarbonization strategy			
Use of less carbon-intensive energy sources	A reduction in the number of facilities that consume fossil fuels allows us to eliminate or reduce the risk of regulatory changes regarding the most pollutant energy sources, thus reducing our exposure to future increases in the price of fossil fuels.		X	X
Use of regulatory incentives	Adopting energy reduction measures may offer the possibility of regulatory incentives or access to financing	X		
	Constant improvement in energy, water and waste management provides a competitive advantage by offering access to higher ratings in public and private tenders			
Resilience				
Renewable energy programmes and energy efficiency measures	Our investment in energy efficiency and alliances or participation in renewable energy development programmes allows us to increase our market value due to a sustainability strategy and more resilient planning.		X	



### AUDITS OF RISKS ASSOCIATED WITH HOTEL ACTIVITY

In 2018, we initiated a pioneering project in the hotel industry with the implementation of a tool to detect and manage risks associated with global hotel activity. This tool allows a systematic, periodic and objective assessment of risks to people, physical assets and the environment. It also helps evaluate compliance with legal requirements and risks associated with significant environmental aspects, including adequate measures for prevention and mitigation.

In 2019, **93 audits** were completed in Spain, France, Germany, Italy and the United Kingdom. As a result of these audits, substantial improvements have been seen in the detection of risks in hotels. In 2020, and in spite of the pandemic, Meliá Hotels International allocated approximately **€7.75 M** to preventative measures in response to the risks detected.

At the end of 2020, the company also proposed updating the audits carried out in 2019 to contrast results. This update will allow a measurement of the effectiveness of the action plans and thus ensure constant improvement and support for the firm policies and commitments defined by the company regarding risk.

### EMISSIONS COMPENSATION PROGRAMME "SUSTAINABLE MELIÁREWARDS"

The growing demand for more sustainable products and services led us to offer our MeliáRewards members the chance to get directly involved in emission compensation, becoming the first hotel company in the world to apply blockchain technology to help the environment.

In 2019 we signed and announced during COP25 an agreement with ClimateTrade, a Spanish start-up company and international leader in environmental blockchain technology, which allows the online compensation of emissions in a simple, direct and certified way, eliminating intermediaries

and extra costs and enhancing trust and security. MeliáRewards members can now redeem points in exchange for internationally certified carbon credits and use them to support a choice of sustainable projects of their choice which help develop, protect and conserve natural ecosystems. These carbon credits and the projects for which they are used are endorsed and certified by the UN CDM Registry and the Verified Carbon Standard (VCS).

Our objective was to launch the project in 2020. However, the pandemic forced us to postpone the launch until 2021, with the projects having already been selected and explained below.

#### "WIND PROJECT" IN OAXACA (MEXICO)

The project is led by Acciona, a leading Spanish company in infrastructures and sustainability, and endorsed by AENOR, and will help build a better planet by responding to infrastructure, water and energy needs through innovative and responsible solutions in Mexico. The objective is to operate a wind farm in Oaxaca (Mexico) to:

- Improve the living conditions of a community of more than 12,000 people
- Bring clean electricity to more than 700,000 Mexican homes
- Avoid the emission of more than 670,000 tons of CO<sub>2</sub>, equivalent to the cleaning effect on the atmosphere of the photosynthesis of 33.5 million trees

#### "WASTE4ENERGY" PROJECT IN RÍO DE JANEIRO (BRAZIL)

This pioneering project aims to cut greenhouse gas emissions by 50% by capturing and burning methane generated by the decomposition of organic waste from landfill sites, generating non-polluting electricity to be distributed to local households with limited resources. This project has already given more than 200,000 people access to electricity from renewable sources. The donation of MeliáRewards points will help achieve:



- Collect, destroy or use the gas emitted by the landfill site and also minimise the risk of explosions on the site
- Encourage the transfer of technology from the project to other similar projects in other countries
- Protect the subsoil by preventing gases seeping into the water table and polluting water sources
- Promote green employment in the region as the project requires specialist know-how
- Generate clean electricity and deliver it to thousands of homes

### CARBON FOOTPRINT AND EMISSION REDUCTION TARGETS (SBTi)

GRI: 305-1, 305-2, 305-3, 305-5

In 2019 we validated our objectives to reduce our carbon footprint in line with the Science-Based Target Initiative to contribute to the objective to keep global temperature increases well below 2 °C compared to pre-industrial levels. This is the basis for our projects to combat climate change in line with the commitment we assumed in 2015 as a result of the Paris Agreements (COP 21).

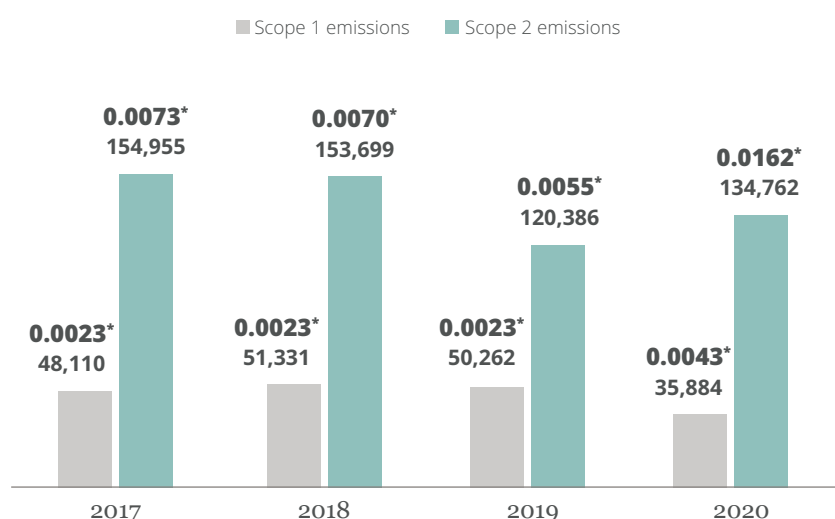
#### SCOPE 1 & 2

Meliá's greenhouse gas emissions, Scopes 1 and 2, are caused by burning fuel in our own facilities (direct emissions - Scope 1) or in supplier facilities (indirect emissions - Scope 2). In 2020 we measured emissions in 100%

of our owned, leased and managed hotels, compared to 76% in 2019. This explains why direct emissions in 2020 are higher than in 2019, despite a large part of the hotels being closed due to the pandemic.

In 2020 we continued to make progress in the implementation of our environmental management system to guarantee the measurement of consumption in hotels that up until now had not been able to report data. New hotel openings have also been added to the perimeter of energy measurement, estimating the data according to the climatic characteristics of the area and/or the number of hotel rooms. The measurement perimeter is thus increased by 67 hotels in total energy and emission measurements. Of note is the inclusion of the 30 hotels in Cuba, representing 23.3% of total consumption in the company.

### DIRECT EMISSION CARBON FOOTPRINT (TCO<sub>2</sub>EQ)\*\*



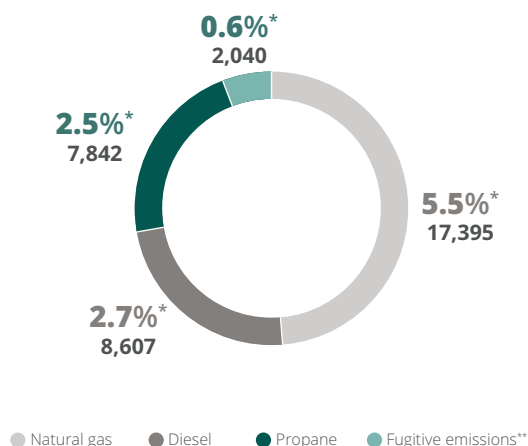
(\*) Intensity ratio (TCO<sub>2</sub>eq per stay) (\*\*) Aggregate perimeter

### EMISSION SAVINGS (BASE YEAR 2018\*)

Scope 1  
**-51.2%**

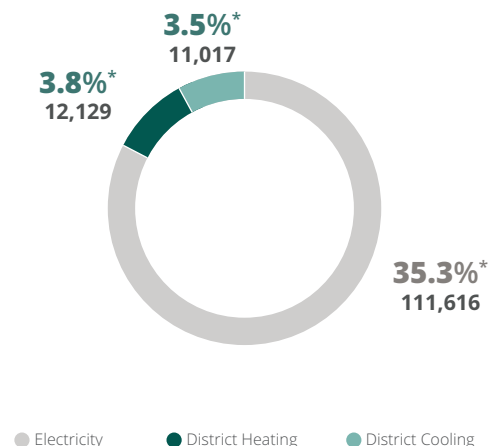
Scope 2  
**-51.9%**

(\*) For comparability purposes and to assess progress in our reduction targets, data from the centres included in the 2020 perimeter have been added to the base year 2018.

COMPOSITION OF SCOPE 1 EMISSIONS (TCO<sub>2</sub>EQ)

(\*) Proportion of total emissions (Scopes 1, 2 and 3).

(\*\*) Calculation of emissions for Spain extrapolated to the rest of the portfolio.

COMPOSITION OF SCOPE 2 EMISSIONS (TCO<sub>2</sub>EQ)

(\*) Proportion of total emissions (Scopes 1, 2 and 3).

Note: Calculated according to the "Located Based" methodology

**Scope 1** of our footprint represents **11.34%** of all emissions, with natural gas and diesel being the most important fuels. In recent years we have converted facilities from diesel to natural gas, thus minimising the use of diesel and reducing emissions. Together with leading partners in the energy industry, we are analyzing how natural-gas facilities can be adapted to operate with other energy sources such as hydrogen and biodiesel.

**Scope 2** represents **42.60%** of our carbon footprint, among which electricity contributes 35.29% of total emissions.

In recent years, energy saving and efficiency projects have helped reduce emissions, including the CO<sub>2</sub>PERATE project to reduce electricity and fuel use in hotels through the application of artificial intelligence and energy-saving and efficiency strategies.

## EMISSION REDUCTION TARGETS (SBTI)

Scope 1 and 2 (2023)

**-13%**

Scope 1 and 2 (2035)

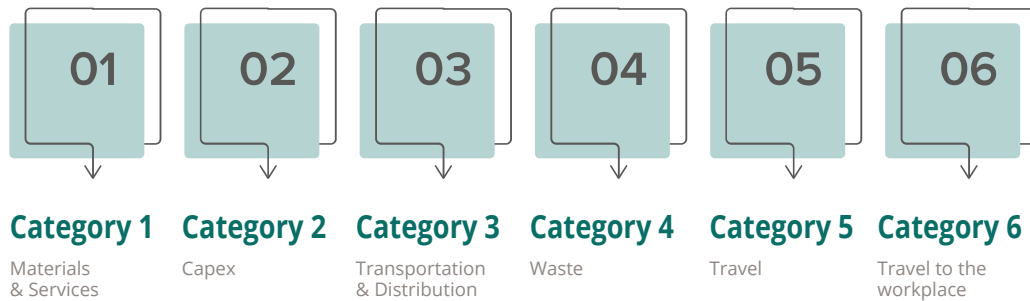
**-51%**

## SCOPE 3

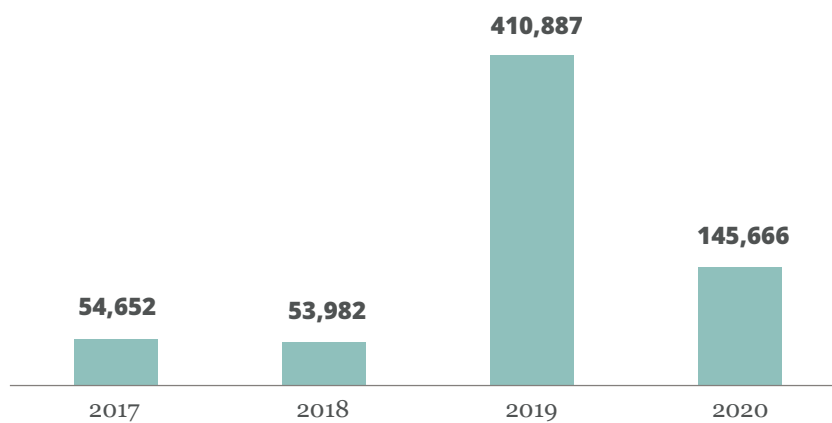
Given the nature of our business, Scope 3 emissions are the most significant in our activity. Therefore, following recommendations and best practices, we continue to make progress in measuring our Scope 3 footprint, which includes all the indirect

emissions that occur in our value chain. In 2020, Scope 3 emissions were affected by the closure of hotels, which caused a reduction in the purchase of goods, and travel restrictions which limited business travel. Teleworking also had a positive impact by limiting the amount of travel made by our employees.

## MEASUREMENT CATEGORIES



## CARBON FOOTPRINT SCOPE 3 (TCO<sub>2</sub>EQ)\*\*



## EMISSION REDUCTION TARGETS (SBTI)

Scope 3 (2023)

**-8%**

Scope 3 (2035)

**-21%**

(\*) Aggregated perimeter  
Note: Scope 3 emissions increase dramatically from 2019 as we extend measurement categories



# Supply chain

GRI 102-9, 308-2

At Meliá, we ensure that our sustainability standards and requirements, including social, environmental and good governance criteria, are applicable to all our suppliers, with the comprehensive management of the supply chain contributing to the development of our responsible business model.

The pandemic led to the paralysis of our hotel activity and also greatly disrupted our usual supply of products and services. This had a significant impact on our purchasing volume affecting thousands of local and global suppliers. As a leading company in

the industry, we are committed to strengthening our relationships with suppliers, enabling mechanisms to support them during the crisis, and supporting the creation of a safer and more sustainable supply chain more than ever before.

To respond to the new situation, we have updated our [Procurement and Service Contracting](#), approved by the Board of Directors, reinforcing the commitments in our [Supplier Code of Ethics](#) and defining criteria for the selection of suppliers based on quality, safety, sustainability and efficiency.

## Procurement strategy

### MISSION

Constantly supply and improve service in terms of quality and supply periods while also optimising savings and supporting the development and constant improvement of the commitments in our sustainability strategy.

In 2020, after the update to the [Procurement and Service Contracting Policy](#), we have developed a new procurement strategy based on 4 key areas:

- **Excellence** in our operating model to maximise savings and service quality
- **Digital transformation** to ensure greater agility, control and efficiency in our processes
- Investment in **training and the development** of digital skills
- Integration of **sustainability** criteria in the selection and evaluation of suppliers

## COVID-19 context

The pandemic has provoked important changes in our supply lines. One of the most significant changes this year was an increase in our commitment to **4th** (minimally processed fruit and vegetables) and **5th-range** (pre-cooked dishes) products. Despite hotel occupancies being at historic lows, the consumption of these type of products has increased from 130% to 150% depending on the region.

This has had important repercussions in reducing food waste, reducing the cost of direct labour in food preparation and consequently reducing the infrastructure required and investments in machinery and kitchen facilities.

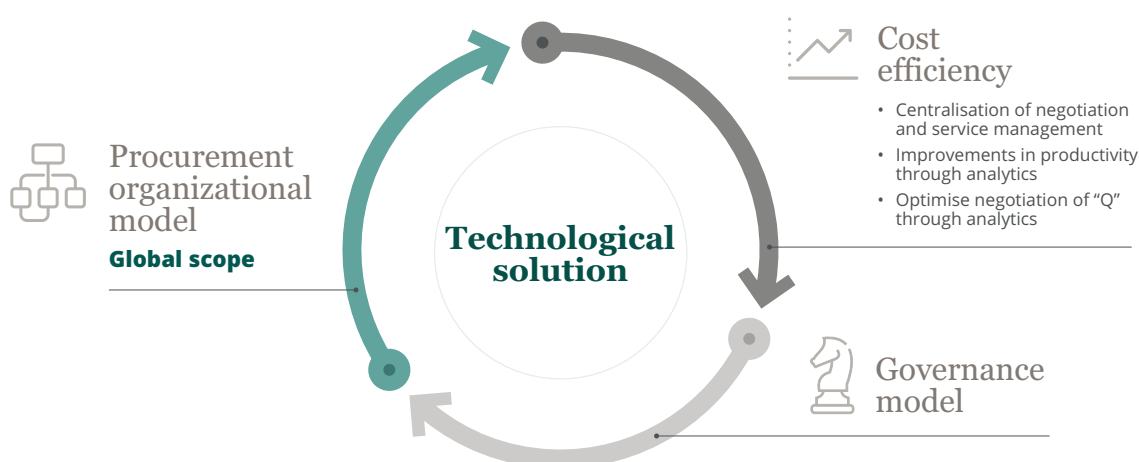
These variations will be more accurately measured in the near future when we have more stable occupancy levels, but for now they have led us to implement measures to improve operations and optimise consumption while also ensuring stringent health and safety guarantees for our customers.

## Digital transformation of the supply chain

In line with the company digitalisation process, one of the key priorities is the digital transformation of the supply chain. The aim is to evolve towards a purchasing and cost

management model which is 100% digital, using best-in-class systems as a catalyst to drive change.

### DIGITAL TRANSFORMATION PROCESS



## ESG risk management

To assess the degree of risk that our main suppliers have in relation to environmental, social and governance criteria, we conducted an ESG risk analysis including issues related to human rights, occupational health and safety, talent, diversity, vulnerability, ability to adapt to climate change, availability of

natural resources, biodiversity, institutional relations and corruption. The analysis gives us greater visibility on the risks to which we are exposed in countries where we operate and allows us to take the measures required to anticipate these risks should they ever occur.

### ESG RISK ANALYSIS PROCESS

#### Identification of issues/indicators

Selection of specific issues or indicators that determine the degree of risk of the ESG matters identified



#### Assessment of each country

Analysis of each of the indicators to generate a country-level risk assessment



#### Weighting of risk levels

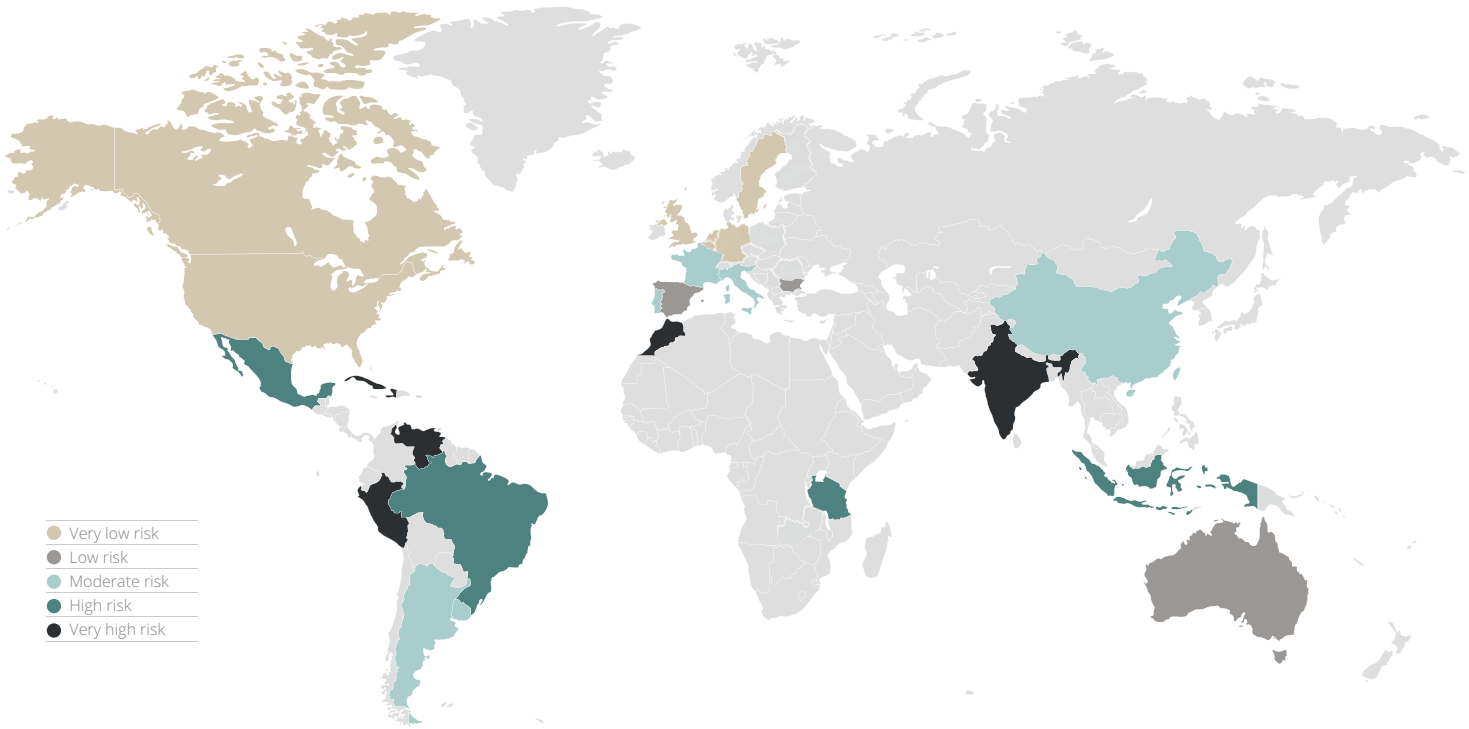
In line with Meliá principles and values, greater weight is given to risks associated with human rights, job security and corruption



#### Definition of final risk

Application of percentiles to country-level risk to map countries compared to total risk

ESG RISK MAP



Identification of critical suppliers

Based on the results of the ESG risk analysis, a process was defined to identify critical suppliers based on **three criteria: purchase volume** (minimum of 1% of total centralised purchases), **ESG risk by country** (location of the main purchasing centres) and **product family** (food and beverage categories considered most critical as their expiry may affect the health of customers).

