

Annual Report and CSR 2013

MELIÁ HOTELS
INTERNATIONAL

HOTELS & RESORTS
REAL ESTATE
CLUB MELIÁ

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INDEPENDENT ASSURANCE REPORT ON THE ANNUAL REPORT AND CSR 2013

**A free translation from the original in Spanish. In the event of a discrepancy,
the Spanish language version prevails.**

To the Management Committee of Meliá Hotels International S.A.:

Scope of our work

We have been engaged by Meliá Hotels International S.A. and its subsidiary companies (hereafter Meliá Hotels International) to review whether the contents of its Annual Report and CSR 2013, for the year ended 31st December 2013, are in line with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version 4.0 (G4.0) and the validation of the performance indicators included in the general and specific content proposed in the Guidelines, reported in Annex "GRI Indicators" of the Annual Report 2013 and CSR.

The Management of Meliá Hotels International is responsible for the preparation of the Annual Report and CSR 2013, the information included therein and the design, implementation and maintenance of the management and internal control systems from which the information has been obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria and procedures applied for the review

We have undertaken our work in accordance with Standard ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Limited Assurance Engagements) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guidelines on reviews for Corporate Responsibility Reports issued by the Spanish Institute of Chartered Accountants (*Instituto de Censores Jurados de Cuentas de España*).

Our review has consisted in posing questions to Management and various units of Meliá Hotels International that participated in the preparation of the Annual Report and CSR 2013, as well as the application of certain analytical procedures and sample-based testing, which, in general, are described below:

- Interviews with the personnel of Meliá Hotels International in order to ascertain the management approaches applied to obtain the necessary information for the external review.
- Analysis of the processes used in compiling and validating the indicators presented in the Annual Report and CSR 2013.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 6.054, sección 3ª. inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290

- Revision of activities related to identifying and considering stakeholders during the year, as well as the coverage, relevance and integrity of the information included in the Annual Report and CSR 2013, based on Meliá Hotels International understanding of its stakeholder's requirements.
- Analysis of whether the contents of the Annual Report and CSR 2013 are in line with the GRI-G4.0.
- Verification, through sample-based testing reviews, of the quantitative and qualitative information regarding the key indicators set down in the Annual Report and CSR 2013 and whether they have been properly compiled on the basis of the data provided by Meliá Hotels International's information sources.

The scope of a review is significantly less than that of a reasonable assurance report. Accordingly, the degree of assurance furnished is also lower.

The present report cannot be understood, in any circumstances, to be an audit report.

Independence

We have carried out our work in accordance with the independence rules set out in the Code of Ethics of the International Federation of Accountants (IFAC). The work has been carried out by a team of sustainability specialists with extensive experience in the review of this kind of reports.

Conclusion

The table of GRI indicators provides a detail of the performance indicators reviewed and the scope limitations of the review, as well as identifies those indicators that do not cover all the aspects recommended by GRI. On the basis of the results of our review, nothing has come to our attention that causes us to believe that the Annual Report and CSR 2013 of Meliá Hotels International contains significant mistakes or has not been prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines GRI, version 4.0 (G4.0).

PricewaterhouseCoopers Auditores S.L.



MªLuz Castilla
Socio
24th June 2014

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G4-29 > Date of the annual report
immediately prior to the most recent: 2012

Signature of the Audit Report on the Consolidated Annual Accounts: PwC

G4-28 > Signature of the Independent Review of the
2013 Sustainability Report: PwC

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GALILEO:SM
SABRE:ME
WORLDSPAN: SM



CORPORATE HEAD OFFICE

Message from the Chairman



“Good planning and implementation of the strategy has made it possible for Meliá to improve in all areas of the business ”

Dear friends,

It gives me great pleasure to present our Annual Report & CSR 2013, which as you can see incorporates a new structure and information and is more relevant to all our Stakeholder Groups, the result of a continuous improvement and transparency of information.

The renewal, for the second consecutive year, of Meliá's certification as a **Biosphere Hotel Company** in regard to Responsible Tourism demonstrates the commitment of the Group to generating value for society and to the sustainability of our business model, from an economic, social and environmental perspective.

Also, we hold our place in the Spanish stock market sustainability index, **FTSE4Good Ibex**, as the first company in the tourism sector included in the index. We are leaders in our sector in the **CDP Iberia 125 (Carbon Disclosure Project)** against climate change, with a growing number of hotels driving its certification in sustainable tourism.

2013 has undoubtedly been, once again, a year filled with challenges, which we have closed with improvements in all areas of the business and having carried out a financial restructuring that will help us to improve our balance sheets in the coming years. This is without a doubt the result of a well-designed and driving strategy despite the unfavourable circumstances.

I would like to remind you that the current Strategic Plan had to be adapted to resist the economic situation and to be able to emerge from it with success and strength. The premise of applying double speed, which is strong in the more dynamic international markets – with a special focus on the so-called emerging markets – and which is more conservative in Spain and other markets affected by the economic crisis, has allowed us to keep growing and expanding our market internationally. In Spain, we have managed to alleviate the impact of the drop in national demand and employment and the resulting lack of confidence.

Today Meliá is the most internationalised Spanish hotel chain: this vocation has meant that we are now present in 40 countries, incorporating new destinations, some of them very important to the Group, through a qualitative expansion that brings prestige to our brands and strengthens our international leadership in the holiday sector.

I wish to stress that, as a family business and with a long-term vision, Meliá understands the importance of reinventing itself. With almost 60 years behind us, and many more to come, we are facing an important process of cultural transformation and a renewal of our values that will allow us to face it with assurances.

Our suppliers are essential allies for ensuring the social and environmental sustainability of Meliá's supply chain in any corner of the world.

Moreover, as a hotel and services company, driving our excellence in management and dedication to service is not possible without the talent and professionalism of a highly committed team. Throughout the year 2013, the Group has continued to offer employment and professional development opportunities at an international level to its employees, fostering career

“Our current presence in 40 countries consolidates the internationalisation of Meliá, which is becoming key to a sustainable future”

advancement through internal promotion and collaboration with the academic world via the academic staff of the University of the Balearic Islands and through many other agreements with Universities and Training Centres.

Those who form part of Meliá reinforce the essential values of the Company in their daily tasks and this is reflected in the results of the Commitment and Climate survey. In addition, we are continuing to strengthen our collaboration with unions, having implemented an Equality Plan and subscribed to a Collaboration Agreement with the IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association) which strengthens the focus on improving professional relationships.

I also wish to mention our owners and partners, thanks to whom we are able to drive our model of Company growth and internationalisation. Partners related to hotel management, to the offer of new experiences in leisure, restaurants, technology and well-being, whose international prestige contributes to increasing the value of our brands. In regard to the third sector, we have renewed our global commitment to UNICEF, as well as to the ONCE Foundation in regard to disability, and to the SERES Foundation, with which we are committed to appreciate the importance of the social aspects of our business activities.

In our relationships with national and local institutions, our Company is intricately involved with organisations and initiatives that affect the progress of business-related activities and, in particular, Tourism, both from platforms such as Exceltur or the work group formed to drive *Destino Madrid*, and through close collaboration with the Ministry, the High Commission for the Spain Brand and the Renowned Brands of Spain Forum. On an international level, we have driven advances, among which our presence at the Spanish-Italian Dialogue Forum and meetings with different institutions of Jamaica, Brazil, China and Indonesia, among others, particularly stand out.

I am proud to have a highly satisfactory balance sheet for this year. Despite the difficulties and uncertainties, we have managed to meet our strategic objectives and meet our commitments to our Stakeholder Groups.

Dear friends, we are fortunate to work in a sector that has a lot to offer to society and, from Meliá Hotels International, with support and drive from all of you, we hope to continue doing so for many more years to come, beginning this year with the long-awaited economic recovery.

Gabriel Escarrer Juliá

Chairman and Founder of Meliá Hotels International

“Our values, strengths and position in sustainability have brought us recognition from Merco for the second time, as the tourism company with the best corporate reputation”

Message from the CEO and Executive Vice Chairman



“Meliá Hotels International is now more global and sustainable than at the start of the global financial crisis”

Dear friends,

Our company has continued to advance in the process of strategic, organisational and cultural transformation which will lead to the consolidation of Meliá Hotels International's standing as a global benchmark for responsible hospitality and tourism practices. As a result of our participation with the **Integrated Reporting** pilot group of Spanish companies – an internationally predominating trend – this document presents the progress that Meliá is reaching in each of its fields in an innovative, holistic and strategic way.

In regard to the 2013 results, the recurring positive progress of the business has allowed Meliá Hotels International to increase its EBITDA by 28.3% without capital gain, rising 78 basic points in the hotel EBITDA margin and constantly improving the average revenue per available room. In this way, Meliá has maintained and reinforced its objective to reduce net debt, which in 2014, through the increased generation of revenue will tackle the rotation of non-strategic assets and the possible conversion of convertible bonds.

Thanks to our commercial management, which is both direct and through intermediaries, melia.com increased its sales by 22% to 212 million euros. We have managed to maintain our levels of RevPAR, Quality and Satisfaction above those of our competitors in the main European cities. In addition, the **MeliáRewards** Loyalty Programme has seen the number of its members increase which will reach 4 million users by the end of 2014.

In recent years Meliá has focused on developing a dual strategy which is expansive in more dynamic international markets and highly selective in Spain and other southern European countries. Because of this focus on the talent and commitment of our team and the adaptability of our business model and the changing face of international tourism, Meliá is now more global and sustainable.

Today we are the fourth largest Spanish company, after textile multinationals, with a presence in the highest number of countries. This growing global presence has also allowed us to adapt the weight of the Spanish market, which today represents only 21% of the total rooms and 15% of the operating revenue, allowing us to diversify our clientele, at the same time as maintaining our commitment to Spain, a strategic destination.

In this regard, today Meliá is more international than ever, with a presence in 40 countries and more than 360 hotels.

A good reflection of this development toward a more managed and internationalised model is our *pipeline* of hotels yet to open, as 99% of the rooms are located outside of Spain, 94% belong to superior or luxury categories and 100% will be managed under low capital formulas.