Total Tier 1 suppliers (consolidated perimeter)	Critical Tier 1 Suppliers (consolidated perimeter)	Critical Non-Tier 1 Suppliers (consolidated perimeter)
4,187	27	61

ESG evaluation of our suppliers

GRI 308-1, 414-1

To ensure compliance with commitments in the [Procurement and Service Contracting Policy](#) and the Supplier Code of Ethics, we regularly evaluate suppliers to assess their performance regarding sustainability, proposing actions to ensure greater alignment with our strategy and public commitments as well as incorporating the results into our contract selection and renewal process.



The evaluation process is carried out with the support of **EcoVadis**, a leading international partner in ESG assessments, which uses online questionnaires adapted to the size of the supplier, the country in which it is located or the industry to which it belongs, also applying global standards such as the United Nations Global Compact.

To create a benchmark for best practices, Meliá also underwent evaluation in 2019, obtaining **Gold Level recognition from EcoVadis**. Previously, this process used to be carried out internally using a sustainability questionnaire that was completed by

suppliers. From 2021 onwards, and in line with the company digitalisation process, the assessment will be carried out using this platform.

The exceptional situation this year has prevented us making all the progress we expected in the evaluation process. That is why our goal of completing the evaluation of 50% of our portfolio of suppliers in 2020 has not been achieved. We remain very much aware of the importance of this process, and in 2021 we will continue to move forwards as the reactivation of the business allows.

Suppliers evaluated by EcoVadis (last 2 years)

**86**

Objective for suppliers evaluated 2020

**50%**

## Selection of suppliers with sustainable criteria

GRI 308-1, 414-1;

Supplier selection is based on technical, financial and sustainability criteria using a rigorous and transparent process which ensures the selection of the best possible suppliers, aligned with our principles, values and public commitments.

When entering into a partnership with Meliá, all suppliers must accept our [Supplier Code](#)

[of Ethics](#), or, if they have a Code of their own, sign a **Conformity Statement**, which guarantees they are in alignment with the principles of our Code. They must also sign a **Sustainability Clause** in which they accept that they are aware of our requirements in this matter and promise to support them, accepting the possibility that we may audit their compliance and progress.

### SUPPLIER CODE OF ETHICS COMMITMENTS



Comply with legislation



No tolerance of slavery



Prohibition of child labour



Ensure safe working environment



No tolerance for abuse or coercion



Fair wage



Respect for the environment



No discrimination



Responsible supply chain



Freedom of opinion and association

New suppliers selected under sustainable criteria

**1,499**  
(35.8%)

Suppliers with signed Sustainability Clause (last 2 years)

**1,792**  
(42.8%)

2020 objective for suppliers with signed Sustainability Clause

**60%**

Suppliers with signed/accepted Code of Ethics

**1,834**  
(43.8%)

2020 objective for suppliers with a signed/accepted Code of Ethics

**50%**

Local suppliers 2020 (consolidated perimeter)

**3,695**  
(88.3%)

2020 objective for local suppliers

**90%**

# Social impact

GRI 102-12; 413-1

At Meliá we understand our social contribution is the result of a **combination** of the impact of our activity, the way we redistribute value to our stakeholders and our support for charitable causes or philanthropy.

2020 was a complex year which inevitably affected our ability to create value given the paralysis in our activity as a result of the pandemic.

However, it was also a very intense year in regard to our contribution to society, and in the private sector we were seen as leaders of social causes due to our solidarity in the initial months of the crisis.

As a leading hotel company with a certain degree of influence and ability to mobilise resources, we aimed to offer solutions to our employees and partners, show our public support for healthcare workers and support a wide range of different social organisations, among other activities.

## FINANCIAL VALUE CREATED AND DISTRIBUTED

GRI 201-1

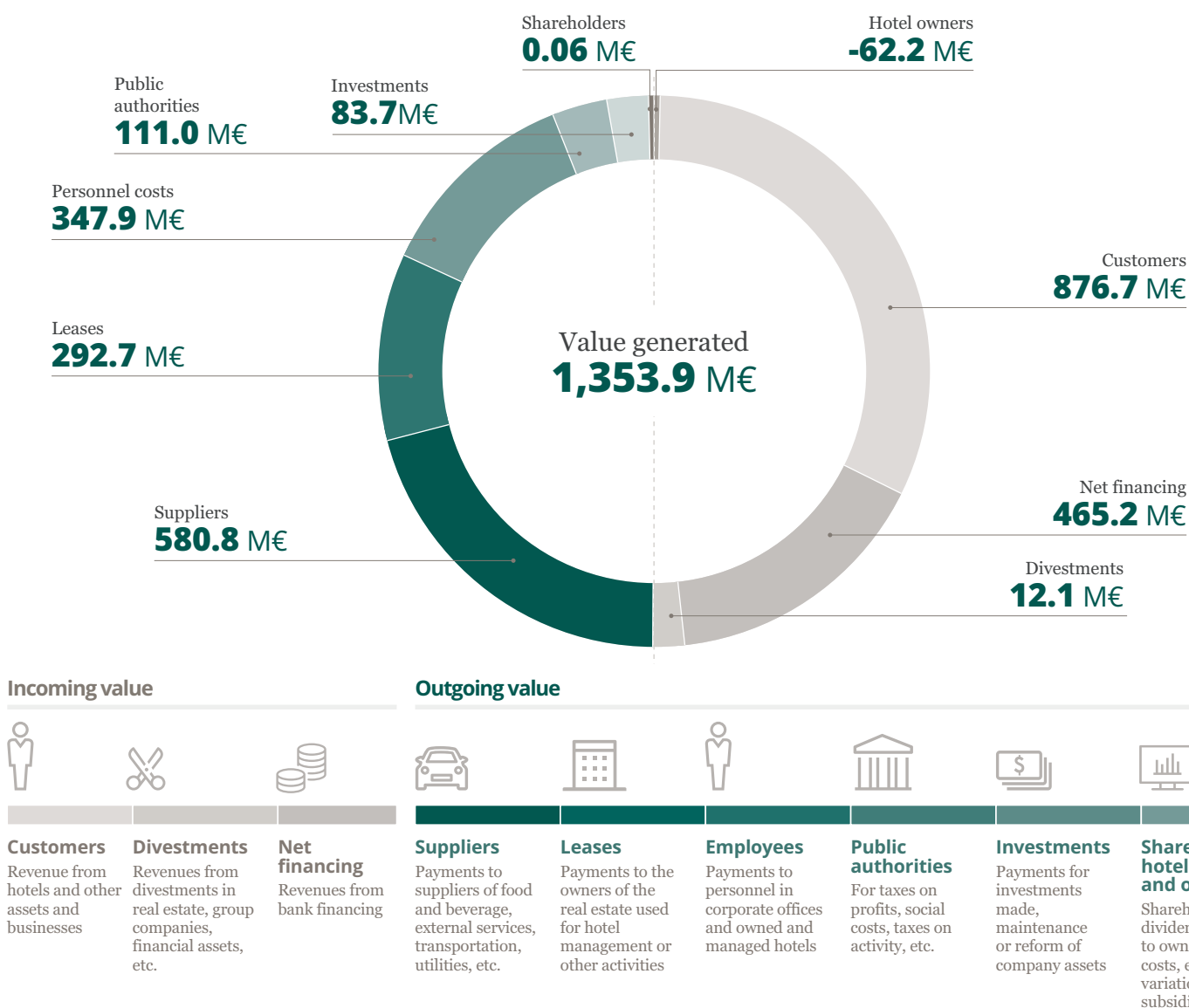
We are aware that **travel contributes significantly** to economic and social progress in destinations and in many other industries that form part of the travel value chain.

We were pioneers in the Spanish travel industry in calculating the so-called Social Cash Flow. Since 2008, we have been measuring the wealth and positive impact we generate as a Group. We understand Social Cash Flow as an economic representation of the direct benefits we generate for society as a whole and for all of our stakeholders.

The calculation of our **Social Cash Flow 2020** reflects the negative impact of the crisis, not only on our activity, but also on the other players affected by the travel industry. The important role that travel plays in world economies is abundantly clear. The industry is a fundamental driver of the creation of economic and social value.



## SOCIAL CASH FLOW 2020



## PHILANTHROPY

Up to March, our business units continued their social activities through direct support for social organisations as normal, and in line with our [Philanthropy Policy](#) and its associated management system. With regard to the system, this year we created and launched a specific Philanthropy training programme which reached a total of 214 people.

Although in 2020 we only made financial contributions to one foundation (Born to Learn),

**we have continued to support** other organisations, mainly in kind, both at the corporate level and through our business units, up to a value of more than €5.2 M.

Total donations	In-kind Donations	Economic Donations
€ 5,236,403	€ 5,211,071 (99.52%)	€ 25,332 (0.48%)

In the first quarter of the year, our business units continued to encourage our customers to raise funds to help children, raising more than €46k for UNICEF to assist in programmes to **promote the rights and well-being of children** and society, as well as fight against the commercial sexual exploitation of children all over the world. Despite the practically total paralysis in our activity, this area has continued to be a priority in our work. We thus continue with our approach aligned with **SDG 10 (Reduced inequalities)** and **SDG 17 (Partnerships to achieve goals)**

March saw a turning point with regard to our philanthropy. The forced lockdown in our activity meant that we had to refocus our social activity towards approaches coordinated on the corporate level and focused on supporting needs arising from the pandemic. Actions centred on **SDG 3 (Good Health & Well-being)** have therefore dominated our philanthropic contribution this year and become a **top priority**.

Despite refocusing our priorities, and with a reach that was greatly reduced given the circumstances, we continued working in other areas we consider essential, such as **cooperation in projects to support**

**greater responsibility** (see more detail in the section on [Circular economy with social repercussions](#) and projects to improve the **employability** of people at risk of exclusion (see more detail in the section on [Integration in the workplace of people at risk](#)), with a desire to continue strengthening these areas as the business recovers.

#### SOCIAL CONTRIBUTION DURING COVID-19

The health crisis in 2020 was greater than any of the crises seen in the past. The paralysis of the global economy, travel restrictions and lockdown in countries where more stringent measures were required have had a profound, abrupt and unexpected impact on our society, generating a level of uncertainty and social impact which is unprecedented in modern history.

But the pandemic has also allowed us to show the best of ourselves, allowing our commitment, responsibility, solidarity, empathy, collaboration and values to emerge, taking part in numerous initiatives focused on mobilising financial, human, technological and health resources to mitigate the effects the virus right from the outset.

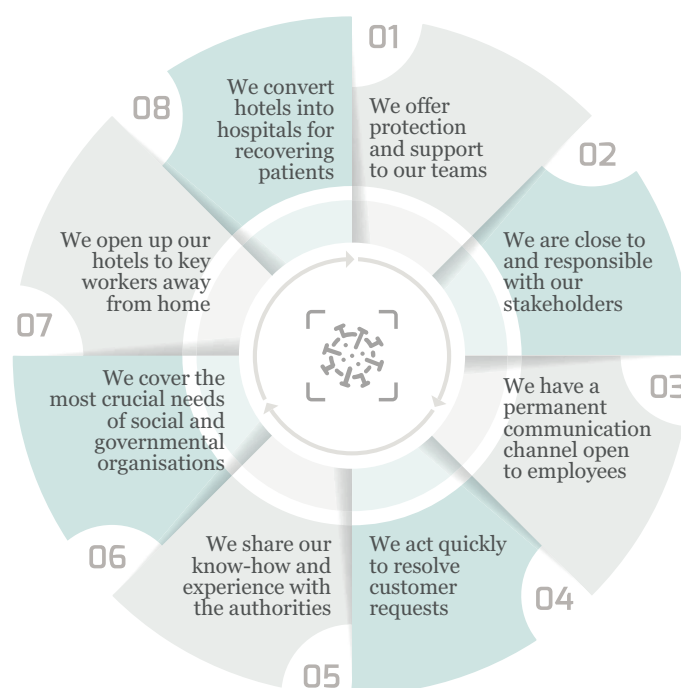


Meliá Bali. Linen 4 Life Project





## SOCIAL IMPACT OF COVID-19



Our company joined this common effort and **aimed to be an active participant** in helping alleviate some of the most critical needs, showcasing the transformative power and multiplier effect of our commitment and our service to society.

The health crisis caused a near collapse in global hospital systems, particularly the Spanish health system, in March and April 2020, leading us to become one of the first hotel groups to make our **hotels available to the health authorities**, which in some cases lasted throughout the whole year. **SDG 3 - Good Health & Well-being** has therefore

been our guiding light for a large part of the activities we supported in 2020 and which were our **greatest priority**.

Our support in Spain also extended to other countries given the need for more beds to allow recovering patients to be able to stay in a safe environment supported by health workers.

We also offered local authorities hotels that we kept open to accommodate people who had to stay in quarantine or people working away from home and providing essential services.

**“Every day we see how healthcare workers go out of their way to help fight the virus over a period of months, and that’s why, in addition to offering our facilities, we also want to offer them the chance to look forward to a well-deserved rest in a hotel of their choice when all this is over”.**

stated the Executive Vice President & CEO of Meliá Hotels International, Gabriel Escarrer.

After this commitment, we activated **Meliá with the Heroes**, our tribute to all the healthcare workers and other essential workers such as the security forces and others, in what was the most important solidarity action in our more than 60 years of history. We gave away more than 30,000 free hotel nights to more than 17,000 people, all of them key workers on the front line during the pandemic.

Engaging with employees was also a priority during the long months of the pandemic. As a family business, **protecting talent** and ensuring the **health and safety** of our employees was a top priority, as well as providing financial or emotional support for all those people who needed special assistance.

The progress made in **digitalisation** in recent years made it easier for our teams to train during the closure of hotels, allowing access to the eMeliá online training platform which offers a wide range of courses, activities and webinars for all types of employees with different needs.

We also worked tirelessly with hotel owners, partners and all the other stakeholders who have placed their trust in the company to address their concerns and prepare for the restart of our activity.

Finally, given the seriousness of the situation, we also offered our support to the most vulnerable people in society, **increasing our support by** donating sanitary and hygiene products, linen and basic foods to social organisations primarily in the first stage of COVID-19, and also supporting members of our own team who needed food or other basic products.

The crisis has shown the importance of **collaboration and cooperation** in exceptional circumstances and given us the opportunity to act in line with our business purpose.

The importance of travel to the world economy has become even more dramatically evident, and our desire is that we may return to normality and normal activity, alleviating the effects of the crisis and boosting economic growth and employment in all our destinations.

## SOCIAL IMPACT OF COVID-19

### WE HAVE CONTINUED TO FOCUS ON THE TALENT OF OUR TEAMS

eMeliá Reach (people)	Active eMeliá users	Total hours of training	Training hours/employee
<b>+45,000</b>	<b>+21,000</b>	<b>+510000</b>	<b>22.61</b>

### STAY SAFE WITH MELIÁ, A HEALTH AND SAFETY PROGRAMME TO REINFORCE TRUST

Trained people	Total hours of training	Training hours per employee	Hotels certified by Bureau Veritas	Investment in adapting hotels and offices	Positive customer feedback
<b>+21.000</b>	<b>+294,800</b>	<b>8.59</b>	<b>47</b>	<b>+€2.2 M</b>	<b>83.3%</b>



"NIGHTS FOR YOUR DAYS", WE RECOGNIZE THE EFFORTS OF OUR HEROES

Hotel nights donated	Economic value	Essential workers benefited (people)	Media impact
<b>+32,000</b>	<b>+€4.9 M</b>	<b>+17,000</b>	<b>+60 M</b>

WE HAVE CONVERTED HOTELS

Hotel hospitals (Spain)	Essential worker hotels (5 countries)	COVID-19 patients received	Supplier donations received
<b>6</b>	<b>11</b>	<b>738</b>	<b>+€180,000</b>

WE HAVE PROVIDED SUPPORT TO SOCIAL ORGANISATIONS

Hotels involved	Organisations assisted	Material donations	Masks made
<b>81</b>	<b>41</b>	<b>+104€k</b>	<b>+37,000</b>



# Protection of human rights

## Anticipation of the new regulatory framework

Our company values allow us to contribute to the protection of human rights in our value chain as they form the backbone of a hotel management model that incorporates ethical and responsible criteria. This is especially relevant given that Meliá manages hotels in more than 40 countries.

This requires us to define frameworks that guarantee the defence of human rights in hotel operations and ensure regulatory compliance, either from the reporting perspective, such as **Law 11/2018 on the disclosure of non-financial information** that requires companies to publish annual reports on their environmental, social and corporate governance impacts, or with regard to new European Union regulations that will shortly require companies to apply criteria based on the "Due Diligence Requirements Through The Supply Chains" report published in February 2020.

This new human rights legislation will form part of the European Green Deal and **European Recovery Plan** based on the **United Nations Guiding Principles on Business and Human Rights** and the **OECD and ILO principles**, holding European companies accountable for human rights and environmental impacts in their supply chains.

The future new regulatory frameworks have led Meliá to take part in specialist meetings and forums to understand the new regulations and share knowledge and experiences.

In both cases, we have already made progress in compliance with requirements thanks to the Code of Ethics we first implemented in 2012, which already includes human rights issues and their key regulatory references. Since 2018 we also have a specific policy, we report non-financial information regarding human rights and we also have a Supplier Code of Ethics that defines the principles that guide our relationships and selection criteria. As a **signatory partner of the Global Compact**, we also ensure the integration of the **10 Guiding Principles** in our activity and continue to make progress in defending children's rights through the **ECPAT code (2006)** against child sexual exploitation. Meliá was a pioneer in the Spanish tourism industry in this respect, being the first company to express its public support in 2006.

## New self-assessment

We anticipated this situation with a global **Control Self-Assessment (CSA)** in 2019 to identify potential risks related to human rights in our value chain and thus create action plans for their mitigation.

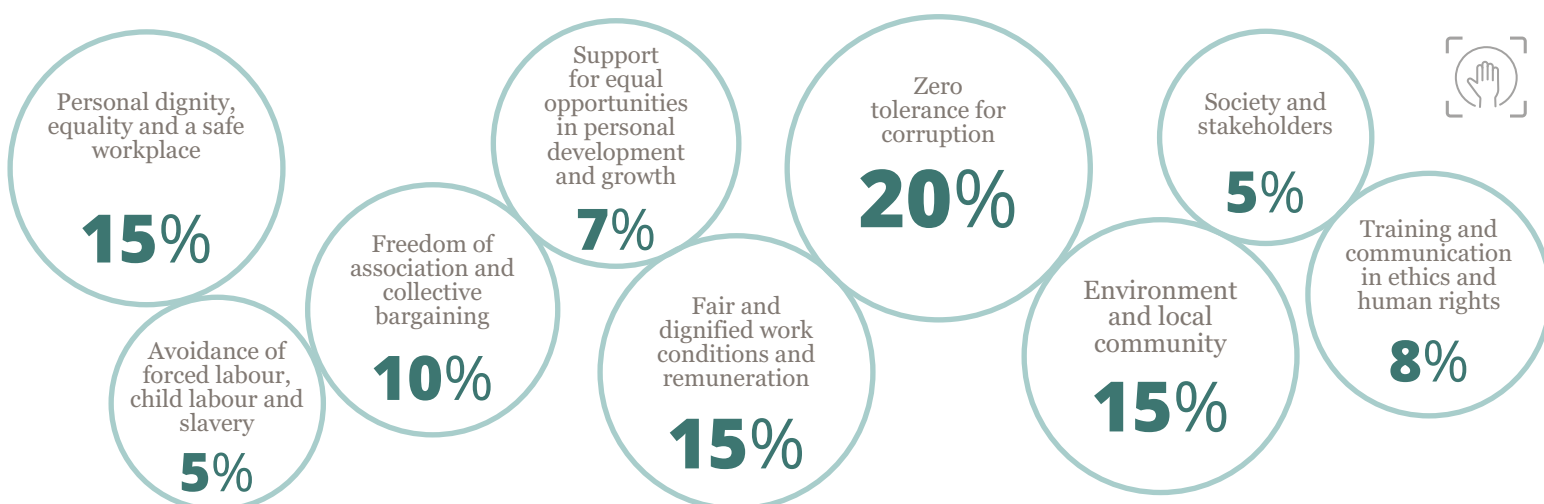
The self-assessment helped reinforce controls, and since 2018 the Company risk map includes potential impacts our activity may have in human rights matters in addition to

identifying and monitoring risks of a financial, operational, strategic or reputational nature.

In 2020, Meliá carried out a new and more detailed analysis involving 94% of owned, leased and managed hotels, with the exception of Cuba, in 9 different areas covering all the company's public commitments and containing 54 specific questions.