This report will demonstrate how we have rolled out a new model of leadership and management of people and talent in order to drive our process of transformation. Another exciting

“We have transformed our business model in order to focus more on management, with a larger importance on our international portfolio, to be more of a leader in the holiday sector and be better positioned in the superior and luxury sectors”

“We are proud of our commitment to Spain, which we kept even at the worst points of the recession, and we are prepared to face the future in the best possible conditions”

challenge through the financial year has been the continued growth of the staff of Meliá on a global scale, exceeding 38,200 employees with more than 130 nationalities.

I would like to point out that Meliá has always maintained a commitment to Spain: even at the worst points of the recent recession -- from which it is fortunately beginning to recover -- our group adopted measures to reduce the risks and looked to its strengths to compensate for the fall in demand, optimising its commercial management and centralised channels and strengthening new issuing markets' focus on Spain. This commitment has allowed us to maintain the satisfaction and quality perceived by our clients (82.5%) and the confidence of our shareholders and investors, as demonstrated by our revenue for 2013 (+61.7%).

We have maintained our confidence in the potential of the Spanish market which has led us to continue to grow in the country with extraordinary resorts such as the Meliá Palacio de Isora in Tenerife, the three Inside urban hotels recently inaugurated in Madrid, and large hotels on the coasts of the Spanish mainland such as Meliá Atlántico Isla Canela and Meliá Villaitana. The special *Calviá Beach* project deserves special mention. For the last three years Meliá has driven the sustainable restoration of an old tourist destination, Magaluf, and with an investment in excess of 80 million euros has earned, among other awards, the Tourism Merit Award.

In the Corporate Responsibility plan, advances in the integration of social and environmental policies in the Company's strategy continues to bring consistent results. At Meliá we envisage a promising future, based on the positive perspectives of international business for the year 2014 and on our Company's ability to transform itself so as to maintain its leadership and responsible commitment.

I am convinced that all this puts us in an unbeatable position to continue to grow and, with the support of our Stakeholder Groups, make a quantitative leap in our management, improving profitability and results, as well as our position as a responsible company.

Gabriel Escarrer Jaume

Vice chairman and CEO

About this integrated report

“This first Integrated Report on Meliá Hotels International is intended to comply with the core idea of the most innovative international standards: to report on the relevant information for the stakeholder groups”

INTEGRATED REPORTING <IR>



G4-18 > SYSTEM OF PRODUCTION

For the first time Meliá Hotels International is following the principles of *Integrated Reporting*, laid out by the IIRC (*International Integrated Reporting Council*), and has taken on a dual challenge:

- > To implement the principles of integrated reporting
- > To use the new GRI-G4 reporting standard

Joining the two standards has been the most significant advance made. The immediate result of this development is the name change of the report to Annual Management & Sustainability Report for Meliá Hotels International which includes a more holistic vision of the Company.

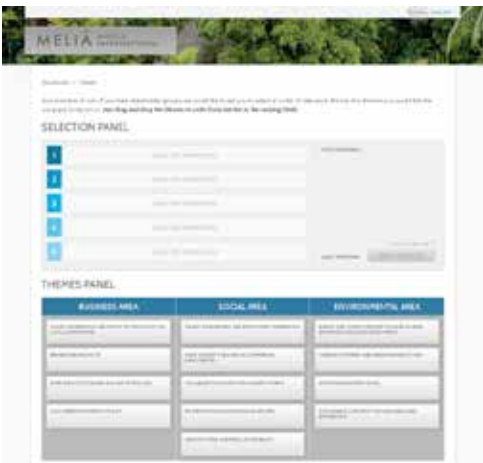
Its production was based on the results of the materiality analysis for 2013. An attempt has been made to adapt the content of the information most relevant to the Company and to its Stakeholder Groups, bearing in mind where this information is relevant (location and setting).

MATERIALITY ANALYSIS

To decide what relevant information to include in this report the following sources were accounted for:

- > The strategic objectives established in the Company's 2012-2014 Strategic Plan
- > The risks and opportunities reflected in the Company's Risk Map
- > The results of the Commitment and Culture survey, It's Your Say
- > A direct consultation with a sample of 7,000 members of the Company's main stakeholder groups

For the direct consultation an innovative online tool was used which presented a list of 13 predefined subjects to the user and asked them to select the five most relevant.



G4-19 G4-27 >

This is the list of the 13 subjects presented in the order of priority selected by the stakeholder groups in the survey:

1. The activity's generation of wealth and its social impact on the local communities
2. Talent management and generation of employment
3. Suppliers' selection and evaluation policies
4. Energy and water consumption and savings measures with their associated impact
5. Brands and products
6. The fight against the commercial sexual exploitation of children
7. Landscape integration and sustainable construction
8. The integration of disadvantaged groups
9. Waste management model
10. Carbon footprint and reduction in emissions
11. Universal architectural accessibility
12. Collaboration with the academic world
13. Privacy policy in regard to our clients' information

This consultation, having focused on each stakeholder group, allowed Meliá to learn the importance of the items to each group.

In the interests of transparency, references are included in the text so that answers to the GRI indicators can be more easily located.

SCOPE OF THE INFORMATION

The scope of this report includes hotels owned and leased as well as those that are managed by Meliá Hotels International (239 hotels and 60,267 rooms, excluding franchises).

The following geographic areas are excluded from the scope: Cuba, Egypt and Bulgaria, as well as particular exclusions in specific indicators.

VERIFICATION OF THE INFORMATION, AUDITS AND STAMPS

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In regard to economic performance, the information available in the Annual Report has been processed in compliance with current legislation and audited by PwC. The result can be consulted in the Financial Report and, in summarised form, in this report.

The non-financial information has also been submitted for external verification by PwC, and as a result a Verification Report was obtained which revises the adaptation of the content of the 2013 Annual Management & Sustainability Report, the GRI-G4 Guide and the validation of the performance indicators proposed in its Core option.

YOUR OPINION

For any additional information you may require, do not hesitate to contact us.

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History of Meliá Hotels International

BUSINESS	<div>1956: First Company hotel (Palma de Mallorca, Spain)</div> <div>1965: Escarrer established Hoteles Mallorquines to consolidate his different assets</div> <div>1984: Acquisition of the hotel chain HOTASA. It becomes the largest hotel group in Spain</div> <div>1985: First international hotel (Bali, Indonesia)</div> <div>1987: Acquisition of the Meliá hotel chain. The Company changes its name to Sol Meliá</div> <div>1994: Launch of the loyalty programme (currently MeliáRewards)</div> <div>1995: The birth of Paradisus Resorts, specialising in the luxury sector in the Caribbean</div> <div>1996: First European hotel group to be quoted on the stock exchange</div> <div>1997: Launch of the bookings website</div> <div>1998: Acquisition of nine hotels in Paris, starting off developments in Europe</div> <div>2000: Acquisition of the TRYP Hotel chain</div> <div>2004: Launch of the Holiday Club</div> <div>2006: Launch of ME by Meliá, the most vanguard brand in the portfolio</div> <div>2007: Acquisition of the German brand Inside</div> <div>2010: Global alliance with Wyndham, giving rise to the birth of TRYP by Wyndham</div> <div>2011: The Company becomes Meliá Hotels International. The birth of the Asia-Pacific division and two important alliances with Jin Jiang and Greenland Group</div> <div>2012: Enters the Middle East</div> <div>2013: Launch of native applications for mobile devices. First Tweet Experience Hotel in the world (Sol Wave House, Mallorca)</div> <div>2014: For the first time Meliá is present in 40 countries on four continents</div>						
	<div>1950s</div> <div>1960s</div> <div>1970s</div> <div>1980s</div> <div>1990s</div> <div>2000s</div> <div>2010s</div>						
	<div>Birth of the company</div> <div>The development of growth in the Balearic Islands (Spain)</div> <div>Extension of the business in Spain's main holiday destinations</div> <div>Entrance into the main Spanish cities and initiation into the process of internationalisation, as well as greater specialisation in the management of the group</div> <div>Expansion into Latin America and the Caribbean. Integration of the second generation of the Escarrer family, which drives the process of renewal and professionalism in management</div> <div>Consolidation in the main European cities and opening of new markets (US and China). Configuration of the current brand portfolio</div> <div>New stage of growth and leadership and consolidation of management strengths</div>						
	CORPORATE SOCIAL RESPONSIBILITY	<div>Volunteering Initiatives and Philanthropy</div> <div>2002: Establishment of the Meliá Hotels International Chair of Tourism Studies, in collaboration with the University of the Balearic Islands (UIB)</div> <div>2007: Launch of the SAVE project to fight climate change</div> <div>2008: Approval of a Global Sustainability Policy and inclusion in the FTSE4Good Index</div> <div>2009: Prince Felipe Prize for Business Excellence Biosphere Hotel Company, certification awarded by UNESCO</div> <div>2010: Strategic alliance with UNICEF</div> <div>2012: Launch of the Calvià Beach Resort project for the restoration of an old tourist destination (Magaluf, Mallorca)</div> <div>Publication of the first Code of Ethics. Launch of the company website meliahotelsinternational.com, certified with level AA accessibility</div> <div>2013: The first Company Talent Pool. Meliá is a sector leader in MERCO Corporate Reputation Monitoring and in transparency and performance in the fight against climate change (CDP Iberia)</div> <div>2014: Selected as one of the most attractive companies to work in (Randstad)</div>					

CONSOLIDATED FIGURES

REVENUE (€M)
2013*: 1,352
2012*: 1,330

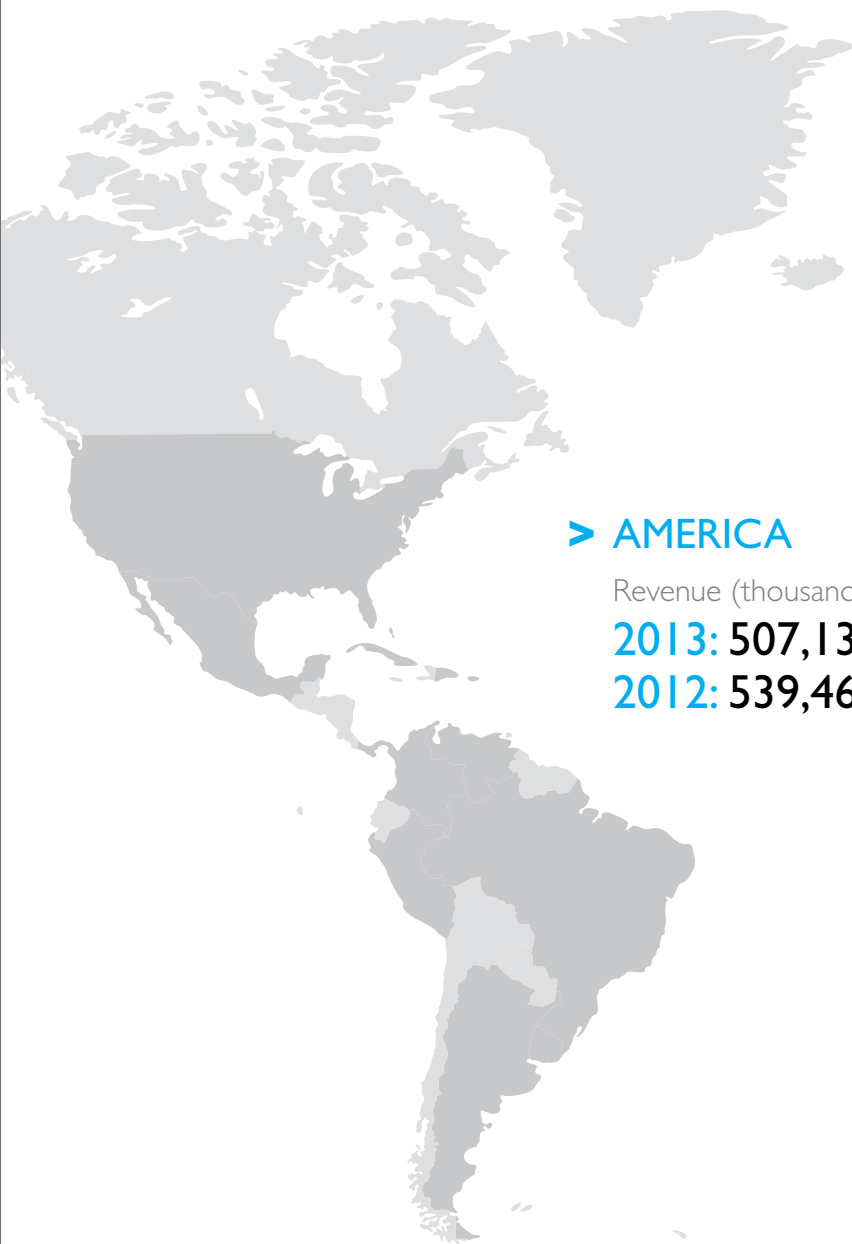
EBITDAR (€M)
2013: 344
2012: 345

EBITDA (€M)
2013: 242
2012: 242

G4-9 > 305 hotels in 2013
(301 in 2012)

133 hotels under management
57 hotels owned
87 hotels leased
28 franchised hotels

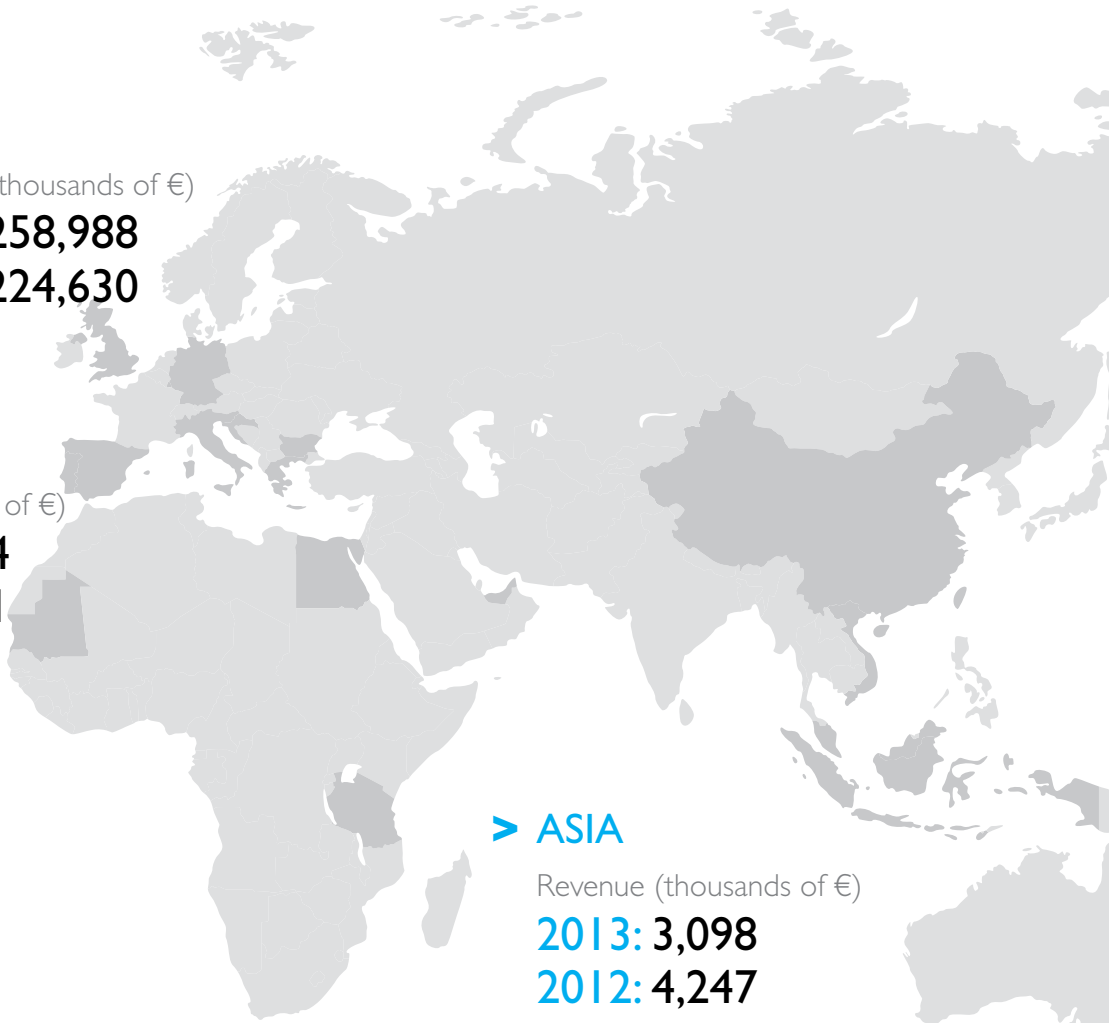
CLUB MELIÁ
605 units
14 hotels



> AMERICA
Revenue (thousands of €)
2013: 507,137
2012: 539,466

> EMEA
Revenue (thousands of €)
2013: 258,988
2012: 224,630

> SPAIN
Revenue (thousands of €)
2013: 678,654
2012: 652,231



> ASIA
Revenue (thousands of €)
2013: 3,098
2012: 4,247

* Included - €96 million in 2013 and - €91 million in 2012 in intragroup eliminations.

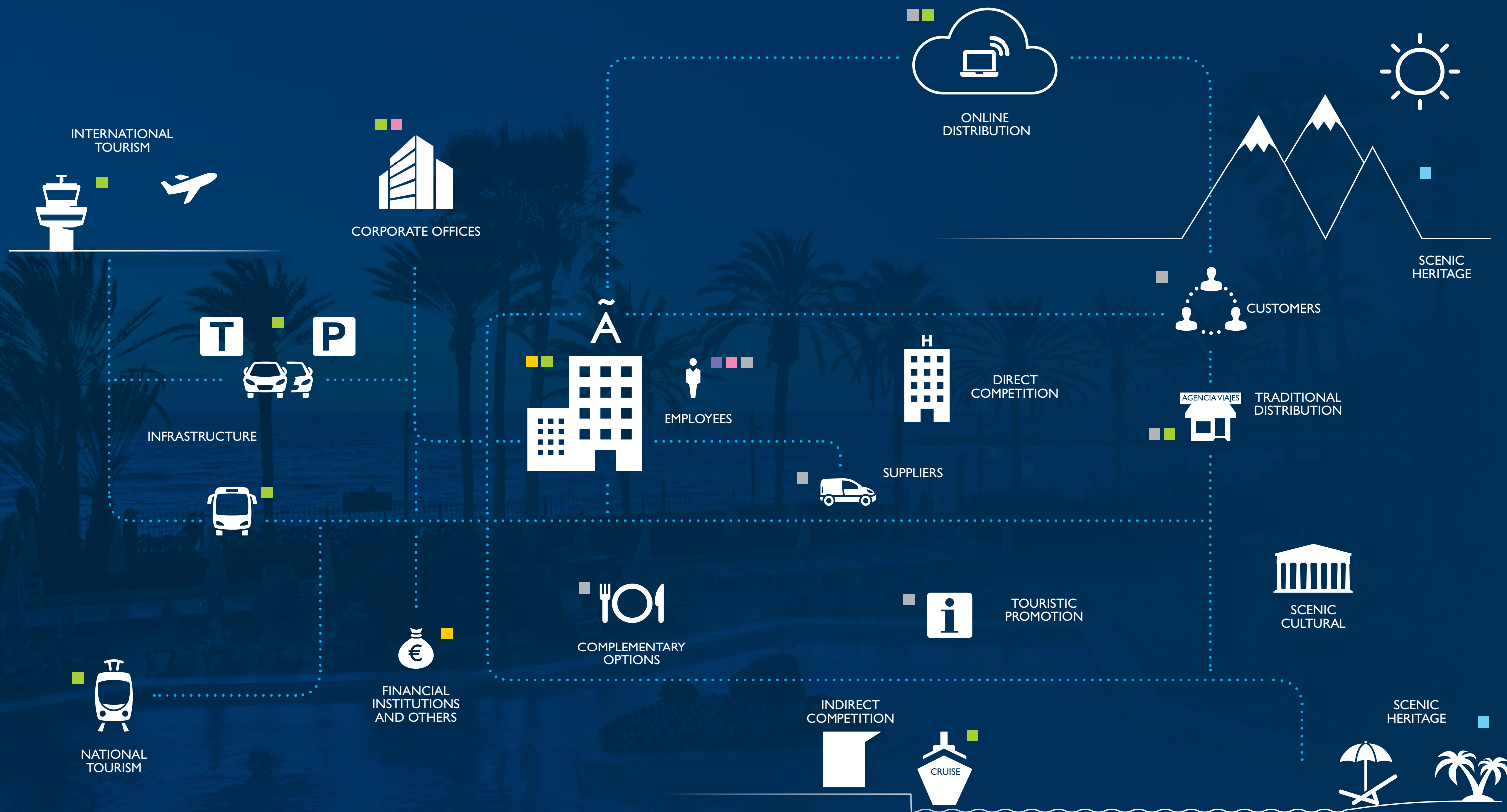
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	MELIÁ HOTELS INTERNATIONAL	GRAN MELIÁ HOTELS & RESORTS	Paradisus RESORTS	ME BY MELIÁ	MELIÁ HOTELS & RESORTS	INNINSIDE BY MELIÁ	TRYP BY HYDROBAN	Sol hotels&resorts
Hotels	305	10	9	6	101	13	86	80
Rooms	78,515	3,010	4,452	1,388	29,044	1,645	13,569	25,047
Hotels in the Pipeline	57	2	1	3	31	15	5	-
Rooms in the Pipeline	16,363	549	381	431	11,215	2,800	987	-