The analysis assigned a specific weight to each of the 9 areas taking into account the risks and opportunities identified in preparing the 2019 Integrated Annual Report, the

criteria of the EINF Law, GRI standards, the company's public commitments in different areas and company priorities.



A global analysis of the 9 areas and a detailed analysis of each of them was carried out bearing in mind the situation in each

region and country in the following management areas.

## Identification of human rights risks

The context of the pandemic has allowed Meliá to confirm a management style focused on people and demonstrate a significant capacity to adapt to a complex environment characterised by uncertainty in general and also in terms of its impact on human rights. The measures implemented in labour rights and health protection, among other areas, confirm the degree of integration of human rights in the day-to-day running of the company.

Although our management in this respect does not present any critical risks, we have identified some exceptional situations in Jamaica, Morocco and the Bahamas which do not pose a critical risk as they only affect 4 hotel units.

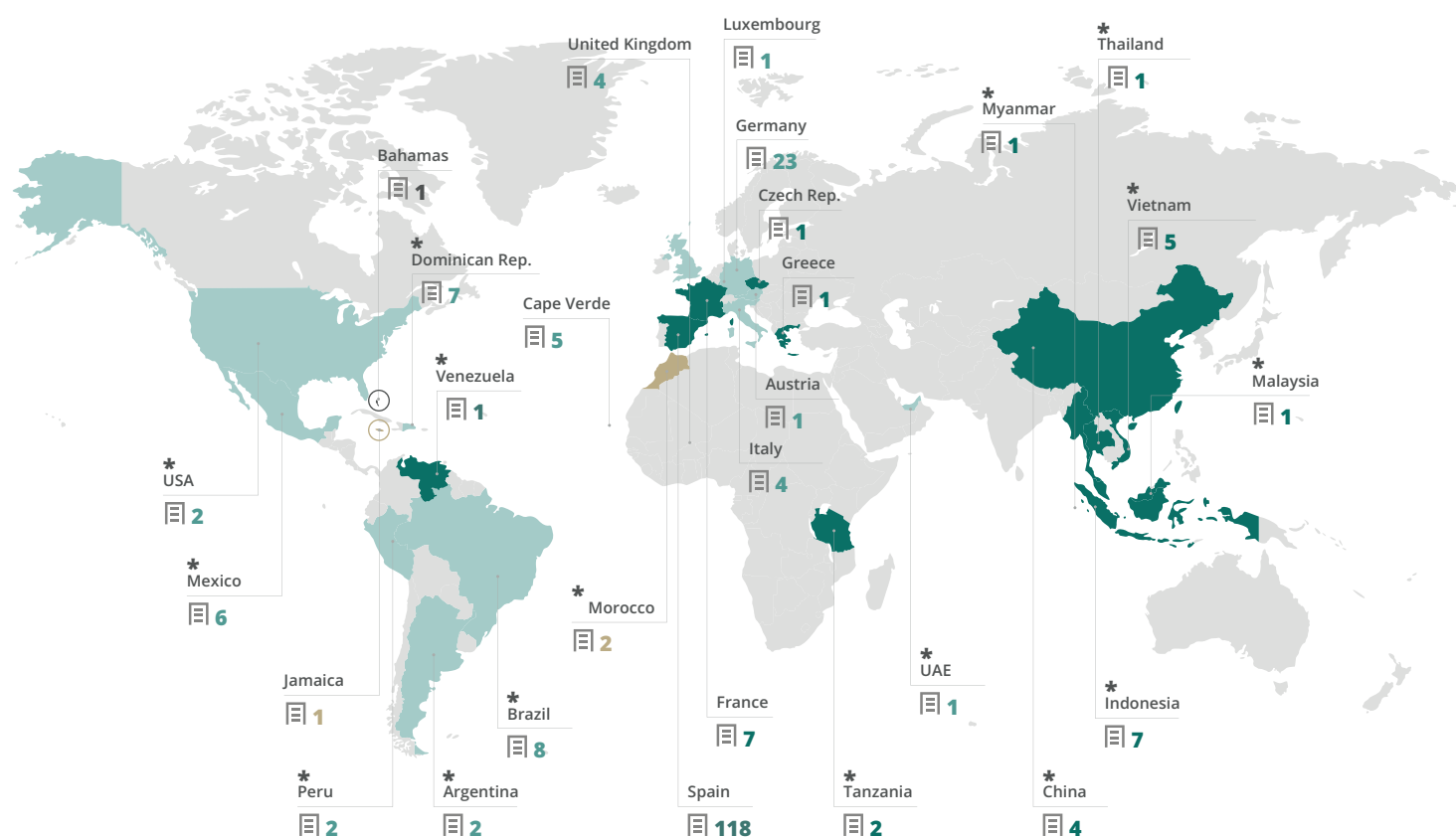
This analysis is particularly important due to the fact that the company operates hotels in 16 countries which *Human Rights Watch 2020* claims do not respect these rights. Our diligence in managing this aspect and the situation in each country allows us to conclude that our management has been largely appropriate, given that only one of the countries presents opportunities for improvement.

From 2021 we will update our self-assessment and carry out a new analysis while also increasing the number of hotels. We will also define a global protocol and specific regional plans to consolidate the integrated management of human rights and explore specific training options for key employees through the eMeliá platform.

## LEVEL OF PARTICIPATION IN SELF-DIAGNOSIS

	Americas	EMEA	Spain	Asia
Participating portfolio	81%	94%	99%	86%
# of hotels	30	48	125	19
# of countries	10	11	3	6

Global participation

**94%**

## Management ranges

- Excellent: > 90%
- Good: 75%-90%
- Adequate: 60%-75%
- Risk: < 60%

## Number of hotels

\* Note: violation of human rights according to Human Rights Watch 2020. Countries in which human rights are violated.

## Integration in the supply chain

GRI 412-3; 414-1

After the launch in June 2019 together with EcoVadis of a process aligned with the Guiding Principles on Business and Human Rights to evaluate a group of key suppliers based on their purchase volume, product and country of origin, In the last two years

we have evaluated 86 suppliers, finding no significant risks regarding the violation of rights such as freedom of association, collective bargaining, and aspects related to child labour or forced labour.

Suppliers  
evaluated  
regarding human  
rights by Ecovadis  
(last 2 years)

**86**

## Impact of COVID-19 on Human Rights

The COVID-19 pandemic is greater than just a global health crisis, being the cause of an economic and social crisis that has directly affected certain human rights in the world of business.

This has made the 2030 Agenda and the Sustainable Development Goals (SDGs) even more closely associated than ever with the Universal Declaration of Human Rights, becoming the framework of reference for facing this situation.

To respond to the situation in line with its own [Human Rights Policy](#), Meliá has made a special effort to meet the needs and expectations of two of its main stakeholders in the following areas;

- Health, mainly of customers and employees as our priority stakeholders.
- Employment and the protection of unemployment without any discrimination.
- Consumption, transparency and flexibility for the enjoyment of our customers



# Institutional positioning

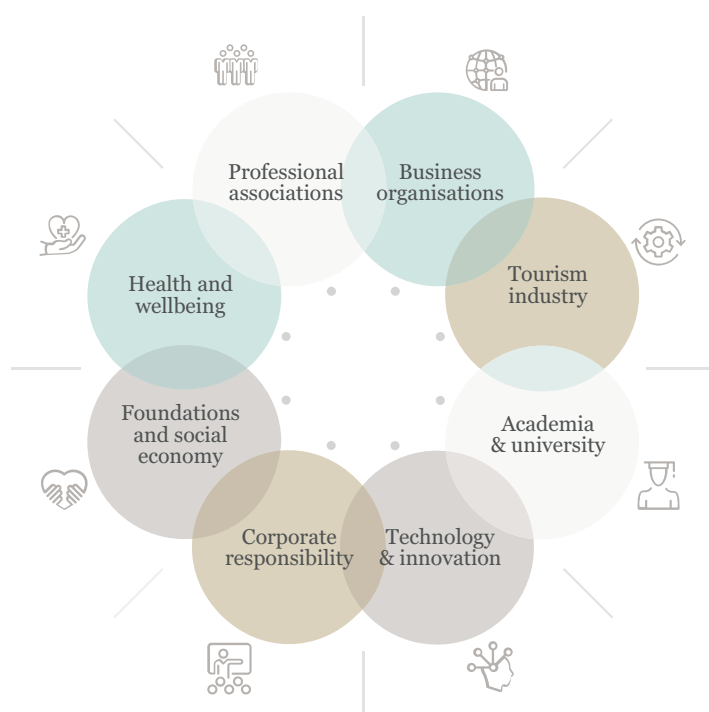
As an international company and travel industry leader, **we aim to be an active player in local associations** in the destinations in which we operate, sharing our experience and defending the common interests of the industry.

These **relationships** allow us to acquire new knowledge, anticipate new trends, participate in debates with other leading

companies or explore collaborative work opportunities to enrich our business management system.

We are committed to a **balanced presence** both at home and abroad, participating in those areas\* that we consider essential for our business and in which we can add **tangible value**.

## AREAS OF ACTIVITY



This year was particularly intense in terms of institutional activity. The health crisis has required a large amount of **cooperation and networking** between different players in the public and private sectors to manage the impact of the pandemic on the tourism industry and the economy.

Working together, we have been able **communicate the concerns of society in general and those of our industry** in particular. We have also shared our experience in China, as it was the first country to suffer the onset of the health crisis, and thus help others reinforce their approach to the pandemic.

On the other hand, **we also joined in** many of the activities carried out by Spanish

businesses to meet the initial needs created by the pandemic and extending our social commitment to other destinations in which we operate.

To promote an appropriate institutional positioning between our business objectives and the context of the pandemic, during the year we reviewed our model to apply strategic criteria with a long-term vision.

A **solid positioning aligned** with our business objectives will help improve our corporate reputation and strengthen bonds with our key stakeholders. Over the coming year, we will continue to strengthen our model and explore new opportunities

\* The details of our presence in associations and other organisations can be seen in the Institutional Relations section (policy influence)



## Key forums and institutions

### Business organisations



Helps companies face the challenges and opportunities of globalisation. We form part of the Corporate Social Responsibility and Anti-Corruption Committee.

Members since 1997.



Its main objective is to represent, promote and defend the general interests of Spanish companies. Given our international presence, we also form part of the Spanish Chambers of Commerce in the United Kingdom, France, Belgium, Luxembourg and Peru.

Members since 2014.



Global community of companies and executives aiming to build a stronger and more dynamic society, better prepared to face present and future challenges, through the professional and personal development of the business community.

### Tourism Industry



Private travel and tourism forum of international repute that brings together more than 200 companies worldwide, aiming to enhance the importance of the tourism industry and its economic and social impact in the world.

Members since 2017.



United Nations agency in charge of promoting responsible, sustainable and accessible tourism for all. During the year, we renewed our commitment to the International Code of Ethics for Tourism.

Members since 2011.



Bringing together 34 of the most relevant companies in the Spanish tourism value chain. Members since 2002. Our Executive Vice President & CEO has chaired the organisation since 2019.

### Corporate Responsibility



International initiative to promote corporate social responsibility.

Members since 2011. *Signatory* partners since 2018.



fundación sociedad y empresa responsable

Non-profit organisation that supports commitments by companies to improve society and generate economic value and social impact. We are also present in some of the governing bodies of the foundation such as the Board of Trustees and the Advisory Council.

Members since 2010.

## INDICES, RANKINGS AND MONITORS

We form part of several **specialist ESG indices** that assist us in measuring our performance in environmental, social and governance matters.



Now a Part of **S&P Global**

Leading international organisation that assesses company performance in sustainability and responsible management. Meliá has participated in this annual index since 2018.



**FTSE4Good**

Global index that assesses business ethics, corporate responsibility and alignment with the SDGs in companies listed on the Spanish stock market.

Present since 2008.

**ISS QualityScore**

Index that analyses corporate risk in areas such as corporate governance, remuneration, shareholders' rights, auditing and risk management.

In 2020 we achieved a maximum score of 1 out of 10.

## "Meliá is the leader in sustainability in Spain and Europe according to the SAM 2020 Corporate Sustainability Assessment carried out by S&P Global "



Leading independent global provider of ESG and corporate governance research and ratings for investors.

Meliá obtained a score of 24.3 points out of 100, with 100 representing the highest level of risk.

**ecovadis**

Present since 2019. Ecovadis is the benchmarking platform for assessing corporate social responsibility in supply chains. Meliá currently holds **Gold standard** recognition.

We also take part in several **ranking and benchmark systems** in areas related to our priorities and needs or that are aligned with our strategy.

## EVOLUTION IN RANKING AND BENCHMARK SYSTEMS

			2018	2019	2020
ESG Management & Leadership	 Now a Part of 	<b>S&amp;P GLOBAL - International</b> Corporate Sustainability Assessment Participants since 2018	★ 3	★ 1	★ 2
		<b>MERCO EMPRESAS - Spain</b> 100 Spanish companies with the best corporate reputation in Spain Present since 2011	★ 19	★ 19	★ 30
		<b>MERCO LEADERS - Gabriel Escarrer Jaume</b> 100 top-rated business leaders Present since 2012	★ 29	★ 26	★ 25
Responsibility & Corporate Governance		<b>MERCO RESPONSABILITY &amp; CORPORATE GOVERNANCE - Spain</b> 100 most responsible Spanish companies and with the best corporate governance in Spain Present since 2014	★ 17	★ 17	★ 21
Climate Change and the Environment		<b>CDP CLIMATE - International</b> International ranking that evaluates the best companies in climate management Participants since 2011	-	B	★ A-
		<b>CDP WATER - International</b> International assessment that rank companies for their water management Participants since 2019	-	★ B	★ B
People and talent		<b>MERCO TALENTO - Spain</b> 100 Spanish companies that best manage talent Present since 2011	★ 16	★ 16	
		<b>MERCO UNIVERSITY TALENT - Spain</b> 100 most attractive Spanish companies for university students Present since 2017	37	★ 29	
		<b>UNIVERSUM - Spain</b> Preferred companies for business studies students Present since 2016	★ TOP 10	★ TOP 10	★ TOP 10

Position in ranking ★ Leadership in the Spanish tourism industry

The 2020 results of the Merco Talent and Merco University Talent surveys had not been published as of the preparation date of this report.

## Awards & recognition

At Meliá Hotels International we value extremely highly the awards we receive every year from prestigious organisations and forums which **acknowledge our progress** in creating a management model that continues to move forward towards excellence in many different areas.

This year, for the third consecutive year, we were named one of the **leading hotel**

**companies in the world in sustainability**, occupying the second position in the global tourism industry in the 2020 annual Corporate Sustainability Assessment carried out by S&P Global, which also named the company in its **Silver Class** category in its **Sustainability Yearbook 2021**. A new milestone in our history and significant recognition of our firm commitment to sustainability and responsible tourism.

### Sustainability Award

Silver Class 2021

**S&P Global**

#### AWARDS RECEIVED BY HOTELS

Total	Social and cultural	Environmental	Health and safety	Quality and service
<b>325</b>	<b>6%</b>	<b>7%</b>	<b>7%</b>	<b>80%</b>



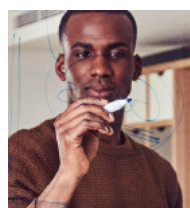
GABRIEL ESCARRER

- **#25 business leaders with the best reputation in Spain.** Merco Líderes.
- **#25 TOP 50 best CEOs in Spain.** Forbes



#### EMPLOYMENT QUALITY AND EMPLOYER BRAND

- **TOP 50 best companies to work for in Spain.** Forbes Spain
- **TOP 10 Most Attractive Employers 2020 (Universum)** for business studies students, and the most attractive in the industry for six of the seven groups interviewed



#### REPUTATION AND LEADERSHIP

- **#21 Top 50 Most Valuable Hotel Brands.** *Brand Finance Annual Report.*
- **#10 Top 10 Strongest Hotel Brands.** *Brand Finance Annual Report.*
- **#30 Companies with the best reputation in Spain.** Merco Empresas.
- **Major Spanish company with outstanding prospects.** Exporters and Investors Club
- **Best Investor Relations in the industry Leisure & Hotels** awarded by Institutional Investor.



#### SUSTAINABILITY AND CORPORATE RESPONSIBILITY

- **#21 company with best corporate responsibility and governance.** Merco Responsibility and Corporate Governance
- **#2 Silver Class Recognition** in the S&P Global Sustainability Yearbook 2021.
- **#7 Most Sustainably Managed Companies in the World.** *Wall Street Journal 2020*
- **National Corporate Responsibility Award.** *Caixabank Hotels & Tourism Awards*

# 4

## KPIs

Financial indicators

Good Governance  
indicators

HR indicators

Occupational health  
and safety indicators

Social Indicators

Environmental indicators



# Financial indicators

## Economic performance

CONSOLIDATED INFORMATION (In millions of €)	UNIT	2018	2019	2020
Total consolidated revenue	M€	1,831.3	1,800.7	528.4
Total revenue (excluding capital gains)	M€	1,790.2	1,789.5	528.4
EBITDA	M€	500.9	477.9	-151.5
EBITDA (excluding capital gains)	M€	482.1	470.9	-130.5
EBIT/Operating revenue	M€	258.9	222.8	-557.3
<b>Result before taxes</b>	<b>M€</b>	<b>195.2</b>	<b>156.3</b>	<b>-663.8</b>
<b>Consolidated result</b>	<b>M€</b>	<b>151.7</b>	<b>121.7</b>	<b>-612.7</b>
Net profit attributed to parent company	M€	147.1	112.9	-595.9
EBITDA margin (excluding capital gains)	%	26.9%	26.3%	N/A
Net debt	M€	1,884.9	2,028.8	2,603.8
Net debt / EBITDA ratio (excluding capital gains)	Multiple (x)	3,91x	4,31x	N/A

## Stock market evolution

	UNIT	2017	2018	2019	2020
No. of shares	M	229.70	229.70	229.70	220.40
Average daily volume	Thousands of shares	714.88	724.36	623.87	1,486.55
Maximum share price	€	13.89	12.66	9.18	8.34
Minimum share price	€	10.42	7.96	6.93	2.74
Closing price (as of December 31)	€	11.50	8.21	7.86	5.72
Market capitalization	M€	2,641.55	1,885.84	1,805.44	1,260.69
Dividend	€	0.13	0.17	0.18	-



# Good Governance indicators

## Corporate Governance

GRI 102-11

	UNIT	2017	2018	2019	2020
Board Members	Number	11	11	11	11
External proprietary directors	%	36.4	36.4	36.4	36.4
External independent directors	%	45.5	45.5	54.5	54.5
Board attendance (in person and by proxy)	%	100.0	100.0	100.0	100.0
Average membership of Board	Years	13.2	14.2	11	9.8
Directors' average age	Years	63.5	64.5	62.6	65.3
Female board members	%	18.2	18.2	27.3	27.3
Board meetings	Number	6	6	7	7
Quorum at the AGM	%	87.60	77.30	76.80	71.20
Compliance with CUBG CNMV recommendations (Compliant)	%	70.30	67.20	75.00	70.30

## Policies

POLICY	YEAR APPROVED	LINK	DESCRIPTION
Treasury Stock Policy	2020	<a href="#">See Policy</a>	This defines the general framework to be respected when carrying out any operation that affects Meliá treasury stock, including the purchase and sale of its own shares by the company or any of the Group companies
Director Selection & Diversity Policy	2020	<a href="#">See Policy</a>	This defines the principles that must govern procedures for the selection and proposal of appointments, ratification and re-election of members of the Board of Directors
Risk Control and Analysis Policy	2020	<a href="#">See Policy</a>	This defines the basic principles that govern risk management and the general framework for the control, analysis and assessment of possible risks, including tax risks, faced by Meliá and its Group.
Data Security Policy	2017	<a href="#">See Policy</a>	This defines the data security framework for the activities of Meliá and its Group
Joint Venture Policy	2017	<a href="#">See Policy</a>	This defines the principles that govern the relationships of Meliá and its Group with its different partners
Investment and Financing Policy	2019	<a href="#">See Policy</a>	Policy that defines the principles that govern investment and financing of projects by Meliá and its Group in order to optimize financial resources and maximise value. It defines general guidelines and criteria for the selection and determination of investments, objectivity in decision-making and optimal financial planning in response to strategic, regulatory and operational or tactical needs
Corporate Governance Policy	2017	<a href="#">See Policy</a>	Policy that defines the corporate governance principles for Meliá and its Group, leading to the creation of a governance model that complies with the pertinent regulations and recommendations and also guarantees the proper segregation of functions, coordination, monitoring and control
Marketing, Advertising and Communication Policy	2017	<a href="#">See Policy</a>	This contains the guidelines and principles regarding Meliá's communication with its different stakeholders
Sales Policy	2017	<a href="#">See Policy</a>	Policy that defines the guidelines for contracting processes with third parties (customers, tour operators, etc.) for Meliá and its Group, as well as guidelines on relationships with customers, competitors and the tourism industry in general
Procurement and Service Contracting Policy	2020	<a href="#">See Policy</a>	Policy that defines common and global guidelines and principles that must be applied in relationships with suppliers of goods or services
Privacy policy	2018	<a href="#">See Policy</a>	This defines the guidelines to be followed by Meliá and its Group in its own activities with regard to the generation, collection, treatment, storage and/or deletion of information
Communication Policy with Shareholders, Institutional Investors and Proxy Advisors	2020	<a href="#">See Policy</a>	This defines the principles that must govern Meliá's communication procedures with shareholders and investors and, insofar as is applicable, with other interested parties, such as financial analysts and proxy advisors, among others
Anti-Corruption Policy	2017	<a href="#">See Policy</a>	Policy that defines the principles that govern the conduct of all company directors and employees to prevent, detect, report and remedy any actions that under applicable regulations may be considered corrupt or criminal
Occupational Health and Safety Policy	2018	<a href="#">See Policy</a>	Policy that includes the objectives and commitments of Meliá in terms of occupational health and safety
Environmental Policy	2017	<a href="#">See Policy</a>	Policy that defines operational guidelines for Meliá and its Group with special attention to the environmental dimension and efficient, responsible and sustainable management