The Tourism Industry



The tourism industry



■ FINANCIAL RESOURCES ■ HUMAN CAPITAL ■ INDUSTRIAL CAPITAL ■ INTELLECTUAL CAPITAL

■ NATURAL RESOURCES ■ SOCIAL RELATIONSHIP CAPITAL

The tourism industry and its setting

Tourism is a complex industry involving a wide range of companies working at different stages and times of a trip, from airlines to tour operators, travel agencies, restaurants and hotels.

These all form part of an interrelated network of wholesalers, retailers and suppliers of tourism products and services which together offer the customer a complete experience. All this involves a complex network of relationships and dependencies among the agents involved.

In a simple and generic way we can categorise the main actors involved as the following categories:

Suppliers

- > These are the owners or suppliers of travel services such as airlines, hotels and cruise line companies
- > They have the option to sell the product to travellers either online, directly or by telephone, or through intermediaries such as tour operators (wholesalers) and travel agencies (retailers)

Traditional Travel Agencies

- > These tend to be physical shops at street level
- > They sell business and leisure travel to their customers although some of these may be customised or exclusive

Online Travel Agencies

- > Online travel agencies (OTA's) run their businesses through digital platforms

- > There are numerous online travel agencies representing pan-European companies such as Booking.com, ebookers, eDreams, Expedia, lastminute.com, and Opodo and smaller regional agencies such as Go Voyages, Rumbo, and HRS, which focus on specific markets

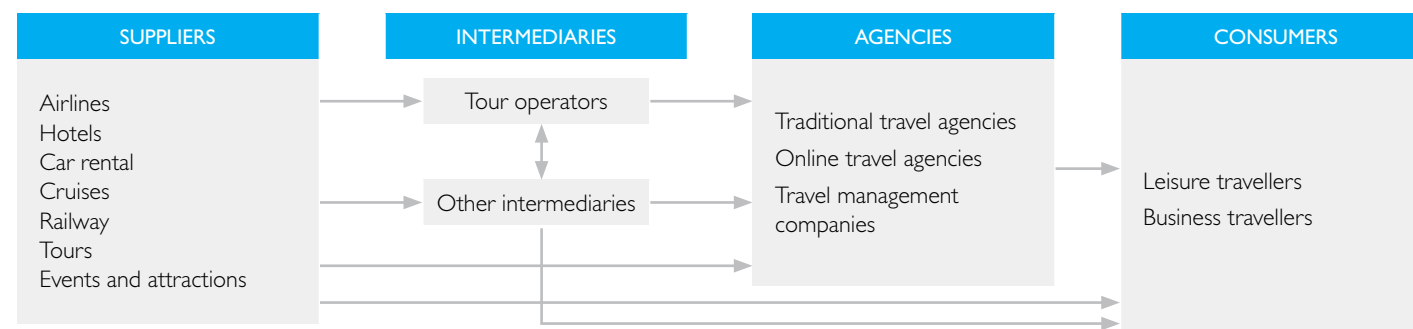
Tour Operators

- > Tour operators count as both suppliers and intermediaries
- > In this segment there is a multitude of business models, the most common involves packaging several components from other travel suppliers (such as hotels, airlines, land transport, activity suppliers) in a unique travel experience for the consumer, offering a package which is more economical than if each part were to be purchased separately

Customers

- > These are the end consumers of the tourism services and are normally classified according to their reasons for travelling. The most common differentiation is between leisure and business
- > Depending on other aspects or reasons for travelling, customers may also be classified according to their own characteristics (international, national, local) or in terms of their reason for travelling (family trip, rural getaway, adults only, etc.)

These categories are clearly focused towards the commercial sale of tourism services but other agents which are involved in the



tourism market from both public and private entities must not be forgotten. These are those institutions and organisations which, while they do not directly control supply and demand in tourism, they are involved as facilitators, drivers and regulators of the relationships among the agents.

Within this setting, the main business activities of Meliá Hotels International is as an accommodation service supplier and it maintains commercial and institutional relationships with the main agents in the industry. In addition, as a complement to accommodation, it also offers hospitality and entertainment services to its clients, thus providing a complete experience during their stay in the establishment.

OUR ACTIVITIES

To simply illustrate Meliá's main business areas, the following diagram divides the main value-generating activities into five main categories:

- > Business Management: activities aimed at defining the company's global strategy, the planning and management and monitoring of the business as a whole
- > Expansion: activities that afford flexibility and allow the provision of availability of a hotel or new business for subsequent operations
- > Marketing: activities that facilitate and allow for the marketing of the products and services of our business activities (hotels, holiday clubs, spaces, etc.)
- > Operations: activities related to hotel operations. Everything we do to provide a service to the end client
- > Support: activities that support the corporate and business operations of the company

The following diagram displays a selection of the main activities carried out in each category at a very high level and by way of example:



This structure is used as an internal tool by the Organisational Management for

the classification, review, improvement and dissemination of the company's processes.

The tourism industry and its setting

RESOURCES USED

To run its business activities Meliá employs a group of resources and relations that are essential for running the services it offers. Notable among these are access to financial capital and human, industrial and intellectual know-how.

Financial Resources and Financing Models

To run its business activities, the company requires access to a collection of funds which it obtains in a balanced way from a variety of sources:

- > Funds generated from the company's own operations
- > Through financing instruments such as debt and equity securities among others

The main financial objective for 2013 was to move forward in the process of refinancing. Meliá issued convertible bonds for €250 million with an interest rate of 4.5%. Thanks to these funds, the Company paid the existing syndicated loans in advance (€312 million), advancing in the extension of debt maturity, while diversifying and internationalising the sources of financing.

Today, the Company's financing scheme is to diversify the sources.

The future financing strategy is focused on maintaining a diversity of sources as well as increasing exposure to USD financing and reducing EUR financing, in order to adapt to the generation of cash flow.

In regard to changes to the cost of debt, the restructuring process in 2013 allowed the company to maintain an average interest rate for 2013 of 5.5%. Next year, Meliá expects the low average interest rates to continue.

The Company's financial focus is on the deleveraging of the balance sheet, partially supported by the asset revenue plan, the generation of cash flow both from the hotel business and the holiday club, together with the impact of the possible conversion of convertible bonds.

Human Capital

In an industry focused on providing services, human capital is a determining factor for success, as well as a differentiator.

Currently, the staff of Meliá Hotels International is made up of 38,207 people (including Cuba, Bulgaria and Egypt).

Having collaborators with the appropriate skills and abilities for future objectives is one of the challenges the company faces. Aspects such as leadership, a focus on services, upholding a global and international vision, flexibility, the capacity to adapt to the environment and innovation are the key aspects of our human resources model.

Meliá is fully aware of this and firmly supports the training and development of its teams.

Of equal importance is the organisational structure to ensure both its alignment with future objectives as well as its operational efficiency.

In this regard, Meliá is taking on a new organisational model based on the decentralisation of operational functions and support, in order to provide more autonomy and flexibility with the geographic regions in terms of decision making, and at the same time strengthening customer relations.

Industrial Infrastructural Capital

Providing accommodation services requires certain hotel facilities (buildings, equipment, entertainment areas). These facilities may or may not be the property of Meliá Hotels International depending on the type of management contract of each hotel.

In addition, as a whole, the tourism activities make use of and depend on third party infrastructure. The existence, size and state of conservation of infrastructure such as airports, ports and motorways are key factors that determine the attractiveness and potential of a region.

Intellectual Capital

Meliá Hotels International is a company with almost 60 years experience in the tourism industry. Throughout this time it has acquired extensive knowledge of the management and operation of hotel businesses.

Proof of this *know how* as a hotel company is the fact that many owners (53% of the portfolio) hand over the management of their business to Meliá Hotels International in exchange for management fees. The Company is highly renowned and positioned as a manager in markets that are already consolidated or have a notable presence such as Spain, Cuba, Brazil and the Caribbean.

A large part of this knowledge and experience is embedded in the Company's policies, regulations, processes, procedures, manuals and systems. Currently it is internally

re-launching a Knowledge Management project in order to review, update and innovate the way it is disseminated.