POLICY	YEAR APPROVED	LINK	DESCRIPTION
Human Resources Policy	2019	<a href="#">See Policy</a>	Policy that defines the basic principles for the respect of labour rights, the assurance of a satisfactory work environment, the prevention of occupational risks and the management of talent at the service of the professional development of the people
Corporate Responsibility Policy	2017	<a href="#">See Policy</a>	Policy that defines the general principles that ensure an ethical, responsible and sustainable management model
Fiscal Strategy Policy	2018	<a href="#">See Policy</a>	This defines the principles and guidelines for the company's performance within the framework of its fiscal strategy
Compliance Policy	2018	<a href="#">See Policy</a>	Policy that defines the principles and commitments of Meliá and its Group in terms of regulatory compliance
Human Rights Policy	2018	<a href="#">See Policy</a>	Policy that defines the principles, guidelines and commitments assumed by Meliá in relation to the protection and defence of human rights
Philanthropy Policy	2018	<a href="#">See Policy</a>	This defines the principles of Meliá and its Group in relation to social or philanthropic activities
Stakeholder Relationship Policy	2018	<a href="#">See Policy</a>	Policy that defines the principles and guidelines that govern the relationships of Meliá and its Group with the different stakeholders with which it interacts

# HR indicators

## Aggregated Perimeter

### Average workforce by gender, region, professional category and age (No.)

GRI 102-8, 405-1

Region	Gender	Year	Management				Middle Management				Staff				Total
			<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total	
EMEA	M	2020	0.50	15.31	10.57	26.39	11.27	119.99	16.67	147.93	530.89	747.69	77.91	1,356.49	1,530.81
		2019	-	22.20	17.37	39.57	26.97	229.33	46.17	302.47	934.62	1,106.15	143.15	2,183.92	2,525.96
	F	2020	-	4.86	1.05	5.91	13.21	64.88	13.87	91.96	508.70	485.15	53.46	1,047.32	1,145.19
		2019	-	4.92	2.87	7.79	37.78	182.62	29.22	249.62	962.90	929.82	127.65	2,020.37	2,277.78
	TOTAL	2020	0.50	20.17	11.62	32.30	24.47	184.87	30.54	239.89	1,039.59	1,232.84	131.38	2,403.81	2,675.99
		2019	-	27.12	20.25	47.36	64.75	411.96	75.39	552.09	1,897.51	2,035.98	270.80	4,204.29	4,803.74
CUBA	M	2020	-	-	-	-	10.00	158.00	60.00	228.00	679.00	1,954.24	803.00	3,436.24	3,664.24
		2019	-	13.98	9.00	22.98	223.00	12.17	1.00	236.17	5,947.00	23.06	1.62	5,971.68	6,230.83
	F	2020	-	-	-	-	9.00	90.00	41.00	140.00	390.00	1,301.00	420.00	2,111.00	2,251.00
		2019	-	1.00	-	1.00	153.00	3.00	-	156.00	5,394.37	9.28	2.00	5,405.65	5,562.65
	TOTAL	2020	-	-	-	-	19.00	248.00	101.00	368.00	1,069.00	3,255.24	1,223.00	5,547.24	5,915.24
		2019	-	14.98	9.00	23.98	376.00	15.17	1.00	392.17	11,341.37	32.34	3.62	11,377.33	11,793.48
SPAIN	M	2020	-	58.24	50.69	108.93	9.84	274.77	138.48	423.09	275.43	963.44	662.50	1,901.36	2,433.39
		2019	1.00	83.44	56.48	140.92	52.87	461.35	220.44	734.65	1,287.91	2,414.34	1,250.87	4,953.13	5,828.70
	F	2020	-	38.41	9.88	48.29	10.96	210.00	72.24	293.20	264.15	1,041.19	578.62	1,883.96	2,225.45
		2019	-	54.41	11.88	66.28	33.38	401.01	131.79	566.17	1,209.22	2,887.06	1,399.77	5,496.05	6,128.51
	TOTAL	2020	-	96.65	60.57	157.22	20.80	484.78	210.71	716.29	539.58	2,004.62	1,241.11	3,785.32	4,658.83
		2019	1.00	137.85	68.35	207.20	86.25	862.36	352.22	1,300.83	2,497.14	5,301.40	2,650.64	10,449.18	11,957.21
ASIA	M	2020	-	13.46	5.75	19.20	14.45	162.88	29.78	207.11	641.83	1,079.65	329.44	2,050.92	2,277.23
		2019	-	20.93	5.11	26.04	23.36	209.61	32.22	265.19	939.25	1,375.91	421.19	2,736.35	3,027.59
	F	2020	-	2.49	0.76	3.25	26.82	136.24	10.47	173.54	521.23	618.49	127.55	1,267.27	1,444.06
		2019	-	5.84	1.00	6.84	24.67	148.05	15.43	188.16	728.99	762.12	144.76	1,635.86	1,830.86
	TOTAL	2020	-	15.95	6.51	22.46	41.27	299.12	40.25	380.65	1,163.06	1,698.14	456.99	3,318.19	3,721.30
		2019	-	26.77	6.11	32.88	48.03	357.66	47.66	453.35	1,668.24	2,138.02	565.95	4,372.22	4,858.45
AMERICAS	M	2020	-	16.58	10.32	26.90	8.80	141.63	52.84	203.27	1,053.65	1,854.47	410.78	3,318.90	3,549.07
		2019	-	18.47	25.75	44.21	18.52	310.98	105.84	435.35	2,730.32	3,752.94	748.19	7,231.45	7,711.01
	F	2020	-	3.16	1.41	4.58	6.06	118.93	35.45	160.44	594.84	1,105.93	184.78	1,885.55	2,050.57
		2019	-	4.96	10.66	15.62	21.22	247.03	64.05	332.30	1,559.75	2,267.84	418.30	4,245.89	4,593.82
	TOTAL	2020	-	19.74	11.74	31.48	14.86	260.57	88.29	363.72	1,648.49	2,960.40	595.55	5,204.45	5,599.64
		2019	-	23.43	36.41	59.84	39.74	558.01	169.90	767.65	4,290.08	6,020.79	1,166.48	11,477.35	12,304.83
TOTAL		2020	0.50	152.52	90.43	243.45	120.40	1,477.34	470.80	2,068.54	5,459.72	11,151.25	3,648.04	20,259.01	22,571.00
		2019	1.00	230.15	140.11	371.26	614.77	2,205.16	646.16	3,466.09	21,694.34	15,528.53	4,657.50	41,880.37	45,717.71

Note: The 2019 workforce has been recalculated due to the fact that positions have been redistributed in Management, Middle Management and Staff categories to align the data with the company's new organisational model

## Average workforce by gender, region, professional category and type of working day (No.)

GRI 102-8

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
			FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	
EMEA	M	2020	26.39	-	26.39	147.30	0.63	147.93	1,327.24	29.25	1,356.49	1,530.81
		2019	39.57	-	39.57	301.95	0.53	302.47	2,122.87	61.05	2,183.92	2,525.96
	F	2020	5.91	-	5.91	87.80	4.16	91.96	1,003.19	44.12	1,047.32	1,145.19
		2019	7.79	-	7.79	240.56	9.06	249.62	1,916.57	103.80	2,020.37	2,277.78
	TOTAL	2020	32.30	-	32.30	235.09	4.79	239.89	2,330.43	73.37	2,403.81	2,675.99
		2019	47.36	-	47.36	542.51	9.58	552.09	4,039.43	164.85	4,204.29	4,803.74
CUBA	M	2020	-	-	-	228.00	-	228.00	3,285.99	150.00	3,435.99	3,663.99
		2019	22.98	-	22.98	229.17	7.00	236.17	5,695.68	276.00	5,971.68	6,230.83
	F	2020	-	-	-	140.00	-	140.00	1,983.25	128.00	2,111.25	2,251.25
		2019	1.00	-	1.00	153.00	3.00	156.00	5,157.65	248.00	5,405.65	5,562.65
	TOTAL	2020	-	-	-	368.00	-	368.00	5,269.24	278.00	5,547.24	5,915.24
		2019	23.98	-	23.98	382.17	10.00	392.17	10,853.33	524.00	11,377.33	11,793.48
SPAIN	M	2020	107.21	1.71	108.93	415.33	7.77	423.09	1,799.14	102.22	1,901.36	2,433.39
		2019	138.85	2.06	140.92	723.76	10.89	734.65	4,786.91	166.22	4,953.13	5,828.70
	F	2020	48.29	-	48.29	289.13	4.07	293.20	1,750.75	133.21	1,883.96	2,225.45
		2019	66.28	-	66.28	561.86	4.32	566.17	5,179.75	316.31	5,496.05	6,128.51
	TOTAL	2020	155.50	1.71	157.22	704.46	11.83	716.29	3,549.89	235.43	3,785.32	4,658.83
		2019	205.14	2.06	207.20	1,285.62	15.21	1,300.83	9,966.65	482.53	10,449.18	11,957.21
ASIA	M	2020	19.20	-	19.20	206.24	0.86	207.11	2,044.10	6.82	2,050.92	2,277.23
		2019	26.04	-	26.04	265.11	0.08	265.19	2,735.02	1.33	2,736.35	3,027.59
	F	2020	3.25	-	3.25	173.54	-	173.54	1,263.87	3.40	1,267.27	1,444.06
		2019	6.84	-	6.84	188.16	-	188.16	1,635.09	0.78	1,635.86	1,830.86
	TOTAL	2020	22.46	-	22.46	379.78	0.86	380.65	3,307.97	10.22	3,318.19	3,721.30
		2019	32.88	-	32.88	453.27	0.08	453.35	4,370.11	2.11	4,372.22	4,858.45
AMERICAS	M	2020	26.90	-	26.90	202.78	0.50	203.27	3,304.00	14.90	3,318.90	3,549.07
		2019	44.21	-	44.21	435.35	-	435.35	7,225.55	5.91	7,231.45	7,711.01
	F	2020	4.58	-	4.58	159.94	0.50	160.44	1,875.09	10.46	1,885.55	2,050.57
		2019	15.62	-	15.62	332.30	-	332.30	4,240.97	4.92	4,245.89	4,593.82
	TOTAL	2020	31.48	-	31.48	362.72	1.00	363.72	5,179.09	25.36	5,204.45	5,599.64
		2019	59.84	-	59.84	767.65	-	767.65	11,466.52	10.83	11,477.35	12,304.83
TOTAL		2020	241.74	1.71	243.45	2,050.05	18.49	2,068.54	19,636.62	622.39	20,259.01	22,571.00
		2019	369.20	2.06	371.26	3,431.21	34.87	3,466.09	40,696.05	1,184.32	41,880.37	45,717.71

Note: The 2019 workforce has been recalculated due to the fact that positions have been redistributed in Management, Middle Management and Staff categories to align the data with the company's new organisational model

## Average workforce by gender, region, professional category and type of contract (No.)

GRI 102-8

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
			PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	
EMEA	M	2020	24.85	1.54	26.39	142.14	5.78	147.93	1,167.18	189.31	1,356.49	1,530.81
		2019	39.57	-	39.57	287.55	14.92	302.47	2,011.13	172.79	2,183.92	2,525.96
	F	2020	5.91	-	5.91	88.39	3.57	91.96	886.75	160.56	1,047.32	1,145.19
		2019	7.79	-	7.79	241.66	7.96	249.62	1,834.51	185.86	2,020.37	2,277.78
	TOTAL	2020	30.76	1.54	32.30	230.54	9.35	239.89	2,053.93	349.88	2,403.81	2,675.99
		2019	47.36	-	47.36	529.21	22.88	552.09	3,845.64	358.64	4,204.29	4,803.74
CUBA	M	2020	-	-	-	221.00	7.00	228.00	3,172.40	263.59	3,435.99	3,663.99
		2019	22.98	-	22.98	232.17	4.00	236.17	4,437.68	1,534.00	5,971.68	6,230.83
	F	2020	-	-	-	136.00	4.00	140.00	1,947.95	163.30	2,111.25	2,251.25
		2019	1.00	-	1.00	147.00	9.00	156.00	3,834.65	1,571.00	5,405.65	5,562.65
	TOTAL	2020	-	-	-	357.00	11.00	368.00	5,120.35	426.89	5,547.24	5,915.24
		2019	23.98	-	23.98	379.17	13.00	392.17	8,272.33	3,105.00	11,377.33	11,793.48
SPAIN	M	2020	107.99	0.93	108.93	409.14	13.95	423.09	1,417.63	483.73	1,901.36	2,433.39
		2019	140.10	0.82	140.92	694.05	40.61	734.65	3,188.50	1,764.63	4,953.13	5,828.70
	F	2020	48.29	-	48.29	284.19	9.01	293.20	1,386.18	497.78	1,883.96	2,225.45
		2019	66.28	-	66.28	541.61	24.56	566.17	3,334.29	2,161.76	5,496.05	6,128.51
	TOTAL	2020	156.28	0.93	157.22	693.33	22.96	716.29	2,803.81	981.51	3,785.32	4,658.83
		2019	206.38	0.82	207.20	1,235.66	65.17	1,300.83	6,522.79	3,926.39	10,449.18	11,957.21
ASIA	M	2020	17.69	1.52	19.20	207.11	-	207.11	2,050.75	0.17	2,050.92	2,277.23
		2019	25.34	0.70	26.04	265.19	-	265.19	2,736.16	0.19	2,736.35	3,027.59
	F	2020	3.25	-	3.25	167.65	5.89	173.54	1,264.43	2.84	1,267.27	1,444.06
		2019	6.84	-	6.84	182.82	5.34	188.16	1,634.21	1.65	1,635.86	1,830.86
	TOTAL	2020	20.94	1.52	22.46	374.76	5.89	380.65	3,315.18	3.01	3,318.19	3,721.30
		2019	32.18	0.70	32.88	448.01	5.34	453.35	4,370.37	1.84	4,372.22	4,858.45
AMERICAS	M	2020	26.72	0.18	26.90	192.05	11.23	203.27	2,645.27	673.62	3,318.90	3,549.07
		2019	43.36	0.85	44.21	398.08	37.26	435.35	5,912.17	1,319.28	7,231.45	7,711.01
	F	2020	4.58	-	4.58	153.61	6.83	160.44	1,471.31	414.24	1,885.55	2,050.57
		2019	15.62	-	15.62	313.18	19.13	332.30	3,382.79	863.10	4,245.89	4,593.82
	TOTAL	2020	31.30	0.18	31.48	345.66	18.06	363.72	4,116.58	1,087.87	5,204.45	5,599.64
		2019	58.99	0.85	59.84	711.26	56.39	767.65	9,294.96	2,182.39	11,477.35	12,304.83
TOTAL		2020	239.28	4.18	243.45	2,001.29	67.26	2,068.54	17,409.85	2,849.16	20,259.01	22,571.00
		2019	368.89	2.37	371.26	3,303.30	162.78	3,466.09	32,306.10	9,574.27	41,880.37	45,717.71

Note: The 2019 workforce has been recalculated due to the fact that positions have been redistributed in Management, Middle Management and Staff categories to align the data with the company's new organisational model

## Employed and active staff by region (No.)

REGION	EMPLOYED WORKFORCE	ACTIVE WORKFORCE
SPAIN	9,318.96	4,658.83
AMERICAS	8,315.65	5,599.64
EMEA	4,571.39	2,675.99
ASIA	4,696.48	3,721.30
CUBA	Note*	5,915.24
<b>TOTAL</b>	<b>26,902.48</b>	<b>22,571.00</b>

(\*) Note: The average workforce employed through the state agency in Cuba in 2020 was 5,915.24 FTE

## New contracts by gender, age, professional category and type of contract (%)

GRI 401-1

LEVEL	AGE	PERMANENT			TEMPORARY			TOTAL
		F	M	TOTAL	F	M	TOTAL	
MANAGEMENT	< 30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	30 - 50	0.1%	0.3%	0.3%	0.0%	0.1%	0.1%	0.4%
	>50	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
	Total	0.1%	0.4%	0.5%	0.0%	0.1%	0.1%	0.6%
MIDDLE MANAGEMENT	< 30	0.5%	0.4%	0.9%	0.1%	0.0%	0.2%	1.1%
	30 - 50	2.0%	2.6%	4.6%	0.5%	0.6%	1.1%	5.7%
	>50	0.2%	0.3%	0.5%	0.1%	0.0%	0.1%	0.6%
	Total	2.7%	3.3%	6.1%	0.7%	0.6%	1.4%	7.4%
STAFF	< 30	10.8%	15.5%	26.4%	9.3%	11.1%	20.5%	46.8%
	30 - 50	5.7%	12.9%	18.6%	11.0%	10.9%	21.9%	40.5%
	>50	0.3%	0.9%	1.2%	1.9%	1.5%	3.5%	4.7%
	Total	16.8%	29.3%	46.1%	22.3%	23.6%	45.9%	92.0%
TOTAL		19.6%	33.0%	52.7%	23.0%	24.4%	47.4%	100.0%

## New contracts by gender, age, professional category and type of working day (%)

GRI 401-1

LEVEL	AGE	FULL-TIME			PART-TIME			TOTAL
		F	M	TOTAL	F	M	TOTAL	
MANAGEMENT	< 30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	30 - 50	0.1%	0.4%	0.4%	0.0%	0.0%	0.0%	0.4%
	>50	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
	Total	0.1%	0.5%	0.6%	0.0%	0.0%	0.0%	0.6%
MIDDLE MANAGEMENT	< 30	0.6%	0.4%	1.1%	0.0%	0.0%	0.0%	1.1%
	30 - 50	2.5%	3.0%	5.6%	0.1%	0.1%	0.2%	5.7%
	>50	0.3%	0.4%	0.6%	0.0%	0.0%	0.0%	0.6%
	Total	3.4%	3.8%	7.3%	0.1%	0.1%	0.2%	7.4%
STAFF	< 30	18.9%	25.4%	44.3%	1.3%	1.2%	2.5%	46.8%
	30 - 50	15.3%	23.1%	38.4%	1.3%	0.7%	2.1%	40.5%
	>50	2.0%	2.3%	4.3%	0.2%	0.1%	0.3%	4.7%
	Total	36.2%	50.9%	87.1%	2.9%	2.0%	4.9%	92.0%
TOTAL		39.7%	55.2%	94.9%	2.9%	2.1%	5.1%	100.0%

## Turnover rate for average workforce by gender, region and age (%)

GRI 401-1

REGION	GENDER	VOLUNTARY TURNOVER				TOTAL TURNOVER			
		<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
EMEA	M	8.7%	7.3%	6.3%	7.8%	39.5%	31.4%	24.4%	34.1%
	F	9.8%	8.8%	8.3%	9.3%	37.4%	31.0%	18.9%	33.2%
	TOTAL	9.3%	8.0%	7.2%	8.5%	38.5%	31.3%	22.0%	33.7%
CUBA	M	38.3%	17.2%	13.4%	20.3%	38.3%	17.2%	13.4%	20.3%
	F	50.4%	22.1%	11.3%	24.9%	50.4%	22.1%	11.3%	24.9%
	TOTAL	42.7%	19.1%	12.7%	22.0%	42.7%	19.1%	12.7%	22.0%
SPAIN	M	5.3%	3.3%	5.7%	4.4%	49.5%	26.0%	14.7%	26.5%
	F	4.2%	2.8%	2.7%	3.0%	49.3%	31.0%	19.4%	30.6%
	TOTAL	4.7%	3.0%	4.3%	3.7%	49.4%	28.7%	17.0%	28.7%
ASIA	M	9.9%	6.2%	9.5%	7.9%	25.7%	18.4%	19.5%	20.9%
	F	10.2%	4.4%	7.8%	7.1%	31.0%	22.2%	22.9%	25.9%
	TOTAL	10.0%	5.5%	9.1%	7.6%	28.2%	19.8%	20.4%	22.9%
AMERICAS	M	28.0%	19.9%	9.3%	21.8%	64.0%	51.2%	40.8%	54.8%
	F	30.4%	20.1%	9.6%	22.7%	65.2%	50.7%	44.9%	55.1%
	TOTAL	28.9%	20.0%	9.4%	22.1%	64.4%	51.0%	42.3%	54.9%
TOTAL		18.8%	11.3%	7.1%	12.7%	49.2%	33.4%	21.2%	35.7%