Natural Resources

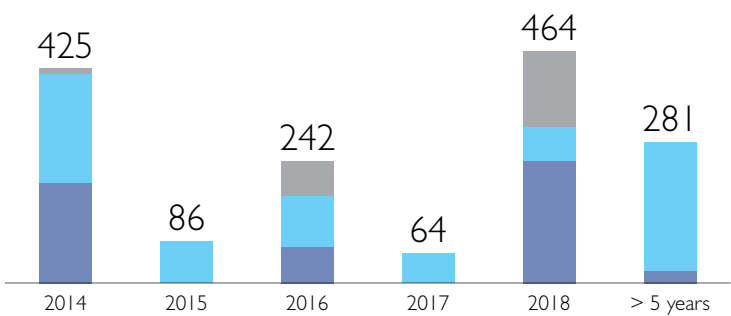
The tourism industry makes use of the availability of the attraction of certain natural resources as a complement to the services offered. This is particularly evident in cases of sun and beach tourism, snow and ski tourism and nature tourism.

Meliá is committed to conservation and to minimising the impact of its activities on natural resources. The company is running initiatives to minimise water and energy consumption, applying sustainable construction criteria in its new establishments and refurbishments and promoting responsible consumption of items in its establishments.

Social and Relational Capital

This type of capital makes reference to the capacity to share information with stakeholder groups. It includes:

- > Common values and behaviours
- > Relationships with key stakeholder groups, and the trust and willingness to collaborate
- > An organisation's social licence to operate



■ Capital Markets ■ Bank Loans ■ Other financial liabilities

* € Million

The tourism industry and its setting

G4-2 > MAIN RISKS OF THE INDUSTRY AND THE ENVIRONMENT

In the tourism sector, international companies are faced with industry risks due to their operation in different socio-economic and regulatory environments.

A seasonal business

It is the nature of the hotel industry that hotels suffer from seasonal demand, a phenomenon meaning that tourism demands are concentrated at certain times of the year.

Seasonality affects regions and countries unequally, for which in order to reduce this risk, the Companies need to diversify their portfolios, in geographic terms, to allow for a more balanced distribution of revenue over the year.

Outdated tourist destinations

Another risk to the hotel sector is driving mass exploitation of tourist destinations. A destination can be considered outdated, obsolete or unattractive due to the quality of the hotels and leisure on offer there, marketing at low-prices, clientele with inappropriate behaviour and little public investment, which can lessen the attractiveness of the destination.

Meliá is present in tourist destinations that were pioneers in the years of the *boom in tourism*. Today these destinations require investment in order to continue being tourist attractions.

Economic crisis or uncertainty

The hotel industry depends on developments in the global economy and is very sensitive to changes in economic cycles.

In periods of low or even negative economic growth, the budget available, both for companies and families diminishes.

In Spain this factor has negatively affected the urban segment, which continues to suffer the consequences of the drop in the domestic market and the deceleration of internal demand.

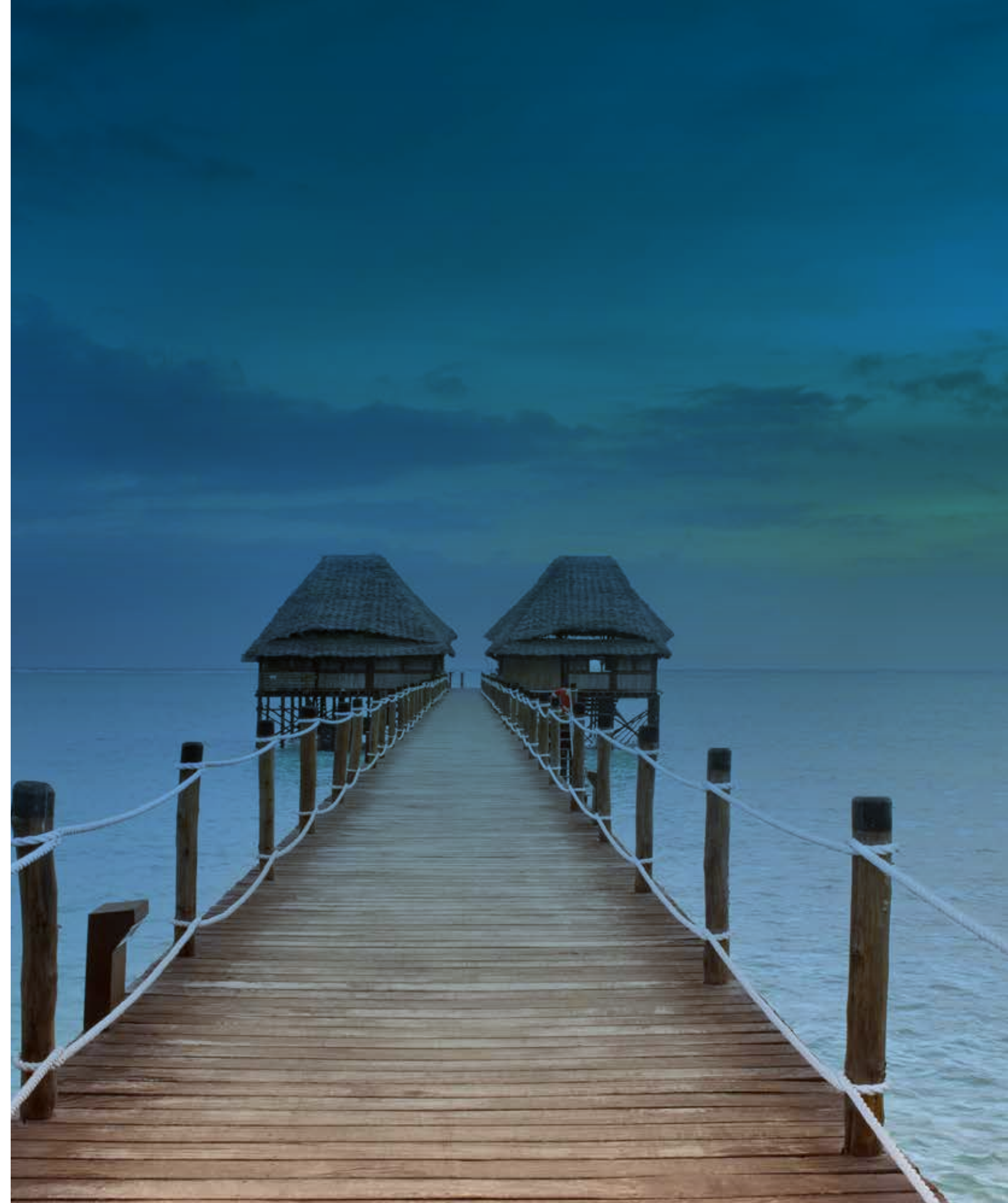
In addition, periods of crisis and economic uncertainty limit access to financing and increase its costs.

External risk factors

There are factors that are out of the control that companies can exercise. These factors can limit or reduce the demand for hotel and tourism products and services. Some of these factors are:

- > Catastrophes and natural disasters. These can include hurricanes, earthquakes, tsunamis, etc. Certain tourist destinations can be more susceptible to one or several of these risks
- > Pandemics and health and food crises can affect countries and destinations, limiting or reducing the flow of travellers to these areas
- > Political and socio-cultural crises and wars, civil unrest and mass protests.
- > The negative effect of climate change
- > Economic blockades, government interventions. Political and legal insecurity
- > Legislative and regulatory changes that can have an economic impact on hotel operations
- > Changes in consumption trends and habits. Technological changes
- > Demographic changes that have repercussions on tourism

Daily operations require the definition of the corresponding protocols for action aimed at safeguarding the health and safety of customers and employees and ensuring normal functioning of operations.



MELIÁ ZANZIBAR

Global vision of Meliá Hotels International



Culture and values

MISSION OF MELIÁ HOTELS INTERNATIONAL

“At Meliá Hotels International we offer global accommodation experiences and services with criteria of excellence, responsibility and sustainability. And as a family company, we wish to contribute to making a better world”

CORPORATE BRAND

The transformation of Meliá Hotels International into an increasingly more international Company specialising in hotel management is essentially linked to its new corporate culture and values, and this in turn is presided over by the criteria and principles of responsibility and sustainability projected in our Mission.

A solid model of growth requires, above all else, that the essence of the Company, its Mission, be backed up by the strong implementation and practice of its culture and values, and Meliá, which from its origins was built on the principles and values of a family business, is now at the junction of renewing its culture and values to continue to inspire and sustain the growth that it is aiming for in the 21st century.

The corporate brand, Meliá Hotels International, is the institutional brand, which defines its Corporate Reputation and which represents the Company globally to its employees, shareholders, institutions, suppliers and other Stakeholder Groups, and which binds together the corporate attributes that make up its strength:

- > Family company
- > Financial solvency
- > Internationalism
- > Commitment to society and the environment
- > Diverse and attractive to work for
- > Innovative leader

Among other things, the Corporate Brand does the following:

- > Personifies the leadership, the positioning of the Group and the company reputation
- > Personifies and binds together the corporate values and attributes
- > Channels Social Responsibility and Sustainability, compliance with the Code of Ethics and Corporate Governance
- > Channels relationships with institutions and Stakeholder Groups
- > Holds responsibility for the transparency and veracity of communications and compliance with obligations in terms of financial and corporate information
- > Identifies and integrates all employees in regard to the corporate values and culture

VALUES OF MELIÁ HOTELS INTERNATIONAL



G4-4 > Strength and diversity of brands



PREMIUM

10 hotels
3,010 rooms

GRAN MELIÁ
HOTELS & RESORTS

Traditional luxury in a vanguard style. Gran Meliá has designed a series of first class hotels and resorts for the more well-healed travellers in the most desirable destinations in the world

Attributes: RedLevel, RedGlove Service, Singular Architecture, Signature Cuisine

Competitors: St Regis | Park Hyatt | JW Marriott | Intercontinental | Westin | Hyatt

6 hotels
1,388 rooms

ME
BY MELIÁ

ME by Meliá are hotels meticulously designed for the needs of the most modern customers for whom travel is an extension of their way of life. ME by Meliá. It Becomes You

Attributes: the Aura, the Clientele, Art & Design, Relevant Technology, Social Epicentre

Competitors: W Hotels | Andaz | Morgans Hotel Group

9 hotels
4,452 rooms

Paradisus
RESORTS

An extraordinary all-inclusive experience in luxury resorts next to the ocean all over the world

Attributes: Family Concierge, Royal Service, YHI Spa, All Inclusive

Competitors: Sandals | Secrets | Westin | Intercontinental | Royal Hideaway | Dreams | Palace Resorts | Couples Resorts



UPSCALE

101 hotels
29,044 rooms

MELIÁ
HOTELS & RESORTS

With more than 90 hotels in the best urban and holiday locations around the world, Meliá Hotels & Resorts represents the passion of Meliá Hotels International and stands out for its ideal combination of design and service.