## Training by professional category and gender (No. hours)

GRI 401-1

PROFESSIONAL CATEGORY	GENDER	TOTAL HOURS	HOURS / EMPLOYEE
MANAGEMENT	M	5,130.29	28.28
	F	2,581.20	41.61
	TOTAL	7,711.49	31.68
MIDDLE MANAGEMENT	M	43,352.45	35.85
	F	34,406.20	40.05
	TOTAL	77,758.66	37.59
STAFF	M	223,856.94	18.56
	F	200,890.46	24.51
	TOTAL	424,747.40	20.97
TOTAL		510,217.55	22.61

## Consolidated Perimeter

### Average workforce by gender, region, professional category and age (No.)

GRI 102-8, 405-1

REGION	GENDER	YEAR	MANAGEMENT				MIDDLE MANAGEMENT				STAFF				TOTAL
			<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
EMEA	M	2020	-	11.28	9.38	20.66	4.07	67.76	13.67	85.50	175.51	245.58	49.58	470.68	576.84
		2019	-	15.86	14.62	30.48	18.25	148.36	33.92	200.54	382.25	541.79	115.58	1,039.62	1,270.65
	F	2020	-	2.15	1.05	3.20	10.70	46.11	12.87	69.69	207.71	170.89	36.65	415.25	488.13
		2019	-	3.62	2.87	6.50	36.37	133.69	26.82	196.89	403.98	438.96	97.78	940.72	1,144.10
	TOTAL	2020	-	13.43	10.43	23.86	14.77	113.88	26.54	155.18	383.22	416.48	86.23	885.93	1,064.97
		2019	-	19.48	17.50	36.98	54.63	282.06	60.74	397.43	786.23	980.74	213.37	1,980.34	2,414.75
CUBA	M	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
		2019	-	-	-	-	-	8.25	1.00	9.25	-	22.56	1.62	24.18	33.43
	F	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
		2019	-	1.00	-	1.00	-	3.00	-	3.00	0.37	9.28	2.00	11.65	15.65
	TOTAL	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
		2019	-	1.00	-	1.00	-	11.25	1.00	12.25	0.37	31.84	3.62	35.83	49.08
SPAIN	M	2020	-	53.28	44.69	97.96	3.03	194.78	89.81	287.61	178.23	613.88	323.32	1,115.43	1,501.00
		2019	1.00	76.50	48.29	125.79	22.78	358.35	162.52	543.65	776.58	1,744.42	864.24	3,385.25	4,054.68
	F	2020	-	35.77	9.88	45.65	8.86	172.45	53.12	234.42	164.53	670.43	326.92	1,161.88	1,441.95
		2019	-	51.58	11.88	63.45	23.06	336.38	103.33	462.77	749.88	2,110.95	953.74	3,814.57	4,340.79
	TOTAL	2020	-	89.04	54.57	143.61	11.89	367.22	142.92	522.04	342.76	1,284.30	650.25	2,277.30	2,942.95
		2019	1.00	128.07	60.16	189.24	45.84	694.73	265.85	1,006.42	1,526.46	3,855.37	1,817.98	7,199.81	8,395.47
ASIA	M	2020	-	4.55	2.28	6.83	-	3.46	-	3.46	0.76	-	-	0.76	11.05
		2019	-	8.70	1.33	10.03	-	6.05	-	6.05	2.00	0.83	-	2.83	18.92
	F	2020	-	0.76	0.76	1.52	2.14	9.74	-	11.88	3.86	4.71	-	8.57	21.96
		2019	-	1.28	1.00	2.28	2.41	12.12	0.33	14.85	3.24	4.16	-	7.41	24.55
	TOTAL	2020	-	5.31	3.04	8.35	2.14	13.20	-	15.34	4.62	4.71	-	9.33	33.01
		2019	-	9.98	2.33	12.32	2.41	18.17	0.33	20.91	5.24	5.00	-	10.24	43.47
AMERICAS	M	2020	-	13.24	9.02	22.27	6.26	106.25	43.46	155.98	851.67	1,526.49	335.06	2,713.22	2,891.46
		2019	-	10.81	20.48	31.29	12.38	211.79	77.52	301.69	2,189.84	3,040.64	571.99	5,802.48	6,135.47
	F	2020	-	3.11	1.41	4.52	2.94	90.82	28.79	122.56	480.02	823.46	111.74	1,415.22	1,542.30
		2019	-	1.00	9.66	10.66	11.80	157.13	49.23	218.16	1,191.18	1,556.04	189.90	2,937.11	3,165.94
	TOTAL	2020	-	16.35	10.44	26.79	9.21	197.08	72.25	278.54	1,331.69	2,349.95	446.79	4,128.43	4,433.76
		2019	-	11.81	30.14	41.96	24.18	368.93	126.75	519.86	3,381.02	4,596.68	761.89	8,739.59	9,301.40
TOTAL		2020	-	124.13	78.47	202.60	38.00	691.38	241.72	971.10	2,062.29	4,055.44	1,183.26	7,300.99	8,474.69
		2019	1.00	170.35	110.14	281.49	127.05	1,375.14	454.67	1,956.86	5,699.33	9,469.63	2,796.86	17,965.82	20,204.17

Note: The 2019 workforce has been recalculated due to the fact that positions have been redistributed in Management, Middle Management and Staff categories to align the data with the company's new organisational model

## Average workforce by gender, region, professional category and type of working day (No.)

GRI 102-8

Region	Gender	Year	Management			Middle Management			Staff			Total
			Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
EMEA	M	2020	20.66	-	20.66	84.87	0.63	85.50	441.68	29.00	470.68	576.84
		2019	30.48	-	30.48	200.01	0.53	200.54	982.96	56.66	1,039.62	1,270.65
	F	2020	3.20	-	3.20	65.52	4.16	69.69	371.13	44.12	415.25	488.13
		2019	6.50	-	6.50	187.83	9.06	196.89	841.61	99.11	940.72	1,144.10
	TOTAL	2020	23.86	-	23.86	150.39	4.79	155.18	812.81	73.12	885.93	1,064.97
		2019	36.98	-	36.98	387.84	9.58	397.43	1,824.57	155.77	1,980.34	2,414.75
CUBA	M	2020	-	-	-	-	-	-	-	-	-	-
		2019	-	-	-	9.25	-	9.25	24.18	-	24.18	33.43
	F	2020	-	-	-	-	-	-	-	-	-	-
		2019	1.00	-	1.00	3.00	-	3.00	11.65	-	11.65	15.65
	TOTAL	2020	-	-	-	-	-	-	-	-	-	-
		2019	1.00	-	1.00	12.25	-	12.25	35.83	-	35.83	49.08
SPAIN	M	2020	96.40	1.56	97.96	281.57	6.04	287.61	1,077.34	38.09	1,115.43	1,501.00
		2019	123.87	1.91	125.79	534.78	8.86	543.65	3,299.47	85.78	3,385.25	4,054.68
	F	2020	45.65	-	45.65	231.21	3.21	234.42	1,103.88	58.00	1,161.88	1,441.95
		2019	63.45	-	63.45	459.25	3.52	462.77	3,627.69	186.88	3,814.57	4,340.79
	TOTAL	2020	142.05	1.56	143.61	512.78	9.25	522.04	2,181.22	96.08	2,277.30	2,942.95
		2019	187.32	1.91	189.24	994.04	12.38	1,006.42	6,927.15	272.66	7,199.81	8,395.47
ASIA	M	2020	6.83	-	6.83	3.46	-	3.46	0.76	-	0.76	11.05
		2019	10.03	-	10.03	6.05	-	6.05	2.83	-	2.83	18.92
	F	2020	1.52	-	1.52	11.88	-	11.88	8.57	-	8.57	21.96
		2019	2.28	-	2.28	14.85	-	14.85	7.41	-	7.41	24.55
	TOTAL	2020	8.35	-	8.35	15.34	-	15.34	9.33	-	9.33	33.01
		2019	12.32	-	12.32	20.91	-	20.91	10.24	-	10.24	43.47
AMERICAS	M	2020	22.27	-	22.27	155.98	-	155.98	2,709.28	3.93	2,713.22	2,891.46
		2019	31.29	-	31.29	301.69	-	301.69	5,799.34	3.14	5,802.48	6,135.47
	F	2020	4.52	-	4.52	122.56	-	122.56	1,413.73	1.49	1,415.22	1,542.30
		2019	10.66	-	10.66	218.16	-	218.16	2,934.77	2.34	2,937.11	3,165.94
	TOTAL	2020	26.79	-	26.79	278.54	-	278.54	4,123.01	5.42	4,128.43	4,433.76
		2019	41.96	-	41.96	519.86	-	519.86	8,734.11	5.48	8,739.59	9,301.40
TOTAL		2020	201.04	1.56	202.60	957.06	14.04	971.10	7,126.37	174.63	7,300.99	8,474.69
		2019	279.57	1.91	281.49	1,934.90	21.97	1,956.86	17,531.91	433.91	17,965.82	20,204.17

Note: The 2019 workforce has been recalculated due to the fact that positions have been redistributed in Management, Middle Management and Staff categories to align the data with the company's new organisational model

## Average workforce by gender, region, professional category and type of contract (No.)

GRI 102-8

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
			PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	
EMEA	M	2020	19.12	1.54	20.66	79.80	5.70	85.50	341.30	129.38	470.68	576.84
		2019	30.48	-	30.48	187.86	12.68	200.54	906.05	133.58	1,039.62	1,270.65
	F	2020	3.20	-	3.20	66.62	3.06	69.69	270.17	145.08	415.25	488.13
		2019	6.50	-	6.50	190.97	5.91	196.89	800.23	140.49	940.72	1,144.10
	TOTAL	2020	22.32	1.54	23.86	146.42	8.77	155.18	611.47	274.46	885.93	1,064.97
		2019	36.98	-	36.98	378.83	18.59	397.43	1,706.28	274.07	1,980.34	2,414.75
CUBA	M	2020	-	-	-	-	-	-	-	-	-	-
		2019	-	-	-	9.25	-	9.25	24.18	-	24.18	33.43
	F	2020	-	-	-	-	-	-	-	-	-	-
		2019	1.00	-	1.00	3.00	-	3.00	11.65	-	11.65	15.65
	TOTAL	2020	-	-	-	-	-	-	-	-	-	-
		2019	1.00	-	1.00	12.25	-	12.25	35.83	-	35.83	49.08
SPAIN	M	2020	97.03	0.93	97.96	279.04	8.57	287.61	851.41	264.01	1,115.43	1,501.00
		2019	124.97	0.82	125.79	517.09	26.55	543.65	2,207.71	1,177.54	3,385.25	4,054.68
	F	2020	45.65	-	45.65	228.00	6.42	234.42	878.24	283.64	1,161.88	1,441.95
		2019	63.45	-	63.45	446.45	16.32	462.77	2,332.20	1,482.37	3,814.57	4,340.79
	TOTAL	2020	142.68	0.93	143.61	507.04	15.00	522.04	1,729.65	547.66	2,277.30	2,942.95
		2019	188.42	0.82	189.24	963.54	42.88	1,006.42	4,539.91	2,659.90	7,199.81	8,395.47
ASIA	M	2020	5.31	1.52	6.83	3.46	-	3.46	0.76	-	0.76	11.05
		2019	9.33	0.70	10.03	6.05	-	6.05	2.83	-	2.83	18.92
	F	2020	1.52	-	1.52	7.37	4.51	11.88	5.73	2.84	8.57	21.96
		2019	2.28	-	2.28	10.23	4.63	14.85	5.92	1.49	7.41	24.55
	TOTAL	2020	6.83	1.52	8.35	10.83	4.51	15.34	6.49	2.84	9.33	33.01
		2019	11.61	0.70	12.32	16.28	4.63	20.91	8.75	1.49	10.24	43.47
AMERICAS	M	2020	22.08	0.18	22.27	144.75	11.23	155.98	2,056.15	657.07	2,713.22	2,891.46
		2019	30.44	0.85	31.29	268.72	32.98	301.69	4,521.99	1,280.49	5,802.48	6,135.47
	F	2020	4.52	-	4.52	117.86	4.70	122.56	1,010.69	404.53	1,415.22	1,542.30
		2019	10.66	-	10.66	201.43	16.73	218.16	2,099.75	837.36	2,937.11	3,165.94
	TOTAL	2020	26.60	0.18	26.79	262.61	15.93	278.54	3,066.84	1,061.60	4,128.43	4,433.76
		2019	41.11	0.85	41.96	470.15	49.71	519.86	6,621.75	2,117.85	8,739.59	9,301.40
TOTAL		2020	198.43	4.18	202.60	926.89	44.21	971.10	5,414.45	1,886.54	7,300.99	8,474.69
		2019	279.12	2.37	281.49	1,841.06	115.81	1,956.86	12,912.51	5,053.31	17,965.82	20,204.17

Note: The 2019 workforce has been recalculated due to the fact that positions have been redistributed in Management, Middle Management and Staff categories to align the data with the company's new organisational model

## Employed and active staff by region (No.)

REGION	EMPLOYED WORKFORCE	ACTIVE WORKFORCE
SPAIN	6,983.04	2,942.95
AMERICAS	6,210.61	4,433.76
EMEA	2,214.18	1,064.97
ASIA	39.36	33.01
CUBA	-	-
<b>TOTAL</b>	<b>15,447.18</b>	<b>8,474.69</b>

## New contracts by gender, age, professional category and type of contract (%)

GRI 401-1

LEVEL	AGE	PERMANENT			TEMPORARY			TOTAL
		F	M	TOTAL	F	M	TOTAL	
MANAGEMENT	< 30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	30 - 50	0.1%	0.1%	0.2%	0.0%	0.1%	0.1%	0.3%
	>50	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
	Total	0.1%	0.2%	0.4%	0.0%	0.2%	0.2%	0.6%
MIDDLE MANAGEMENT	< 30	0.0%	0.1%	0.1%	0.2%	0.0%	0.2%	0.3%
	30 - 50	0.9%	1.5%	2.3%	0.4%	0.7%	1.1%	3.4%
	>50	0.2%	0.4%	0.6%	0.0%	0.1%	0.1%	0.7%
	Total	1.1%	2.0%	3.1%	0.6%	0.8%	1.3%	4.4%
STAFF	< 30	7.5%	12.3%	19.9%	12.5%	14.7%	27.1%	46.9%
	30 - 50	4.6%	11.4%	16.0%	13.4%	13.8%	27.2%	43.2%
	>50	0.3%	0.9%	1.2%	1.9%	1.8%	3.7%	5.0%
	Total	12.4%	24.6%	37.0%	27.8%	30.3%	58.1%	95.0%
TOTAL		13.6%	26.8%	40.5%	28.4%	31.2%	59.6%	100.0%

## New contracts by gender, age, professional category and type of working day (%)

GRI 401-1

LEVEL	AGE	FULL-TIME			PART-TIME			TOTAL
		F	M	TOTAL	F	M	TOTAL	
MANAGEMENT	< 30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	30 - 50	0.1%	0.4%	0.4%	0.0%	0.0%	0.0%	0.4%
	>50	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
	Total	0.1%	0.4%	0.6%	0.0%	0.0%	0.0%	0.6%
MIDDLE MANAGEMENT	< 30	0.2%	0.1%	0.3%	0.0%	0.0%	0.0%	0.3%
	30 - 50	1.2%	2.2%	3.4%	0.1%	0.0%	0.1%	3.4%
	>50	0.2%	0.4%	0.7%	0.0%	0.0%	0.0%	0.7%
	Total	1.6%	2.8%	4.3%	0.1%	0.0%	0.1%	4.4%
STAFF	< 30	18.2%	25.9%	44.1%	1.8%	1.0%	2.8%	46.9%
	30 - 50	16.3%	24.4%	40.6%	1.8%	0.7%	2.5%	43.2%
	>50	1.8%	2.6%	4.5%	0.4%	0.1%	0.5%	5.0%
	Total	36.3%	52.9%	89.2%	3.9%	1.9%	5.8%	95.0%
TOTAL		38.0%	56.1%	94.1%	4.0%	1.9%	5.9%	100.0%

## Turnover rate for average workforce by gender, region and age (%)

GRI 401-1

REGION	GENDER	VOLUNTARY ROTATION				TOTAL TURNOVER			
		<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
EMEA	M	41.1%	25.9%	21.0%	30.7%	15.2%	11.0%	7.0%	12.0%
	F	38.6%	29.9%	16.1%	32.6%	15.6%	13.3%	10.5%	14.1%
	TOTAL	39.7%	27.7%	18.8%	31.6%	15.5%	12.0%	8.5%	13.1%
SPAIN	M	46.2%	24.8%	14.9%	25.6%	5.6%	3.4%	6.4%	4.7%
	F	47.9%	29.9%	19.2%	29.9%	4.4%	2.9%	2.8%	3.1%
	TOTAL	47.0%	27.6%	17.1%	27.9%	5.0%	3.1%	4.6%	3.9%
ASIA	M	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	F	0.0%	15.0%	0.0%	10.7%	0.0%	0.0%	0.0%	0.0%
	TOTAL	0.0%	10.0%	0.0%	7.1%	0.0%	0.0%	0.0%	0.0%
AMERICAS	M	67.5%	54.5%	40.9%	58.0%	31.8%	23.0%	11.1%	25.2%
	F	69.0%	54.7%	37.3%	59.0%	36.0%	26.0%	15.2%	29.0%
	TOTAL	68.0%	54.6%	39.9%	58.4%	33.2%	24.1%	12.2%	26.5%
TOTAL		58.2%	39.9%	22.6%	42.3%	23.6%	13.7%	6.7%	15.4%

## Number of dismissals by professional category, age and gender

LEVEL	AGE	WOMEN	MEN	TOTAL
MANAGEMENT	<30	-	-	-
	30-50	7	3	10
	>50	3	7	10
	TOTAL	10	10	20
MIDDLE MANAGEMENT	<30	26	27	53
	30-50	8	12	20
	>50	1	2	3
	TOTAL	35	41	76
STAFF	<30	195	220	415
	30-50	31	67	98
	>50	162	184	346
	TOTAL	388	471	859
<b>TOTAL</b>		<b>433</b>	<b>522</b>	<b>955</b>

## Average remuneration and pay gap by professional category and age (€ and ratio)

GRI 405-2

TYPE OF REMUNERATION	GENDER	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
		<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	
FIXED REMUNERATION	M	€ 88,598	€ 114,920	€ 30,806	€ 37,927	€ 39,015	€ 8,808	€ 12,672	€ 18,428	€ 15,130	
	F	€ 77,188	€ 85,032	€ 29,894	€ 34,808	€ 38,108	€ 11,998	€ 15,220	€ 19,233	€ 16,952	
	GAP		0.87	0.74	0.97	0.92	0.98	1.36	1.20	1.04	1.12

Notes:

a. The remunerations used in this calculation by the Group refers to the employees that would have been present in a normal situation were it not for the pandemic (especially furloughed staff), with the aim of facilitating a comparison with previous and future years. The Group has taken into account the situation in each country and the measures allowed by employment regulations to make different decisions with respect to the protection of employment and the compensation of remuneration paid to employees by national social security systems. For more information see the chapter on People - Employment protection measures. The actual remuneration received by Group employees can be seen in Note 8.3 of the Consolidated Accounts.

b. Neither partial retirements, interns, extras for banquets nor hourly wages have been taken into account in any of the calculations.

c. Due to the exceptional circumstances caused by COVID-19, the best estimate the Group has been able to make regarding variable remuneration does not allow allocation by age groups, professional category or gender (see Note 8.3 of the Consolidated Accounts regarding Personnel Costs)

## Wage gap by professional category and country (ratio)

GRI 405-2

FIXED REMUNERATION	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL	CHINA	USA
<b>BUSINESS UNITS</b>										
HOTEL MANAGEMENT	0.83		0.74	0.65	1.11		1.29			
MIDDLE MANAGEMENT	0.92	0.88	0.92	0.90	0.80	0.94	1.09			0.98
STAFF	0.94	1.08	0.99	0.93	0.98	0.99	0.94			1.11
<b>CORPORATE OFFICES</b>										
MANAGEMENT	0.81	0.70	0.96						0.86	0.78
MIDDLE MANAGEMENT	0.87	0.59	0.66	0.89	0.87	0.81	0.97	0.61	1.03	0.92
TECHNICIANS	0.93	1.32	0.67	0.70	0.91		1.67	1.07	0.56	1.01
STAFF	0.96	0.74	0.74							

The wage gap ratio does not include countries with a very reduced workforce (Luxembourg, Austria, Peru, Croatia and Bulgaria), but they are included in the gap calculations by age and by category. Venezuela is also not included due to the hyperinflation in the country.



## Ratio of basic wage to local minimum wage by gender

GRI 202-1

RATIO	GENDER	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL
BASIC WAGE / MINIMUM WAGE FOR COUNTRY	M	1.01	1.00	1.00	1.08	1.00	1.01	1.00	1.34
	F	1.01	1.00	1.00	1.00	1.00	1.01	1.00	1.34

## Training by professional category and gender (No. hours)

GRI 404-1:

PROFESSIONAL CATEGORY	GENDER	TOTAL HOURS	HOURS / EMPLOYEE
MANAGEMENT	M	3,855.15	26.10
	F	2,361.56	43.03
	TOTAL	6,216.71	30.68
MIDDLE MANAGEMENT	M	22,319.54	41.91
	F	20,270.16	46.22
	TOTAL	42,589.70	43.86
STAFF	M	140,574.26	32.69
	F	126,539.37	42.17
	TOTAL	267,113.62	36.59
TOTAL		315,920.04	37.28

# Occupational health and safety indicators

## Aggregated Perimeter

### Occupational health indicators

GRI: 403-2; 403-9; 403-10

INDICATOR	GENDER	WORKPLACE ACCIDENTS	OCCUPATIONAL ILLNESS*
		2020	2020
INCIDENT INDEX	M	31.26	0.92
	F	34.48	2.95
	TOTAL	32.59	1.90
FREQUENCY INDEX	M	17.61	0.55
	F	19.58	1.75
	TOTAL	18.41	1.13
SEVERITY INDEX	M	0.21	0.09
	F	0.33	0.12
	TOTAL	0.26	0.11
NUMBER OF WORK ACCIDENTS	M	298.00	2.00
	F	230.00	6.00
	TOTAL	528.00	8.00
NUMBER OF DEATHS	M	0	0
	F	0	0
	TOTAL	0	0

(\*) Scope - Spain

Note: In 2020 the measurement was extended to the aggregated perimeter, so no data is available for 2019

### Absenteeism

GRI: 403-2; 403-9; 403-10

INDICATOR	GENDER	WORKPLACE ACCIDENTS	OCCUPATIONAL ILLNESS*	COMMON ILLNESS*	COVID-19*	TOTAL ABSENTEEISM*
		2020	2020	2020	2020	2020
ABSENTEEISM RATE	M	0.16	0.07	10.95	0.79	12.05
	F	0.26	0.09	16.68	0.67	17.81
	TOTAL	0.20	0.08	13.72	0.73	14.84
NUMBER OF DAYS LOST	M	3,093.75	343.00	50,201.00	3,632.00	55,246.75
	F	3,787.95	405.00	71,426.00	2,864.00	76,291.45
	TOTAL	6,881.70	748.00	121,627.00	6,496.00	131,538.20
NUMBER OF HOURS LOST	M	24,229.02	2,744.00	401,608.00	29,056.00	441,974.00
	F	30,070.08	3,240.00	571,408.00	22,912.00	610,331.60
	TOTAL	54,299.10	5,984.00	973,016.00	51,968.00	1,052,305.60

(\*) Scope - Spain. Note: In 2020 the measurement was extended to the aggregated perimeter, so no data is available for 2019

#### Calculation methodology:

Incident index: (No. Incidents x 1,000) / Average Workforce

Frequency index: (No. Incidents x 1,000,000) / Hours worked

Severity index: (Days lost x 1,000) / Hours worked

Percentage of absenteeism: (Hours lost x 100) / Hours worked

## Consolidated Perimeter

### Occupational health indicators

GRI: 403-2; 403-9; 403-10

INDICATOR	GENDER	WORKPLACE ACCIDENTS		OCCUPATIONAL ILLNESS*	
		2019	2020	2019	2020
INCIDENT INDEX	M	47.71	35.41	0.49	0
	F	64.28	39.62	1.84	4.12
	TOTAL	54.76	37.15	1.19	2.02
FREQUENCY INDEX	M	26.43	19.35	0.27	-
	F	35.04	22.02	1.04	2.44
	TOTAL	30.12	20.44	0.67	1.20
SEVERITY INDEX	M	0.38	0.26	0.04	-
	F	0.52	0.32	0.21	0.16
	TOTAL	0.44	0.28	0.13	0.08
NUMBER OF WORK ACCIDENTS	M	463.00	177.00	2.00	-
	F	385.00	139.00	8.00	6.00
	TOTAL	948.00	316.00	10.00	6.00
NUMBER OF DEATHS	M	0	0	0	0
	F	0	0	0	0
	TOTAL	0	0	0	0

(\*) Scope - Spain

### Absenteeism

GRI: 403-2; 403-9; 403-10

INDICATOR	GENDER	WORKPLACE ACCIDENTS		OCCUPATIONAL ILLNESS*		COMMON ILLNESS*		COVID-19*		TOTAL ABSENTEEISM*	
		2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
PERCENTAGE OF ABSENTEEISM	M	0.31	0.20	0.03	0	3.76	11.86	N/A	0.77	4.13	12.85
	F	0.42	0.25	0.17	0.13	5.91	17.46	N/A	0.66	6.49	18.55
	TOTAL	0.35	0.22	0.10	0.06	4.86	14.60	N/A	0.73	5.35	15.64
NUMBER OF DAYS LOST	M	6,717.50	2,401.75	276.00	0	55,476.00	37,975.00	N/A	2,474.00	58,868.50	41,158.75
	F	7,210.30	1,996.75	1,638.00	405.00	93,471.00	53,563.00	N/A	2,113.00	99,119.30	56,910.75
	TOTAL	13,927.80	4,398.50	1,914.00	405.00	148,947.00	91,538.00	N/A	4,587.00	157,987.80	98,069.50
NUMBER OF HOURS LOST	M	53,468.50	18,702.10	2,208.00	0	273,540.29	303,800.00	N/A	19,792.00	300,680.29	329,270.00
	F	58,053.40	15,905.20	13,104.00	3,240.00	455,217.78	428,504.00	N/A	16,904.00	500,404.18	455,286.00
	TOTAL	111,521.90	34,607.30	15,312.00	3,240.00	728,758.07	732,304.00	N/A	36,696.00	801,084.47	784,556.00

(\*) Scope - Spain

#### Calculation methodology:

Incident index: (No. Incidents x 1,000) / Average Workforce  
 Frequency index: (No. Incidents x 1,000,000) / Hours worked  
 Severity index: (Days lost x 1,000) / Hours worked  
 Percentage of absenteeism: (Hours lost x 100) / Hours worked

# Social Indicators

## Supply chain

GRI 204-1, 308-1, 414-1

CENTRALISED PROCUREMENT	UNIT	2017	2018	2019	2020
Total supplier portfolio (Tier 1)	Number	6,996	5,883	6,263	5,405
Local supplier portfolio	Number	6,501	5,360	5,611	4,882
	%	92.92%	91.11%	89.59%	90.32%
Critical Tier 1 suppliers	Number		29	43	29
Critical Non-Tier 1 suppliers	Number	205	571	170	61
Total purchase volume	€	452,943,809	451,789,368	467,454,705	233,655,037
Local purchase volume	€	422,968,487	414,462,284	413,174,893	193,677,671
	%	93.38%	91.74%	88.39%	82.89%
Central Spain purchase volume	€	293,959,686	292,322,906	293,067,408	160,854,569
Central Dominican Rep. purchase volume	€	53,964,430	55,415,219	63,143,026	14,291,824
Central Mexico purchase volume	€	41,430,375	38,393,391	36,139,605	16,665,942
Central Germany purchase volume	€	17,885,048	14,471,250	15,584,489	3,201,672
Central UK purchasing volume	€	5,763,360	7,870,507	11,916,068	16,712,976
Central France purchase volume	€	4,645,846	4,552,725	5,388,466	7,943,027
Central Italy purchase volume	€	3,613,966	3,294,229	3,914,624	1,273,227

## Social action

GRI 102-12

CATEGORY	PERCENTAGE
Charity donations (1)	5%
Community investment (2)	95%
Commercial Initiatives (3)	0%
<b>Total</b>	<b>100%</b>

(1) We see charity donations as occasional support for certain causes as a response to specific needs and requests from social organisations that are aligned with our Philanthropy Policy. This year, our main contributions focused on covering basic needs for food and hygiene, cleaning and sanitary materials, mainly as a consequence of COVID-19 and especially during the first 3 months of the pandemic from March to May.

(2) Investment seen as a long-term strategic participation with social organisations or communities to address or cover certain aspects of our choice, aligned with our long-term interests and also with a significant positive impact on our reputation. Given the importance for Spain of certain essential workers during the hardest months of the pandemic (healthcare workers, security forces, firefighters and the army), that's why we wanted to help acknowledge their work while also showing that Meliá is a long-term player in society through the support it provides, thus ensuring a positive impact on our reputation. The allocation of free stays was made exclusively to accredited members of the aforementioned groups, officially and by name.

(3) Understood as business-related activities in the community to directly support company objectives, promoting corporate and brand identity in association with charities and community organizations. In 2020 we did not make any financial contributions to foundations or entities for this purpose as a direct consequence of the contingency plans caused by COVID-19.

TYPE OF CONTRIBUTION	AMOUNT (€)
Economic (1)	25,322
Time: corporate volunteering during working hours (2)	-
In kind: donated products or services (3)	5,211,071
<b>Total</b>	<b>5,236,403</b>

(1) Understood as the monetary amount paid to support community projects. In 2020 we supported Born to Learn, a Spanish NGO that operates in Tanzania in the area of influence of the Meliá Serengeti Lodge hotel. Meliá thus directly contributed to meeting the needs of the aforementioned entity in achieving its social objectives: early childhood education and the empowerment of local women.

(2) Understood as the cost to the company of the time spent by employees on community programmes during working hours. The need for teleworking and social distancing and the closure of hotels mean that no contribution has been made through paid employee time.

(3) Refers to the contribution of products, equipment, services and other non-monetary company items to the community. Our social contribution this year has been almost entirely in kind through the use of accommodation or hotel spaces by essential workers and social organisations or the donation of food to vulnerable people.

## Contribution to organizations and associations

GRI 102-12, GRI 102-13

(In thousands of €)	2017	2018	2019	2020
<b>Total contribution to industry organizations and associations*</b>	<b>329.3</b>	<b>417.3</b>	<b>731.8</b>	<b>430.7</b>

(\*) Selection of organisations

(\*\*) The contribution in 2020 is substantially lower than the previous year, mainly because we were forced to suspend contributions to many organisations as a cost containment measure in the face of the COVID-19 crisis

RELEVANT ISSUES FOR MELIÁ	AMOUNT (€)
Sustainable tourism	64,200
Institutional positioning	35,687

RELEVANT CONTRIBUTIONS IN 2020 (Organisations)	AMOUNT (€)
Exceltur	57,000
Inverotel	15,000
UN Global Compact	4,700

## LIST OF ORGANISATIONS

## INSTITUTIONAL

Institute of Internal Auditors Association
Associació d'Empreses i Institució 22 @
Spanish Chamber of Commerce in Belgium and Luxembourg
Lima Chamber of Commerce
International Chamber of Commerce (ICC)
National Chamber of Commerce and Tourism Services of Cancun
National Tourism Office
Official Chamber of Commerce of Spain in Peru
Official Chamber of Commerce of Spain in France
Official Chamber of Commerce of Spain in Germany
Chambre de Commerce Luxembourg
Exceltur
Palma 365 Tourism Foundation
International Chamber of Commerce - Institute of World Business Law
Information Systems Audit and Control Association
Institute of Travel Management
Institute of Compliance Officers
Inverotel
London Chamber of Commerce and Industry
World Tourism Organization
Spanish Chamber of Commerce
Stiftung Juniorenkreis der Handelskammer-bremen (Foundation of the Chamber of Commerce)
UN Global Compact

## BUSINESS

La Palma Tourism Development Association
Balearic Hotel Chains Group
Los Cabos HR Executives Association
Sierra Nevada Business Association
Costa del Sol Hotel Association

Cozumel Hotel Association
Riviera Maya Hotel Association
Los Cabos Hotel Association
Association of Hotels and Tourism Projects of the East
Association of Spanish Congress Centres
Seville Hotel Association
Benidorm Hotel Association
Madrid Hotel Association
Cordoba Hotel Association
Lleida Hotel Association
Biscay Hotel Association
Alcudia Hotel Association
Menorca Hotel Association
Palma Hotel Association
Tenerife, La Palma, Gomera and El Hierro Hotel Association
Palmanova and Magaluf Hotel Association
Puerto Vallarta Hotel Association
Seville Hotel Association
Mexican Association of Human Resources Management
National Association of Business Executives
National Association of Hotels and Restaurants
Provincial Association of Tourist Accommodation Businesses of Valladolid
Huelva Hotel Association
Alicante Hotel Association
Venezuelan Association of Five-Star Hotels
Association des Hoteliers du Grand Roissy
Assolombarda
Lima Convention and Visitors Bureau
Central Hotel & Lodging Association
Confederazione Generale Dell'industria Italiana
Convention Bureau Granada
Convention Bureau Italy
Convention Bureau Mallorca

Convention Bureau Seville
Convention Bureau Sitges
Barcelona Tourism and Convention Bureau
German Hotel and Restaurant Association
European Hotel Manager Association
European Tour Operators Association
European Tourism Association
Event Managers Association
Florida Hospitality Industry Association
Global Business Travel Association
Sitges Hotel Guild
Barcelona Hotel Guild
Vielha Hotel Guild
Hamburg Convention Bureau
Hokla NrW GmbH
Hotel Booking Agents Association
Hospitality Technology Next Generation
International Hospitality Sales and Marketing Association
Ibiza Convention Bureau
International Association of Convention Centres
International Association of Golf Tour Operators
International Business Travel Association
International Congress and Convention Associations
Madrid Convention Bureau
Peru Hotel Association



# Environmental indicators

## Aggregated Perimeter

INDICATOR FOR INTENSITY RATIOS	UNIT	2017	2018	2019	2020
Stays in owned, leased and managed hotels	Number	21,349,781	21,994,362	21,796,651	8,338,039

## Energy

GRI: 302-1; 302-3; 302-4 / SASB: SV-HL-130a.1

INDICATOR	UNIT	2017	2018	2019	2020	Δ% 2017-2020	2020o
Non-renewable fuel (A + B + C)	GJ	788,795	816,422	802,506	547,879	-44%	
	MWh	121,722	133,307	135,449	85,303	-43%	
A. Natural gas	GJ	440,091	482,026	489,798	308,425	-43%	
	m³	10,175,989	11,145,635	11,325,335	7,131,536	-43%	
B. Propane	GJ	204,458	200,315	190,671	123,306	-66%	
	Tn	4,494	4,403	4,191	2,710	-66%	
C. Diesel	GJ	144,245	134,081	122,036	116,148	-24%	
	m³	3,769	3,504	3,189	3,035	-24%	
Non-renewable electricity	GJ	757,622	725,469	614,431	807,337	6%	
	MWh	210,451	201,519	170,675	224,260	6%	
Steam / heating / cooling and other non-renewable energy	GJ	289,901	279,119	279,228	146,614	-98%	
	MWh	80,528	77,533	77,563	40,726	-98%	
<b>Total non-renewable energy use</b>	<b>GJ</b>	<b>1,836,318</b>	<b>1,821,010</b>	<b>1,696,165</b>	<b>1,501,830</b>	<b>-22%</b>	<b>1,653,761</b>
	<b>MWh</b>	<b>412,701</b>	<b>412,359</b>	<b>383,687</b>	<b>350,290</b>	<b>-18%</b>	<b>374,095</b>
Renewable electricity (with green certification)	GJ	804,821	828,657	890,934	441,669	-82%	
	MWh	223,561	230,183	247,482	122,686	-82%	
<b>Total energy use (non-renewable + renewable)</b>	<b>GJ</b>	<b>2,641,139</b>	<b>2,649,667</b>	<b>2,587,099</b>	<b>1,943,499</b>	<b>-36%</b>	
	<b>MWh</b>	<b>636,262</b>	<b>642,542</b>	<b>631,169</b>	<b>472,975</b>	<b>-35%</b>	
<b>Energy intensity ratio</b>	<b>GJ / stay</b>	<b>0.124</b>	<b>0.120</b>	<b>0.119</b>	<b>0.233</b>	<b>47%</b>	
	<b>MWh / stay</b>	<b>0.030</b>	<b>0.029</b>	<b>0.029</b>	<b>0.057</b>	<b>47%</b>	
Total cost of energy use	€	61,467,817	64,602,536	78,812,082	52,295,572	-18%	
Percentage of renewable energy	% total consumption	35.1%	35.8%	39.2%	25.9%	-35%	
Percentage of electricity	% total consumption	68.2%	67.2%	66.3%	73.4%	7%	
Data coverage	% portfolio	79%	78%	76%	100%		

## Water

GRI: 303-5 / SASB: SV-HL-140a.1

INDICATOR	UNIT	2017	2018	2019	2020	Δ% 2017-2020	2020o
Total municipal water use (or other water services)	m³	N/A	N/A	N/A	6,640,761		
Surface freshwater extraction	m³	N/A	N/A	N/A	21,668		
Fresh groundwater extraction	m³	N/A	N/A	N/A	2,826,862		
<b>Total water extraction</b>	<b>m³</b>	<b>10,825,071</b>	<b>10,595,067</b>	<b>10,740,348</b>	<b>9,489,291</b>	<b>-14%</b>	
Discharge: Water returned to the source with a quality similar or superior to the water extracted	m³	N/A	N/A	N/A	N/A		
<b>Total net water consumption</b>	<b>m³</b>	<b>10,825,071</b>	<b>10,595,067</b>	<b>10,740,348</b>	<b>9,489,291</b>	<b>-14%</b>	<b>10,632,945</b>
<b>Intensity ratio of net water consumption</b>	<b>m³ / stay</b>	<b>0.507</b>	<b>0.482</b>	<b>0.493</b>	<b>1.138</b>	<b>55%</b>	
Data coverage	% portfolio	79%	78%	76%	100%		

## Waste

GRI: 306-2

INDICATOR	UNIT	2017	2018	2019	2020	2020o
A. Volume of waste generated	Tn	28,993	34,408	34,549	17,890	
B. Volume of waste used / recycled / sold	Tn	12,517	19,310	19,596	11,000	
Net waste generated (A-B)	Tn	16,476	15,098	14,953	6,890	7,845
Recycling rate	% selective collection.	43.2%	56.1%	56.7%	61.5%	
Data coverage	% portfolio	79%	78%	76%	100%	

## NOx and SOx emissions

GRI 305-7

INDICATOR	UNIT	2017	2018	2019	2020	Δ% 2017-2020
Total NOx emissions	Kg	95,643.12	98,140.79	96,017.00	64,469.14	-48%
Total SOx emissions	Kg	15,404.61	14,641.70	13,555.00	12,115.78	-27%

## Carbon footprint

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2017	2018	2019	2020	Δ% 2017-2020
Total emissions scope 1	TCO <sub>2</sub> eq	48,110	51,331	50,262	35,884	-34%
<b>Emissions intensity ratio scope 1</b>	<b>TCO<sub>2</sub>eq / stay</b>	<b>0.002</b>	<b>0.002</b>	<b>0.002</b>	<b>0.004</b>	<b>48%</b>
Total emissions scope 2	TCO <sub>2</sub> eq	154,955	153,699	120,386	134,762	-15%
<b>Emissions intensity ratio scope 2</b>	<b>TCO<sub>2</sub>eq / stay</b>	<b>0.007</b>	<b>0.007</b>	<b>0.006</b>	<b>0.016</b>	<b>55%</b>
Total emissions scope 3	TCO <sub>2</sub> eq	54,652	53,982	410,887	145,666	62%
<b>Emissions intensity ratio scope 3</b>	<b>TCO<sub>2</sub>eq / stay</b>	<b>0.003</b>	<b>0.002</b>	<b>0.019</b>	<b>0.017</b>	<b>85%</b>
Data coverage	% portfolio	79%	78%	76%	100%	21%

(\*) Scope 3 emissions increase dramatically from 2019 as we expand the measurement categories

## Science Based Target initiative (SBTi)

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2017	2018	2019	2020	Δ% 2018-2020	2020o
Total emissions scope 1 (SBTi)	TCO <sub>2</sub> eq	N/A	73,455	64,603	35,884	-51.1%	72,831
Total emissions scope 2 (SBTi) *	TCO <sub>2</sub> eq	N/A	347,243	256,306	166,981	-51.9%	248,873
Data coverage	% base year portfolio SBTi	N/A	100%	100%	100%		

(\*) Scope 2: Total electricity emissions including renewable electricity. There are countries in which contracted electricity is 100% renewable (Spain, Italy, France, Germany and the United Kingdom). However, these emissions are counted in this section to make the impact of the improvements carried out in terms of savings and energy efficiency more visible.