Attributes: The Level, Power Meetings, Culinary Experiences, YHI Spa

Competitors: Hilton | Marriott | Hyatt | Le Meridien | Sheraton

13 hotels
1,645 rooms

INNSIDE
BY MELIÁ

Each of these has its own unique architectural personality, elegant rooms and modern bars and restaurants, INNSIDE hotels by Meliá represent a fresh and sophisticated choice for business travellers seeking a lifestyle touch

Attributes: Unique urban design, Efficiency, Informal yet intelligent service with a German essence

Competitors: Aloft | AC | Radisson Blu | Indigo



MIDSCALE

86 hotels
13,569 rooms

TRYP
BY HILTON

At TRYP, the city belongs to you. More than 90 hotels around the world, including Barcelona, Buenos Aires, Madrid, Paris, New York and São Paulo. Own the city

Attributes: Own the city, Central Locations, Premium Breakfasts, Free Internet

Competitors: Novotel | Paradores | AC | Room Mate | Rafael Hoteles | NH | Silken | Abba | Lindner

80 hotels
25,047 rooms

Sol
hotels & resorts

Hotels and resorts beside the beach in the main tourist destinations of the Mediterranean, the Canary Islands and the Caribbean. Fresh holidays: from family hotels to Adult Only experiences

Attributes: "Smart & Simple" Design; Themed Hotels, Varied Buffets, Activities

Competitors: Iberostar | Riu | H10 | Barceló | Fiesta

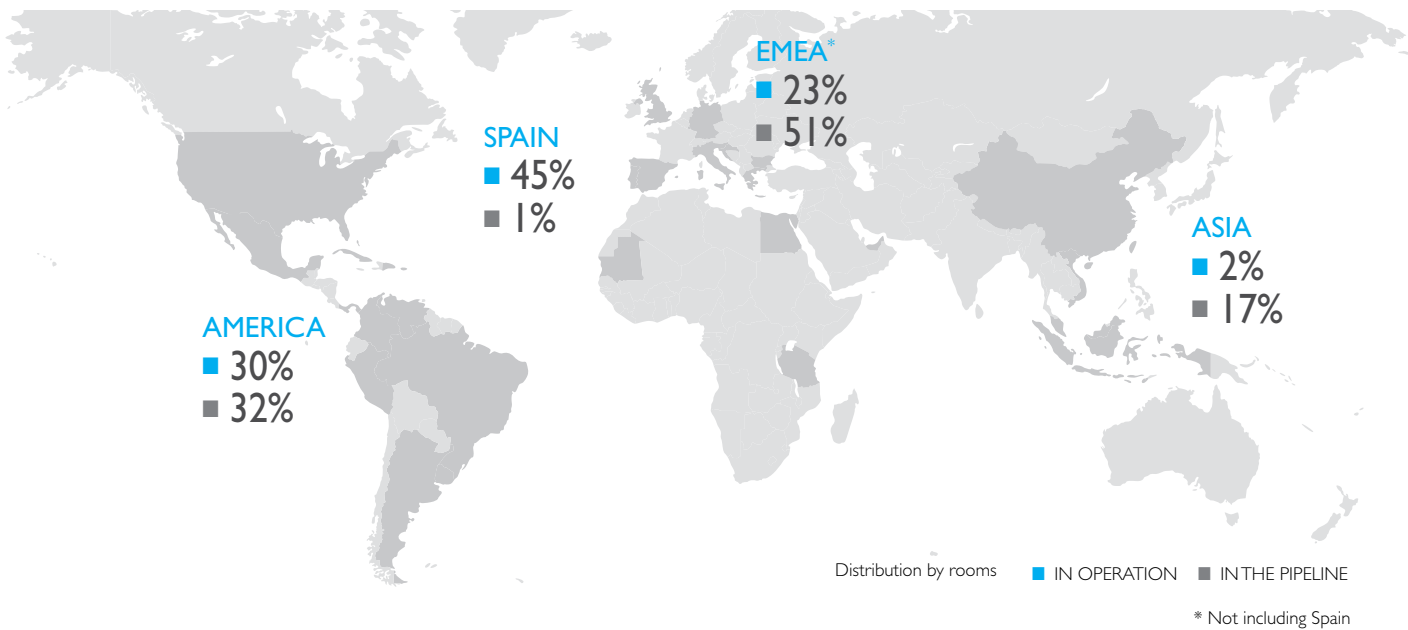
A global and balanced portfolio

Meliá Hotels International has a global presence and a balanced portfolio in terms of location, with a wide range of brands that span different segments and a healthy balance between urban and holiday spots.

The company leads the hotel business in Spain in number of rooms and it occupies a significant position in markets such as the

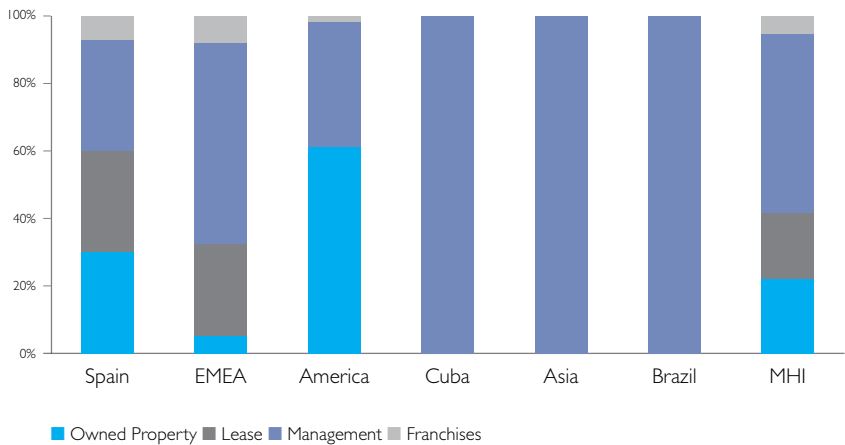
Caribbean and Latin America. Likewise, Meliá Hotels International is positioned as one of the leading companies in the holiday market at an international level.

IN TERMS OF LOCATION



MORE THAN 50% OF THE PORTFOLIO OPERATES UNDER MANAGEMENT AGREEMENTS

Meliá Hotels International operates 53% of its global portfolio under a management agreement, reaching 58% including franchises. In regions such as Cuba, Asia and Brazil 100% of its hotels are run under management contracts.



	OPERATIONAL		IN THE PIPELINE	
	HOTELS	ROOMS	HOTELS	ROOMS
Spain	153	35,315	1	100
EMEA	79	18,073	27	8,296
America	67	23,232	20	5,167
Asia	6	1,895	9	2,800
	305	78,515	57	16,363

	OPERATIONAL		IN THE PIPELINE	
	HOTELS	ROOMS	HOTELS	ROOMS
Owned property	57	17,840		
Leased	87	15,414	14	2,816
Management	133	41,508	42	13,379
Franchise	28	3,753	1	168
	305	78,515	57	16,363

	OPERATIONAL		IN THE PIPELINE	
	HOTELS	ROOMS	HOTELS	ROOMS
Gran Meliá	10	3,010	2	549
ME by Meliá	6	1,388	3	431
Paradisus	9	4,452	1	381
Meliá	101	29,044	31	11,215
INNSIDE	13	1,645	15	2,800
TRYP	86	13,569	5	987
Sol	80	25,407		
	305	78,515	57	16,363

	OPERATIONAL		IN THE PIPELINE	
	HOTELS	ROOMS	HOTELS	ROOMS
Urban	160	30,520	35	8,561
Holiday	145	47,995	22	7,802
	305	78,515	57	16,363

OPENINGS

In 2013 the company opened 10 hotels, adding a total of 2,666 new rooms to its portfolio, 82% under management or franchise agreements and 18% of them leased.

In December 2013, Meliá signed an agreement to operate an all-inclusive resort in the new tourism and leisure complex built by developer Baha Mar Ltd at Nassau Beach (The Bahamas). This was the first hotel for the Company in the English speaking Caribbean in one of the best holiday destinations in the world.

Baha Mar is one of the largest tourist destination transformation projects currently underway in the world encompassing the construction and renovation of hotels, casinos and other entertainment spaces, private residences and the natural attractions of Nassau beach, with an investment of approximately 3.5 billion dollars.

The hotel has 694 rooms and will be re-launched, following a large-scale renovation, as "Meliá at Baha Mar", coinciding with the opening of the Baha Mar complex in July 2014.

Likewise, in 2013 the German brand Inside entered the Spanish market which was incorporated into Meliá in 2007 with the opening of three new hotels in Madrid. Inside by Meliá is an urban brand with ultra-modern design and latest generation technology, featuring professional service that makes these establishments an unbeatable option both for leisure and business customers.

In addition, the opening of Meliá Marina Varadero in Cuba (529 rooms) has allowed the Company to continue to consolidate its presence and reputation in Cuba.

DISAFFILIATIONS

In 2013 six hotels were disaffiliated from the portfolio with 2,105 rooms, 40% of them under franchise agreements, 17% leased and the rest under management

These were mainly hotels that did not comply with the attributes of the brand, including quality and service standards.

A management-oriented model

The business model of Meliá Hotels International is mainly based on the operation of hotel establishments through different types of management agreements (owned property, leasing, management and franchises).