## Environmental investment

INDICATOR	UNIT	2017	2018	2019	2020
Total environmental investment (Capex)	€	3,540,000	4,720,500	3,520,441	10,489,748
Total environmental expenditure (Opex)	€	8,276,844	8,284,694	8,253,814	6,330,537
Total savings generated	€	644,856	691,842	1,173,600	994,291
Data coverage	% portfolio	100%	100%	100%	100%

## Consolidated Perimeter

INDICATOR FOR INTENSITY RATIOS	UNIT	2017	2018	2019	2020
Stays in owned and leased hotels	Number	14,653,275	14,571,012	14,129,439	3,826,372

## Energy

GRI: 302-1; 302-3; 302-4 / SASB: SV-HL-130a.1

INDICATOR	UNIT	2017*	2018	2019	2020	Δ% 2017-2020	2020o
Non-renewable fuel (A + B + C)	GJ	N/A	585,716	597,736	292,024	-101%	
	MWh	N/A	98,273	102,009	53,734	-83%	
A. Natural gas	GJ	N/A	355,379	368,897	194,335	-83%	
	m³	N/A	8,216,862	8,529,411	4,493,497	-83%	
B. Propane	GJ	N/A	149,790	156,886	73,781	-103%	
	Tn	N/A	3,292	3,448	1,622	-103%	
C. Diesel	GJ	N/A	80,546	71,953	23,908	-237%	
	m³	N/A	2,105	1,880	625	-237%	
Non-renewable electricity	GJ	N/A	440,441	331,912	204,444	-115%	
	MWh	N/A	122,345	92,198	56,790	-115%	
Steam / heating / cooling and other non-renewable energy	GJ	N/A	276,904	279,228	146,614	-89%	
	MWh	N/A	76,918	77,563	40,726	-89%	
Total non-renewable energy use	GJ	N/A	1,303,061	1,208,876	643,082	-103%	1,178,654
	MWh	N/A	297,536	271,770	151,250	-97%	264,975
Renewable electricity (with green certification)	GJ	N/A	580,069	658,431	318,111	-82%	
	MWh	N/A	161,130	182,897	88,364	-82%	
Total energy use (non-renewable + renewable)	GJ	N/A	1,883,130	1,867,307	961,193	-96%	
	MWh	N/A	458,666	454,667	239,614	-91%	
Energy intensity ratio	GJ / stay	N/A	0.129	0.132	0.251	49%	
	MWh / stay	N/A	0.031	0.032	0.063	50%	
Total cost of energy use	€	N/A	N/A**	N/A**	24,593,193	-	
Percentage of renewable energy	% total consumption	N/A	35.1%	40.2%	36.9%	5%	
Percentage of electricity	% total consumption	N/A	61.8%	60.5%	60.6%	-2%	
Data coverage	% portfolio	N/A	100%	100%	100%		

(\*) In 2017 the data was reported only in the aggregate perimeter. (\*\*) In 2018 and 2019 the total cost of energy consumption was calculated only in the aggregate perimeter.

## Water

GRI: 303-3; 303-5 / SASB: SV-HL-140a.1

INDICATOR	UNIT	2017*	2018	2019	2020	Δ% 2017-2020	2020o
Total municipal water use (or other water services)	m³	N/A	N/A	N/A	2,004,988	-	
Surface freshwater extraction	m³	N/A	N/A	N/A	-	-	
Fresh groundwater extraction	m³	N/A	N/A	N/A	2,567,450	-	
Total water extraction	m³	N/A	7,442,823	7,439,954	4,572,438	-63%	
Discharge: Water returned to the source with a quality similar or superior to the water extracted	m³	N/A	N/A	N/A	N/A	-	
Total net water consumption	m³	N/A	7,442,823	7,439,954	4,572,438	-63%	7,365,554
Intensity ratio of net water consumption	m³ / stay	N/A	0.511	0.527	1.195	57%	
Data coverage	% portfolio	N/A	100%	100%	100%		

(\*) In 2017 the data was reported only in the aggregate perimeter. (\*\*) In 2018 and 2019, no data was available by source of extraction or discharge. In 2020 we have information by source of extraction and continue to work on being able to measure discharges.

## Waste

GRI: 306-2

INDICATOR	UNIT	2017*	2018-star	2019-star	2020	2020o
A. Volume of waste generated	Tn	N/A	N/A	N/A	8,210	
B. Volume of waste used / recycled / sold	Tn	N/A	N/A	N/A	5,048	
Net waste generated (A-B)	Tn	N/A	N/A	N/A	3,162	3,600
Recycling rate	% selective collection.	N/A	N/A	N/A	61.5%	
Data coverage	% portfolio	N/A	N/A	N/A	100%	

(\*) From 2017 to 2019 the data were only reported in the aggregate perimeter

## NOx and SOx emissions

GRI 305-7

INDICATOR	UNIT	2017*	2018	2019	2020	Δ% 2017-2020
Total NOx emissions	Kg	-	71,185	73,159	35,626	-100%
Total SOx emissions	Kg	-	9,136	8,427	3,146	-190%

(\*) In 2017 the data was reported only in the aggregate perimeter

## Carbon footprint

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2017*	2018	2019	2020	Δ% 2018-2020	2020o
Total emissions scope 1	TCO <sub>2</sub> eq	N/A	36,698	37,069	18,404	-99%	36,754
<b>Emissions intensity ratio scope 1</b>	<b>TCO<sub>2</sub>eq / stay</b>	<b>N/A</b>	<b>0.003</b>	<b>0.003</b>	<b>0.005</b>	<b>48%</b>	
Total emissions scope 2	TCO <sub>2</sub> eq	N/A	148,143	81,923	48,888	-203%	79,547
<b>Emissions intensity ratio scope 2</b>	<b>TCO<sub>2</sub>eq / stay</b>	<b>N/A</b>	<b>0.010</b>	<b>0.006</b>	<b>0.013</b>	<b>20%</b>	
Total emissions scope 3**	TCO <sub>2</sub> eq	N/A	38,535	367,565	88,221	56%	
<b>Emissions intensity ratio scope 3</b>	<b>TCO<sub>2</sub>eq / stay</b>	<b>N/A</b>	<b>0.003</b>	<b>0.026</b>	<b>0.023</b>	<b>89%</b>	
Data coverage	% portfolio	N/A	100%	100%	100%		

(\*) In 2017 the data was reported only in the aggregate perimeter. (\*\*) Scope 3 emissions increase dramatically from 2019 as we expand the measurement categories.





# 5

## Annexes

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information requirements  
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**External verification report**





# ICorporate Information & Contacts

GRI 102-3

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\* The Sol Group Corporation is a separate corporation with an office in Miami that provides services to owners and/or operators of hotels located in the Americas that are affiliated with Meliá brands. Meliá Hotels International SA does not have an office or otherwise conduct business in the United States of America.

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# Non-financial and diversity information requirements (Law 11/2018)

## Non-Financial Information Statement

Content	GRI related	Report chapters	Pages	Reporting scope	External verification
Business Model					
Description of the group's business model, including the business environment, organisation and structure, markets in which it operates, objectives and strategies, and the main factors or trends that may affect its evolution	102-1	GRI Standards table of contents	209 - 213	Aggregated	✓
	102-16	Mission, vision and values	14 - 15		✓
	201-1	Business model	16		✓
	102-2; 102-6	Brand portfolio & positioning	17 - 29		✓
	102-15	Tourism industry vision	36 - 38; 68		✓
	from 102-18 to 102-20; from 102-22 to 102-27	Good governance	59; 62		✓
	102-4; 102-7; 102-10	Location map	30 - 31		✓
	-	Strategic priorities	39 - 43		✓
Environmental Issues					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	103-2	Environment and climate change	141 - 157	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31; 201-2	Risk management	67 - 72		✓
		Management of risks and opportunities derived from climate change	151		✓
Global Information					
Detailed information on the current and foreseeable effects of the company's activities on the environment, environmental assessment or certification procedures, resources dedicated to the prevention of environmental risks and the application of the precautionary principle	102-11; 102-29; 102-30; 307-1	Environment and climate change	141 - 157	Aggregated	✓
Pollution					
Measures to prevent, reduce or repair carbon emissions taking into account any form of atmospheric pollution specific to an activity	302-4;302-5; 305-1 a 305-5; 305-7	Environment and climate change	142- 143; 155 - 157; 198	Aggregated & Consolidated	✓
Circular economy					
Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	103-2; 306-2	Waste management	146 - 148; 198; 200	Aggregated & Consolidated	✓
Actions to combat food waste	103-2	Projects to combat food waste	147	Aggregated	✓
Sustainable use of resources					
Water use	303-5	Water management	143 - 145; 197; 199	Aggregated & Consolidated	✓
Consumption of raw materials and the measures taken to improve the efficiency of their use		This data is not reported as it is not a material issue for the company.		N/A	✓
Energy consumption and measures taken to improve energy efficiency and the use of renewable energy.	302-1; 302-3; 302-4; 302-5	Energy management	142 - 143; 197; 199	Aggregated & Consolidated	✓

Content	GRI related	Report chapters	Pages	Reporting scope	External verification
Climate Change					
The important elements of greenhouse gas emissions produced as a result of company activities	201-2; 305-1 to 305-5; 305-7	Climate change	151 - 157	Aggregated & Consolidated	✓
Measures taken to adapt to the consequences of climate change	201-2; 305-5	Climate change	151 - 157		✓
The reduction targets defined voluntarily in the medium and long term to reduce greenhouse gas emissions	103-2; 305-5	Climate change	151 - 157		✓
Protection of biodiversity					
Measures taken to preserve or restore biodiversity and the impacts caused in protected areas	304-1; 304-2	Biodiversity management	149 - 150	Aggregated & Consolidated	✓
Impacts caused by activities or operations in protected areas	304-1	Biodiversity management	150		✓
Social and Personnel Issues					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control.	103-2	People	120 - 133	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	36 - 38; 56 - 57; 66 - 67		✓
Employment					
Total number and distribution of employees by gender, age, country and professional classification	102-8; 405-1	HR indicators	181 - 183; 186 - 188	Aggregated & Consolidated	✓
Total number and distribution of employment contract types	102-8	HR indicators	183 - 184; 188 - 189		✓
Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category	102-8, 401-1	HR indicators	181 - 191		✓
Number of dismissals by gender, age and professional classification	401-1 (b)	HR indicators	190		✓
Average remuneration and its evolution by gender, age and professional classification or equal value	405-2	HR indicators	190	Consolidated	✓
Salary gap, remuneration for equal or average jobs in the company	405-2	HR indicators	190		✓
Compensation for equal or average jobs in the company	202-1	HR indicators	191		✓
The average remuneration of directors and executives	102-28; 102-35 to 102-39	Composition of the Board of Directors	61; 64 - 65	Aggregated	✓
Implementation of employee disconnection policies		Digital disconnection	131		✓
Employees with disabilities		Disability and universal accessibility	133	Aggregated & Consolidated	✓
Organisation of work					
Organisation of working hours	102-8 (c)	Organisation of working hours	130	Aggregated	✓
Number of hours of absenteeism		S&SL indicators	192 - 193	Aggregated & Consolidated	✓
Measures designed to facilitate a work-life balance and encouraging joint responsibility for both parents	401-3 (b,c,e)	New ways of working	130		✓
Health and safety					
Health and safety conditions at work	103-2	Occupational health and safety	134 - 140	Aggregated	✓
Work-related accidents, in particular their frequency and severity	403-2 (a)	S&SL indicators	192 - 193	Aggregated & Consolidated	✓
Occupational diseases by gender	403-2 (a)	S&SL indicators	192 - 193		✓

Content	GRI related	Report chapters	Pages	Reporting scope	External verification
Social relationships					
Organisation of social dialogue	102-42; 102-43; 402-1	Stakeholders Table of contents GRI Standards	49; 212	Aggregated	✓
Percentage of employees covered by collective agreement	102-41	GRI Standards table of contents	209	Aggregated & Consolidated	✓
The balance of collective agreements, particularly in the area of health and safety at work	403-4	GRI Standards table of contents	213		✓
Training					
Policies implemented	103-2 ; 404-2	Training and Development	124, 179	Aggregated	✓
Total number of hours of training by professional category	404-1	HR indicators	124; 191	Aggregated & Consolidated	✓
Universal accessibility					
Universal accessibility for people with disabilities	103-2	Disability and universal accessibility	133	Aggregated & Consolidated	✓
Equality					
Measures taken to promote equal treatment and opportunities between women and men; equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities; policy against all types of discrimination and, if necessary, management of diversity	103-2; 404-2; 405-1; 406-1	Equality, diversity and inclusion	131 - 133	Aggregated	✓
Human Rights					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control.	103-2	Protection of human rights	168 - 171	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	67 - 72		✓
Human Rights					
Application of due diligence procedures in human rights Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses	414-2	Protection of human rights	168 - 171	Aggregated	✓
Complaints about human rights violations	102-17; 411-1	"Protection of human rights table of content GRI Standards"	168 - 171; 212		✓
Support and compliance with the provisions of the fundamental conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining. The elimination of discrimination in employment and occupation. The elimination of forced or compulsory labour. The effective abolition of child labour	103-2; 406-1; 408-1; 409-1	"People Protection of human rights Table of contents GRI Standards"	120; 168; 212		✓
Corruption and Bribery					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	103-2	Ethics and integrity	73 - 78	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	67 - 72		✓

Content	GRI related	Report chapters	Pages	Reporting scope	External verification
Corruption and Bribery					
Measures taken to prevent corruption and bribery	205-1; 205-3	Corruption and bribery	76	Aggregated	✓
Measures to combat money laundering	103-2	Money laundering	76		✓
Contributions to foundations and non-profit organisations	102-12; 102-13; 201-1; 415-1	Social indicators	162; 195 - 196		✓
Society					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	103-2	Social impact	162 - 167	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	67 - 72		✓
Commitments of the company to sustainable development					
The impact of the company's activity on employment and local development	103-2; 413-1; 413-2	Social impact	162 - 167	Aggregated	✓
	202-2	People	120 - 133		✓
The impact of the company's activity on local populations and on the territory	204-1; 413-1; 413-2	Supply chain	158 - 161		✓
The relationships with people in the local communities and the channels for dialogue with them	102-43; 413-1	Stakeholders	49		✓
Partnership or sponsorship activities	102-13	Social indicators	194 - 196		✓
Subcontracting and Suppliers					
Inclusion in the purchasing policy of social, gender equality and environmental issues	102-9; 103-2	Supply chain	158 - 161	Aggregated	✓
Consideration given to suppliers and subcontractors regarding their social and environmental responsibility	308-1; from 407-1 to 409-1; 414-1	ESG evaluation of our suppliers	158 - 161		✓
Supervision and audit systems and their results	308-2; 414-2	ESG evaluation of our suppliers	158 - 161		✓
Consumers					
Measures taken for the health and safety of consumers;	416-1	Stay Safe with Meliá	115	Aggregated	✓
Claims systems, complaints received and their resolution	416-2; 417-2; 417-3; 418-1	Customer experience	112 - 119		✓
Fiscal Information					
"Profits obtained by country Taxes paid on profits"	201-1	Fiscal transparency	79 - 81	Aggregated	✓
Public grants received	201-4	GRI Standards table of contents	210		✓
Other significant information					
Other information about the company profile	102-1; 102-3; 102-5	GRI Standards table of contents	209	Aggregated	✓
Identification of material issues	102-21; 102-44	Materiality analysis	56 - 57		✓
About this report	102-14; 102-32; from 102-45 to 102-56	About this report	6 - 7		✓
Other information used in the preparation of the document	201-3; 206-1; 419-1	GRI Standards table of contents	210		✓

# SASB Standards table of contents

## Sustainability disclosure topics and accounting metrics

Code SASB	Indicator	Unit	2019	2020
Energy management				
SV-HL-130a.1	Total energy consumed	GJ per stay	0.1187	0.2331
		GJ	2,587,099	1,943,499
	Percentage total energy from grid electricity	%	66.3%	73.4%
	Percentage total energy from renewables	%	39.2%	25.9%
Water management				
SV-HL-140a.1	Total water withdrawn	Thousands m³ per stay	0.0005	0.0011
		Thousands m³	10,740	9,489
	Total water consumed	Thousands m³ per stay	0.0005	0.0011
		Thousands m³	10,740	9,489
	Portfolio in regions with high or extremely high baseline water stress	# hotels	N/A	93
		%	N/A	29.3%
Ecological Impacts				
SV-HL-160a.1	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	# hotels	50	49
SV-HL-160a.2	Environmental management policies and practices to preserve ecosystem services	Qualitative	Environment & Climate Change	
Employment practices				
SV-HL-310a.1	Voluntary turnover rate for lodging facility employees	Rate	18.7%	12.7%
	Involuntary turnover rate for lodging facility employees	Rate	24.2%	23.0%
SV-HL-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	€	N/A	N/A
SV-HL-310a.3	Average hourly wage of minimum wage employees (by region)	€	N/A	N/A
	Percentage of employees earning minimum wage (by region)	%	N/A	N/A
SV-HL-310a.4	Policies and/or programmes to prevent workplace harassment	Qualitative	People Chapter	
Adaptation to climate change				
SV-HL-450a.1	Number of lodging facilities located in 100-year flood zones	# hotels	N/A	41

## Activity metrics

Code SASB	Indicator	Unit	2019	2020
SV-HL-000.A	Available rooms	Number	24,099,227	13,126,297
SV-HL-000.B	Occupied rooms	Number	15,711,990	4,585,827
	Average occupancy ratio	%	65.2%	34.9%
SV-HL-000.C	Total area of hotel facilities	m²	N/A	N/A
SV-HL-000.D	Property Portfolio	# hotels	43	43
		%	13%	14%
	Lease Portfolio	# hotels	108	103
		%	33%	32%
	Managed Portfolio	# hotels	128	124
		%	40%	39%



# GRI Standards table of contents

GRI code	GRI	Page	Comments / Omissions
<b>GRI 102: General data</b>			
<b>Organisation profile</b>			
102-1	Organisation name	209	Meliá Hotels International
102-2	Activities, brands, products and services	17 - 29	
102-3	Headquarters location	200	
102-4	Location of operations	30 - 31	
102-5	Ownership and legal entity	213	Note 1
102-6	Markets served	17 - 29	
102-7	Organisation size	30 - 31	
102-8	Information about employees and other workers	181 - 183; 186 - 188	
102-9	Supply chain	158	
102-10	Significant changes in the organisation and its supply chain	30 - 31	
102-11	Precautionary principle or approach	213	Note 2
102-12	External initiatives	162; 194 - 195	
102-13	Association membership	194 - 195	
<b>Strategy</b>			
102-14	Statement by senior executives responsible for decision making	3 - 4	
102-15	Main impacts, risks and opportunities	36 - 38; 68	
<b>Ethics and transparency</b>			
102-16	Values, principles, standards and rules of conduct	14 - 15	
102-17	Advisory mechanisms and ethical concerns	73 - 78	
<b>Governance</b>			
102-18	Governance structure	59	
102-19	Delegation of authority	59	
102-20	Executive-level responsibility for economic, environmental and social issues	62	
102-21	Consultation with stakeholders on economic, environmental and social issues	56 - 57	
102-22	Composition of the highest governance body and its committees	59; 62	
102-23	Chair of the highest governance body	59	
102-24	Nomination and selection of the highest governance body	60; 213	Note 3
102-25	Conflicts of interest	213	Note 4
102-26	Role of the highest governance body in defining objectives, values and strategy	60	
102-27	Collective knowledge of the highest governance body	61	
102-28	Performance assessment of the highest governance body	61	
102-29	Identification and management of economic, environmental and social impacts	56 - 57	
102-30	Effectiveness of risk management processes	66 - 67	
102-31	Assessment of economic, environmental and social issues	56 - 57	
102-32	Role of the highest governance body in sustainability reporting	209	Preparation of the Integrated Report by the Board of Directors
102-35	Remuneration policies	64	
102-36	Process to determine remuneration	65	
102-38	Annual total compensation ratio	64	
102-38	Annual total compensation ratio	64	
<b>Stakeholder participation</b>			
102-40	List of stakeholders	49	
102-41	Collective bargaining agreements	209	At the consolidated level, 96% of our workers are subject to collective agreements. At the aggregated level, 79%
102-42	Identification and selection of stakeholders	49	
102-43	Approach to stakeholder engagement	49	
102-44	Key issues and concerns raised	56 - 57	
<b>Reporting practices</b>			

GRI code	GRI	Page	Comments / Omissions
102-45	Entities included in the consolidated financial statements	210	Consolidated Annual Accounts 2020
102-46	Definition of the report content and coverage of issues	56 - 57	
102-47	List of material issues	56 - 57	
102-48	Restatement of information	6 - 7	
102-49	Changes in reporting	6 - 7	
102-50	Reporting period	210	January 1, 2020 to December 31, 2020
102-51	Date of most recent report	210	Annual Report 2019
102-52	Reporting cycle	210	Annual
102-53	Point of contact for questions about the report	6 - 7	
102-54	Declaration of report preparation in accordance with GRI Standards	6 - 7	
102-55	Table of contents GRI	6 - 7	
102-56	External verification	6 - 7	
<b>GRI 103: Management approach</b>			
103-1	Explanation of the material issue and its coverage	56 - 57; 59 - 66; 67 - 72; 73 - 79; 82 - 99; 100 - 102; 120 - 133;	
103-2	The management approach and its components	134 - 140; 141 - 157; 158 - 161; 162 - 167; 168 - 171; 172 - 176	
103-3	Assessment of the management approach		
<b>GRI 201: Financial Performance</b>			
201-1	Direct economic value generated and distributed	163	
201-2	Financial implications and other risks and opportunities due to climate change	151	
201-3	Benefit plan obligations and other retirement plans	210	Note 4
201-4	Financial assistance received from the government	210	Subsidies for the year amounted to €215,302.56 at the consolidated level and €368,739.53 at the aggregate level. Additionally, as a result of employment assistance granted by different countries, exemptions from the payment of social security have amounted to €24,673,757.68 at the consolidated level and €25,864,964.18 at the aggregate level. Training grants of €245,950.63 at the consolidated level and €310,540.69 at the aggregate level were received during 2020. Governments are not part of the shareholding structure
<b>GRI 202: Market presence</b>			
202-1	Ratio of standard entry-level wage by gender compared to the local minimum wage	191	
<b>GRI 203: Indirect economic impacts</b>			
203-1	Investments in infrastructure and support services	32 - 34	
203-2	Significant indirect economic impacts	32 - 34	
<b>GRI 204: Procurement practices</b>			
204-1	Portion of spending on local suppliers	194	
<b>GRI 205: Anti-corruption</b>			
205-1	Operations assessed for corruption-related risks	76	
205-2	Communication and training on anti-corruption policies and procedures	76	
205-3	Confirmed cases of corruption and measures taken	211	During the year there were no cases of corruption
<b>GRI 206: Anti-competitive behaviour</b>			
206-1	Legal action related to unfair competition and monopolies and contrary to free competition	211	In 2020, a financial sanction amounting to €6,678,000 imposed by the European Commission within the scope of the collaboration procedure was paid. AT. 40528 Meliá (Holiday Pricing)
<b>GRI 207: Taxation</b>			
207-1	Tax approach	79 - 81	
207-2	Tax governance, control and risk management	79 - 81	
207-4	Reporting by country	81	

GRI code	GRI	Page	Comments / Omissions
GRI 302: Energy			
302-1	Energy consumption within the organisation	142 - 143; 197; 199	
302-3	Energy intensity	142 - 143; 197; 199	
302-4	Reduction of energy consumption	142 - 143; 197; 199	
302-5	Reductions in the energy requirements of products and services	142	
GRI 303: Water			
303-1	Interaction with water as a shared resource	143	
303-2	Management of impacts related to water discharges	145	
303-3	Water extraction	197	
303-4	Water spills	143	
303-5	Water use	143 - 144; 195; 197	
GRI 304: Biodiversity			
304-1	Operations centres in owned, leased or managed hotels within or next to protected areas or areas outside protected areas with high levels of biodiversity	150	
304-2	Significant impacts of activities, products and services on biodiversity	149	
GRI 305: Emissions			
305-1	Direct GHG emissions (Scope 1)	155 - 157	
305-2	Indirect GHG emissions (Scope 2)	155 - 157	
305-3	Other indirect GHG emissions (Scope 3)	155 - 157	
305-5	GHG emission reductions	155 - 157	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant atmospheric emissions	198; 200	
GRI 306: Effluents and waste			
306-2	Waste by type and disposal method	198; 200	The waste data has been calculated by extrapolation based on a sample of 146 hotels
306-3	Significant spills	211	
GRI 307: Environmental compliance			
307-1	Breach of environmental laws and regulations	211	The sanction proposed in 2019 due to the installation of furniture for which payment was planned in 2020 is still pending. We expect its enforcement in 2021
GRI 308: Supplier environmental assessment			
308-1	New suppliers screened under environmental criteria	160	
308-2	Negative environmental impacts on the supply chain and measures taken	158	
GRI 401: Employment			
401-1 (b)	New employee hires and employee turnover (partial)	184; 185; 189	
GRI 402: Labour relations			
402-1	Minimum notice periods regarding operational changes	212	Depending on the country and hotel, the minimum notice periods are met as stipulated by the applicable collective agreements or, in their absence, as stipulated in the corresponding legislation
GRI 403: Health and Safety at Work			
403-1	Occupational health and safety management system	135	
403-2	Hazard identification, risk assessment and incident investigation	134; 137; 192; 193	
403-3	Occupational health services	134	
403-4	Worker participation, consultation and communication on health and safety at work	213	Note 5

GRI code	GRI	Page	Comments / Omissions
403-5	Training of workers in health and safety at work	134; 137	
403-6	Support for workers' health	134	
403-8	Coverage of the occupational health and safety management system	134	
403-9	Work-accident injuries	192; 193	
403-10	Occupational illnesses	192; 193	
<b>GRI 404: Training and education</b>			
404-1	Average hours of training per year per employee	124; 191	
404-2	Programmes to improve employee skills and transition assistance programmes	124	
<b>GRI 405: Diversity and equal opportunities</b>			
405-1	Diversity in governance bodies and employees	131 - 133; 186	
405-2	Ratio of basic salary and remuneration of women compared to men	190	
<b>GRI 406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	212	In 2019, no discrimination cases were detected.
<b>GRI 407: Freedom of association and collective bargaining</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	212	Meliá Hotels International has an agreement with UIFUITA that includes these aspects
<b>GRI 408: Child labour</b>			
408-1	Operations and suppliers with significant risk of incidents related to child labour	212	There is no risk within the company. Meliá Hotels International has an agreement with UIF-UITA that includes these aspects, as well as an agreement with UNICEF. In 2018, specific clauses were added to the code of ethics, supplier code of ethics and human rights policy
<b>GRI 409: Forced or compulsory labour</b>			
409-1	Operations and suppliers with significant risks related to forced or compulsory labour	212	There is no risk within the company. Meliá Hotels International has an agreement with UIF-UITA that includes these aspects, as well as an agreement with UNICEF. In 2018, specific clauses were added to the code of ethics, supplier code of ethics and human rights policy
<b>GRI 411: Rights of indigenous peoples</b>			
411-1	Cases of violations of the rights of indigenous peoples	212	Cases of violations of the rights of indigenous peoples
<b>GRI 412: Human rights assessment</b>			
412-3	Significant investment agreements and contracts that include human rights clauses or subject to human rights assessment	171	
<b>GRI 413: Local communities</b>			
413-1	Operations with local community engagement, impact assessments and development programmes	12; 162	
413-2	Operations with significant and potential negative impacts on local communities	212	No operations with a negative impact were detected in local communities
<b>GRI 414: Supplier social assessment</b>			
414-1	New suppliers screened using social criteria	160 - 161; 171; 194	
<b>GRI 415: Public policy</b>			
415-1	Contributions to parties and/or political representatives	213	No political contribution was made during the year. Our code of ethics does not allow it
<b>GRI 416: Customer health and safety Customer privacy</b>			
416-1	Assessment of the health and safety impacts of products or services	137	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	213	There have been no incidents with regulatory non-compliance regarding health and safety in products and services
<b>GRI 417: Marketing and labelling</b>			
417-2	Incidents of non-compliance concerning product and service information and labelling	213	No regulations regarding information and labelling of products and services have been breached

GRI code	GRI	Page	Comments / Omissions
417-3	Incidents of non-compliance related to marketing communications	213	No cases have been detected regarding non-compliance with regulations or voluntary codes on marketing communications
<b>GRI 418-1: Customer privacy</b>			
418-1	Substantiated claims regarding breaches of customer privacy and loss of customer data	213	During the year there were no complaints about violation of privacy or leakage of customer data
<b>GRI 419-1: 2016 socio-economic compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	213	No significant fines (>30,000 euros) were received as a result of non-compliance with social and economic laws and regulations

## NOTE 1

Meliá Hotels International, SA (the Company) is a company legally constituted in Madrid on June 24, 1986, under the name Investman, S.A. On June 1, 2011 the corporate name was changed to Meliá Hotels International, S.A. and the company moved its registered office in 1998 to 24 Calle Gremio Toneleros, Palma de Mallorca. Meliá Hotels International, S.A. (the Group) is the parent company of the Meliá Hotels International Group, which presents (in accordance with the requirements of the Commercial Code) consolidated annual accounts in order to show the Group's financial and asset-related position.

## NOTE 2

In regard to the initiatives to mitigate the impact of our activity and taking into account the precautionary principle, the system of pre-openings includes a series of environmental criteria, which are reviewed before the opening of any hotel that is built or acquired from a third party. The criteria reviewed are:

- Availability of the pertinent corporate environmental information
- Waste management
- Control of discharges to drains or direct discharges into the natural environment
- Energy and water efficiency
- Control of atmospheric emissions

## NOTE 3

It is the obligation of the directors to inform the Company of any situation of direct or indirect conflict that they may have with the interest of the company, in accordance with the provisions in Article 28 of the Regulations of the Board of Directors. Likewise, the Nomination and Remuneration Committee, in accordance with the provisions in Article 15.2. of the Regulations of the Board of Directors, must inform the Board of Directors about transactions that involve or could involve conflicts of interest and proposing, where appropriate, the measures to be adopted.

## NOTA 4

Post-employment benefits: the cost of defined benefit pension plans is determined by actuarial valuations. Actuarial valuations require the use of hypotheses about discount rates, the return on assets, salary increases, employee mortality and turnover tables, as well as the retirement age of employees entitled to these benefits. These estimates are subject to significant uncertainties due to the long term settlement of these plans. The valuation of these obligations has been carried out by independent experts of recognised prestige, using actuarial valuation techniques. Defined benefit pension plans: Pension plans that do not have the nature of defined contribution are considered defined benefit plans. Generally, defined benefit plans set out the amount of the benefits the employee will receive at the time of retirement, usually based on one or more factors, such as age, years of service and compensation. The Group recognises on the balance sheet a provision with respect to the defined benefit premiums established in the collective agreements for the difference between the present value of the compensations paid and the fair value of the possible assets subject to the commitments with which the obligations will be settled, reduced, if applicable, by the amount of the costs for past services not yet recognised. If an asset arises from the previous difference, its valuation cannot exceed the current value of the economic benefits available in the form of reimbursements from the plan or reductions in future contributions to the same. The costs for past services are recognised immediately in the profit and loss account, except in the case of revocable rights, in which case they are charged to the profit and loss account on a straight-line basis in the remaining period until the rights for past services are irrevocable. The present value of the obligation is determined by actuarial calculation methods and financial and actuarial assumptions that are unbiased and compatible with each other. The Company recognises directly in the statement of comprehensive income, the gains and losses arising from the variation in the present value and, where applicable, the assets affected by changes in actuarial assumptions or adjustments due to experience. Certain collective agreements in force and applicable to some group companies establish

that permanent staff who choose to terminate their contract with the Company after a certain number of years linked to it shall receive a cash award equivalent to a number of monthly payments proportional to the years worked. During the year, an assessment of said agreements was carried out using the actuarial assumptions of the Group's own employee turnover model, applying the calculation method known as Projected Unit Credit and demographic hypotheses corresponding to the PER2000P tables. The balance of provisions, as well as the activation of payments for future services, cover these commitments acquired, according to an actuarial study carried out by an independent expert. More details on this valuation are provided in Note 17.2 of the Consolidated Annual Accounts. With regard to pension commitments and obligations stipulated in collective agreements affected by the Ministerial Order of 2 November 2006, the Group has made the corresponding outsourcing. The assets affected by these outsourcing operations are presented by reducing the balance of the commitments acquired.

## NOTE 5

Meliá does not maintain specific agreements with trade unions regarding safety and health beyond those included in collective agreements. These agreements include, where applicable, aspects such as health and safety training, insurance and safety equipment, among others. If these agreements do not include specific aspects on Health and Safety, ultimately, they shall meet at least the stipulations regarding health and safety legislation applicable in each country. In 2019, there were no negotiations within collective agreements.

# Global Compact table of contents

Since 2013, Meliá has been a member of the Spanish Global Compact Network, and since 2018 a signatory partner of the same. The

integration of these guiding principles in the 2020 Integrated Annual Report can be seen in the following table.

Scope	Principles	Focus	Page
General	1 & 2	Support and respect for the protection of fundamental human rights	168 - 171
Employment	3	Freedom of affiliation, recognition of the right to collective bargaining and social dialogue	11, 54, 169, 171, 206, 202
	4	Support the suppression of all forms of forced labour	169, 171, 212
	5	Support for the eradication of child labour	74, 120, 161, 169, 171, 212
	6	Support for the elimination of discrimination at work in any of its forms	131 - 134, 161, 169, 212
Environment	7	Preventive approach that favours the environment, risk assessment, management and communication systems	141 - 157
	8	Promote initiatives with greater environmental responsibility, self-regulation, integrated initiatives throughout the activity	141 - 157
	9	Development and distribution of technologies that respect the environment	141 - 157
Corruption	10	Fight against corruption in all its forms	76 - 78

Meliá Hotels International is a signatory member of the Spanish Global Compact Network. This 2020 Consolidated Management Report responds to the Global Compact criteria in its CoP (Communication on Progress), through which Meliá, as an associated company, reports on actions carried

out in relation to the 10 Principles in the Global Compact and communicated to its stakeholders following the Global Compact reporting policy. This document reaches an advanced reporting level following the Global Compact guidelines.



# Glossary

2020o	2020 Objective
APAC	Asia Pacific
ARR - Average Room Rate	Average price per every occupied room
B2B - Business to Business	Transactions involving products and services between two companies
B2C - Business to Consumer	Sales of products and services to end consumers
Bleisure - Business + leisure	The combination of business and leisure travel
CBG	Good Governance Code
CDP - Carbon Disclosure Project	Organisation that evaluates the positioning of companies in climate change
CNMV	Spanish Securities Market Commission.
COSO - Committee of Sponsoring Organizations of the Treadway Commission	Framework for the implementation of risk management and internal control systems
CSA - Corporate Sustainability Assessment	Annual evaluation of companies with regard to sustainability carried out by S&P Global
CUBG	Unified good governance code
Customer Journey	Contact points with customers during their trip or stay at the hotel (before the stay, during the stay and after their departure)
EBIT - Earnings Before Interest and Taxes	Results before interest and taxes
EBITDA - Earnings before Interest, Taxes, Depreciation and Amortisation	Gross operating profit before interest, taxes, depreciation and amortization
EBITDAR - Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs	Gross operating profit without considering the expenses derived from leases or rentals
E-commerce - Electronic commerce	Distribution, purchase or sale of products and services over the Internet
EMEA - Europe, Middle East and Africa	Europe, Middle East and Africa
ESG - Environmental, Social & Governance	Environment, social and governance
F&B - Food & Beverage	Food and Beverage
Fees	Fees
GDPR - General Data Protection Regulation	General Data Protection Regulation of the European Union for the protection of personal data
GRI - Global Reporting Initiative	Global standard for the preparation of sustainability reports that evaluates the economic, environmental and social performance of companies
GSS - Guest Satisfaction Score	Indicator that measures customer satisfaction
GSTC - Global Sustainable Tourism Council	Manages global standards for sustainability in travel and tourism
High-end	A segment characterised by high purchasing power and demanding exclusivity, luxury, authenticity and excellence.

Aggregate Information	Includes information on owned, leased and managed hotels
Consolidated Information	Includes information on owned and leased hotels (Consolidation perimeter)
JV - Joint ventures	Joint investment company that acquires the ownership of a hotel
Lead	Potential opportunity for a reservation or contracting of hotel services or products
Leadership	Leadership
Leading	Lead
Lifestyle	A type of hotels that have their own identity and personality.
Meeting & Events	Meetings and Events Segment
Midscale	Hotel category medium-priced or budget segments
Newsletters	Newsletters
Next Generation	Renewal or generation of any product or service
NIIF 15	International Accounting Standard that regulates the treatment of revenue from customer contracts
NPS - Net Promoter Score	Indicator that measures the level of recommendation from customers with regard to the hotel
SDG	Sustainable Development Goals, part of the United Nations 2030 Agenda
OHSAS - Occupational Health and Safety Assessment Series	Regulations governing occupational health and safety management systems
Onboarding	Induction of a new employee
OTA - Online Travel Agency	Online travel agencies mainly dedicated to the sale of travel services or products on the Internet
Partners	Partners
PCI - Security Standards Council	System that ensures the data security in credit card payments
Phishing	A method used by cybercriminals to deceive, defraud or obtain personal or professional data
Pipeline	Portfolio of hotels signed and pending opening
PMS -Property Management System	Technology used for hotel operations
Premium	Segment of hotels offering high-quality products and services and luxury experiences
Proxy advisers	Entities that provide advisory services to investors, mainly institutional, in relation to the exercise of voting rights derived from the ownership of shares in listed companies
Q - Quarter	Quarter
QPI - Quality Penetration Index	Quality index providing a comparison with competitors. Provides a reputation indicator compared to competitors
Ramp up	An increase in revenue due to greater demand for a hotel
Revenue Management	The management and improvement of hotel revenue and sales
ReviewPRO	Satisfaction surveys for a specific customer segment (agencies)

<b>RevPAR - Revenue Per Available Room</b>	Indicator that measures the revenue generated by room sales divided by the total number of rooms available over a given period of time
<b>CSR</b>	Corporate Social Responsibility
<b>SBTI - Science Based Targets initiative</b>	An initiative that aims to help define science-based strategies to combat climate change and reduce greenhouse gas emissions
<b>ICFR</b>	An internal control system for financial information that defines a series of processes to provide reasonable assurance regarding the reliability of financial information published in the markets.
<b>SET - Senior Executive Team</b>	Management Committee made up of the senior management of the company
<b>Shareholders</b>	Shareholders
<b>Silver class</b>	Silver class
<b>Stakeholders</b>	Stakeholders
<b>Statement</b>	Statement
<b>Stay safe</b>	Program designed to ensure the health and safety of our customers and employees during COVID-19
<b>Sustainability Yearbook</b>	Published by S&P Global and evaluating companies based on their performance in sustainability and environmental, social and governance criteria

<b>Tour Operators</b>	Companies that offer package-travel products to consumers
<b>Upgrade</b>	An offer to a customer to enjoy a service or product of a higher category than the one they originally booked
<b>Upper upscale</b>	Segment of hotels with the highest product and service standards or of a superior category
<b>VP</b>	Vice President
<b>VUCA (Volatility, Uncertainty, Complexity &amp; Ambiguity)</b>	Acronym that defines the business context in a volatile, uncertain, complex and ambiguous environment

# **Meliá Hotels International, S.A. and Subsidiaries**

Independent assurance report of the  
Non-Financial Information included in  
the 2020 Consolidated Management  
Report of Meliá Hotels International, S.A.  
and its Subsidiaries for the year ended  
on December 31<sup>st</sup> in 2020

Translation of a report originally issued in spanish. in the event of  
a discrepancy, the spanish-language version prevails.

Translation of a report originally issued in Spanish.  
In the event of a discrepancy, the Spanish-language version prevails.

## INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Meliá Hotels International, S.A.:

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the non-financial information included in the Consolidated Management Report (CMR onwards) of Meliá Hotels International S.A. and its subsidiaries (Meliá onwards), for the year ended on December 31<sup>st</sup> in 2020.

The CMR includes information, additional to that required by current Spanish corporate legislation with regards to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their core option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to verifying of the information identified in the tables of the Annexes of the CMR "GRI Standards table of contents" and the table of "Non-financial and diversity information requirements (Law 11/2018)".

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### Responsibilities of the Directors

The preparation and content of Meliá's CMR are the responsibility of the Board of Directors of Meliá Hotels International, S.A. The Annexes of the CMR were prepared in accordance with the content specified in current Spanish corporate legislation, with GRI standards in their core option.

The responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as deemed necessary to enable the CMR and the NFIS to be free from material misstatements, whether due to fraud or error.

The Directors and the Management of Meliá are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CMR and the NFIS is obtained.

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### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviewing non-financial information and, specifically, in information about economic, social and environmental performance.

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## Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less extensive than those of a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various units of Meliá that participated in the preparation of the CMR, reviewing the processes used to compile and validate the information presented in the CMR, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Meliá personnel to understand the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, relevance and completeness of the contents included in the CMR Annexes based on the materiality analysis performed by Meliá and described in the "Materiality Analysis" of the CMR, also taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the non-financial information data presented in the 2020 CMR.



- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the "Materiality Analysis" of the CMR.
- Verification, by means of sample-based review tests, of the information relating to the contents of the Non-Financial Statements included in the 2020 CMR, and the appropriate compilation thereof based on the data furnished by Meliá's information sources.
- Obtainment of a representation letter from the Directors and Management.

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## Conclusion

Based on the procedures performed and the evidence obtained, no issues have come to our attention that cause us to believe that the non-financial information included in the tables "GRI Standards table of contents" and "Non-financial and diversity information requirements (Law 11/2018)" in the annexes of the CMR of Meliá Hotels International, S.A. and subsidiaries, for the year ended December 31<sup>st</sup> 2020, was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards.

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## Other information

The calculation of greenhouse gas emissions (GHG) of scope 3 and the estimation of waste, given their nature, are subject to uncertainty, having been performed according to the methodology and assumptions specified in the CMR and in accordance with the available information. A modification in the parameters used in the estimation could impact the total amount of emissions and the carbon footprint presented.

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## Use and Distribution

This report has been prepared in response to the requirements established by the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

DELOITTE, S.L.

Xavier Angrill

February 25<sup>th</sup> 2021