This activity is complemented with the Company's international holiday club, Club Meliá, of which there are 605 located on 14 properties in the main holiday destinations of the Caribbean, Latin America and Europe.

HOTEL MANAGEMENT AND OPERATIONS

Among the possible alternatives to hotel management, Meliá mainly operates through management, leased and owned property contracts.

Currently the growth strategy prioritises management contracts, allowing for a faster rate of expansion with a small or minimal investment or even no investment at all. The selective use of other types of operations, such as leasing or owned property, is justified in some markets mainly by strategic interests or age of the destination.

Each hotel operating model involves different types of services, obligations and revenue and payment schemes. The main differences are summarised in the following table:

	Owned property	Leased	Management	Franchise
Services offered by Meliá	ALL Hotel Management Services: <ul style="list-style-type: none">> Brands> Marketing & Distribution/Booking Systems> Staff Management/Human Resources> Purchasing network> Other: Maintenance, Administration, etc.			<ul style="list-style-type: none">> Brands> Marketing & Distribution> Booking Systems
Meliá Revenue	All hotel revenue		Fees <ul style="list-style-type: none">> On Revenue> On profits> Marketing & Reservation	Royalties <ul style="list-style-type: none">> On Revenue> Marketing & Reservation
Employees	Belonging to Meliá		Belonging to the Property Owner	
Meliá's Commitments		Leased (fixed - variable)	Possibility of a guaranteed minimum	
Ordinary & FF&E Maintenance	Meliá's Obligations		Obligation of the Property Owner	

The current model of Meliá Hotels International combines a balanced and diverse portfolio of owned, leased, and managed hotels and to a lesser extent, franchises.

The owned and leased properties offer control over operations and profits, as well as over financial obligations for any type of investment, which is different from those hotels run under management and franchise agreements.

	Description	Implications
Owned property 57 Hotels 17,840 Rooms	Ownership of the hotel and its commercial operation fall on Meliá Hotels International	Meliá assumes all risks and profits associated with the operation of its assets
Leased 87 Hotels 15,414 Rooms	Meliá leases the hotel business or industry and runs its operations A similar property model, with the difference that Meliá does not own the hotel and must pay set rent to the property owner	Meliá assumes all risks and profits associated with the operation of its assets It allows for access to part of the profit generated by the hotel
Management 133 Hotels 41,508 Rooms	The owner of the hotel requires Meliá's management services to operate the hotel in its name with one of its brands Meliá provides hotel management services to other owners for which it receives fees	Meliá receives a regular flow of revenue from fees
Franchise 28 Hotels 3,753 Rooms	Under this system the hotel owners operate under one of the Meliá brands and contract Meliá's marketing services	Meliá receives a limited but regular flow of revenue from royalties

> 30,879
Active partners

> 69%
occupation

HOLIDAY CLUB

Club Meliá has 605 Holiday Clubs distributed among 14 hotels operated by highly prestigious brands, such as Gran Meliá, Paradisus and Meliá.

The Club sells real usage rights, for time periods of up to 50 years.

The product can be sold in a single payment or financed. The partner is also obliged to pay an annual amount to ensure maintenance of the best conditions.

Club Meliá revenue comes from different sources, the most significant of which are:

- > Sale of usage rights
- > Revenue from maintenance fees
- > Other revenue:

Global
management model

Growth
strategy

An organisation
focused on revenue

Personalised
experiences

Culture of
innovation

Proactive real
estate management
model

Strategy



Global management model

Meliá Hotels International's growth model is based on a low capital expansion strategy, specialising in hotel management for third parties. This formula allows the Company to grow and strengthen its brands where it has a presence, at the same time as it adapts to the new demands and profiles of its owners, facilitating continuous innovation and minimising risks.

Today the Group, present in 40 countries and with a strong international focus, has 81% of its hotels under management, leasing or franchise agreements, and maintains a relationship with more than 400 different owners. Its goal of positioning itself in the medium term among the *top ten* international hotel management companies is clearly demonstrated in the Company's pipeline, which is 100% formed of hotels

under management, leasing or franchise agreements.

This business model requires excellence and consistency of the management model to transfer all the strengths that Meliá offers to hotels and owners, whatever their origins or specifications. The development of the Company in this regard has gone hand in hand with the changes to the profiles of the owners, which have gone from mainly personally involved independent owners to asset management companies, banks, investment funds and others.

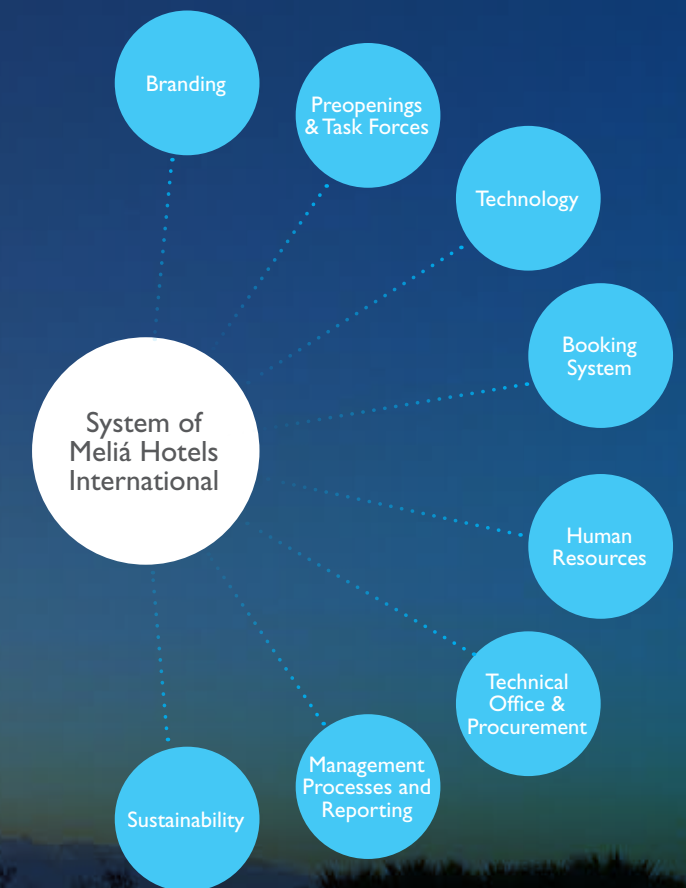
Definitively, the new type of owner has demands and requirements which must be answered.

STRENGTHS OF MELIÁ HOTELS INTERNATIONAL

- > BRAND RECOGNITION
- > MAXIMISING PROFITABILITY
- > COST CONTROL
- > SERVICE EXCELLENCE
- > CLOSENESS AND PERSONALISED TREATMENT
- > QUALITY/PRICE RATIO IN SERVICES

MELIÁ
HOTELS
INTERNATIONAL

Meliá Hotels International has solid strengths as a management company that knows how to assess and adapt over the course of its trajectory. The Meliá Hotels International management system includes aspects that make up the list of services that the Company offers to its property owners.



A PERMANENT PROCESS OF CONTROL AND REVIEW

The Company has an internal audit team that regularly visits the hotels, every two years on average. The main functions of this team are to review the operational management model of the business units, as well as the main processes and systems that Meliá incorporates into its management model.

This review process drives continuous improvement by transmitting best practices

and guaranteeing the Group's regulatory compliance.

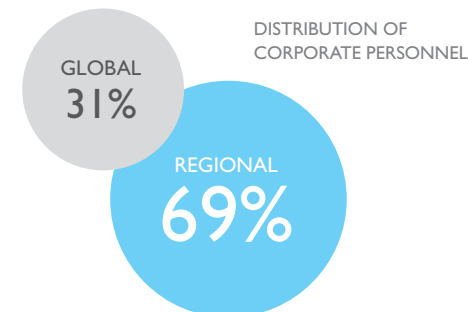
These audits are especially focused on preventing corruption, ensuring operational efficiency, and ensuring respect for current workplace regulations.

In 2013, on a global level, a total of 211 audits were conducted.

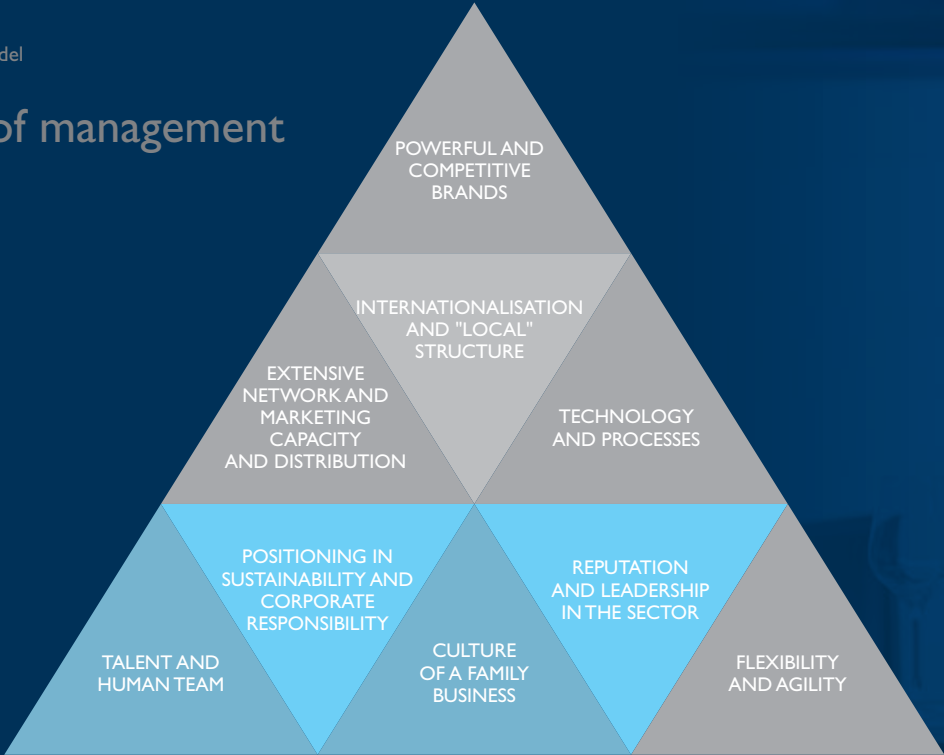
2013 - A NEW ORGANISATIONAL MODEL COMPETING BY DESIGN

The growth and internationalisation of the Meliá Hotels International business model requires the adaptation of its organisational structure, in order to make the organisation more agile and achieve a higher degree of excellence, providing more autonomy to the different regional groups of the Company around the world, and at the same time keeping the strategic vision and global management centralised.

This model has given more resources to regional areas to strengthen relationships with clients, encourage close relations with the business, and strengthen the knowledge of the area, thus reducing the global corporate structure.



Strengths of management



REPUTATION AND LEADERSHIP IN THE SECTOR

COMPANY AWARDS	
Best Company of the Year (Gabriel Escarrer)	Condé Nast Traveler Spain
Hotel Chain with the Best Quality/Price Ratio	Travelranking (Agenttravel magazine)
Best Hotel Chain	Club de Gourmets Magazine
Best Tourism Contact Centre	CRC Gold Award (Spanish Association of Experts in Customer Relations)
4th most Admired Hotel group in Brazil	Carta Capital Magazine
HOTEL AWARDS	
Certificate of Excellence and Travellers' Choice (126 hotels)	TripAdvisor
Quality Selection and Top Hotel (42 hotels)	Holiday Check
Certificate of Excellence (14 hotels)	Booking.com
Top Rated Hotel (11 hotels)	Hotel.de
Recommended Hotel (16 hotels)	Zoover.com

POWERFUL AND COMPETITIVE BRANDS

- A strategy with 7 brands for different markets and clients
- High degree of customer loyalty and satisfaction
- Innovation in attributes and experiences
- New concepts in A&B and leisure
- Alliances with strategic partners of renowned prestige
- Guarantee of quality and customer service
- Honours and prizes

INTERNATIONALISATION AND LOCAL STRUCTURE

- Internationalisation as a lever for the balance, growth and profitability of the business
- Significant presence in Europe and Latin America
- Growth in emerging markets
- Decentralised, agile and efficient organisational structure

EXTENSIVE NETWORK AND MARKETING AND DISTRIBUTION CAPACITY

- Strength of its own platforms (melia.com)
- Strategy of Revenue Management and Customer Knowledge and Awareness
- Technological innovation in commercial tools
- Loyalty programme for every type of customer
- Preferential sales agreements with wholesalers and international distributors
- Strength of sales in the main issuing markets

TECHNOLOGY AND PROCESSES

- Structured and planned pre-opening process
- Consulting in the process of design and technical assistance in construction
- Global and international agreements with suppliers
- Comprehensive technological and administrative solutions and staff management
- Efficiency and Agility in administrative and management processes

TALENT AND HUMAN TEAM

- Renewal and updating of Culture and Values
- Commitment to innovation in Talent Management
- Key Training and Development for growth
- Internal diversity and cultural richness: more than 130 nationalities

CORPORATE SUSTAINABILITY AND RESPONSIBILITY POSITIONING

- 1st Meliá Code of Ethics published in 2012
- Global Sustainability Policy applicable since 2008
- Social positioning for children (UNICEF)
- 1st Biosphere Hotel Company
- Certifications in Sustainable Tourism
- Commitment and support for fighting against climate change

FAMILY BUSINESS CULTURE - RELATIONSHIPS WITH STAKEHOLDER GROUPS

- Long-term Relationships
- Close relations with and commitment to owners
- Consolidated and successful management model in Brazil, Cuba, Germany and Asia

REPUTATION AND LEADERSHIP IN THE SECTOR

- 19th hotel company in the world (Ranking Hotels Mag 2014)
- Absolute leader in Spain and international leader in the holiday sector
- Tourism company with the best reputation in Spain for the 2nd consecutive year (Merco)
- Two-time winner of the Prince Felipe Award for Tourism Excellence, Plaque for Tourist Merit for a Public-Private collaboration, the highest recognitions for its leading hotels around the world

FLEXIBILITY AND AGILITY

- A small agile and "glocal" structure, with close relations with the business and the owners
- A transparent and fluid model of Relations and Communications with owners
 - Department of Owner Relations
 - Tools for communications with property owners

Our commitment to our employees

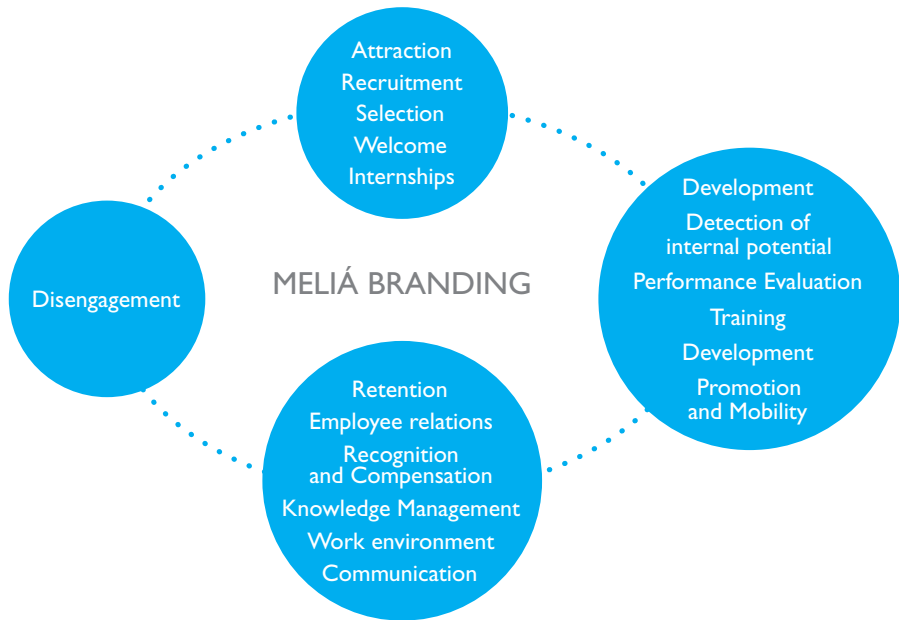
“The key to the Meliá Human Resources Strategy is to gain the loyalty of the internal client, develop their professional talents and turn them into ambassadors for the Company”



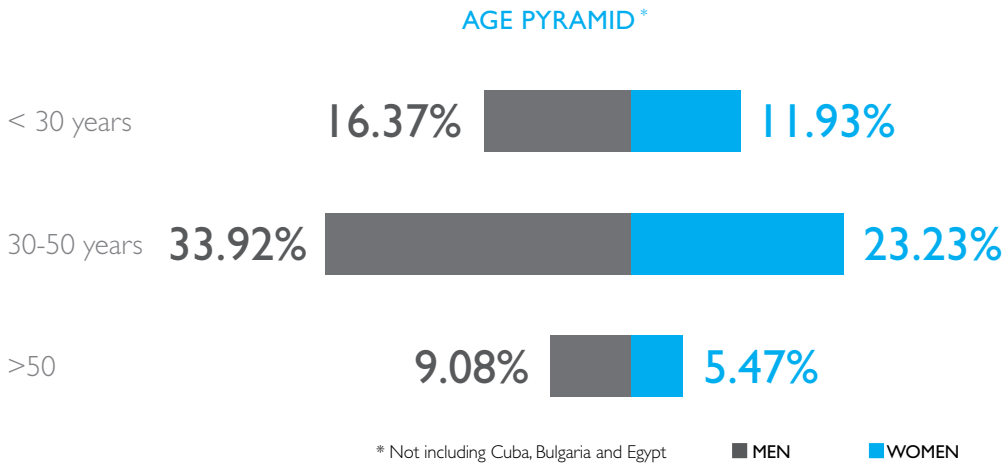
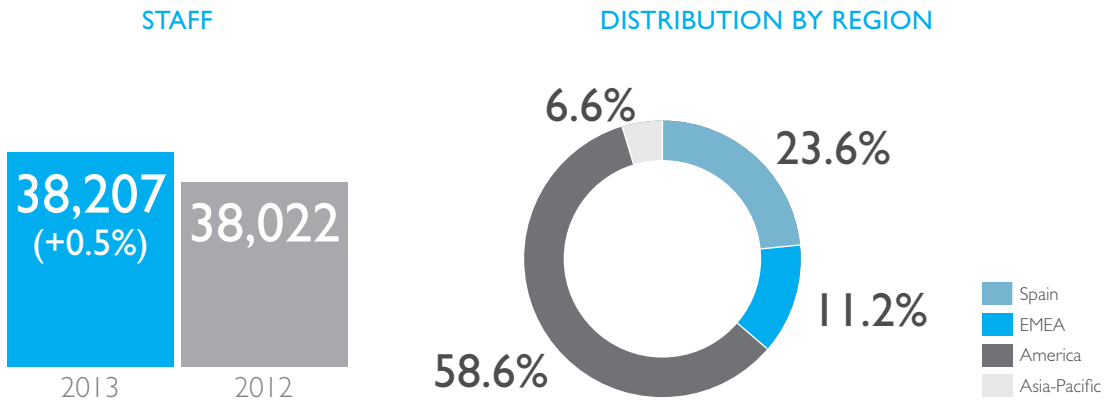
The big strategic challenges of Meliá Hotels International can only be overcome with a team that is fully dedicated to the Company's objectives, its corporate culture and values. In 2012, Meliá initiated an extensive process of organisational transformation which is necessary to drive its growth and business model, which was consolidated over the course of 2013.

The Human Resources strategy which determines the integral model for talent, has been revised in the critical aspects of people management which contribute to improving profitability, increasing customer satisfaction, helping the development and expansion into new markets and, consequently, increasing the value of the Company.

In this regard, the strategy is focused on satisfying the needs of the internal customer and the creation of a working environment that encourages highly motivated teams to develop their abilities and skills in a setting with continuous growth. Ultimately, it aims to have a team of professionals that is committed and enthusiastic about belonging to a leading company such as Meliá and who adopt the role of true ambassadors.



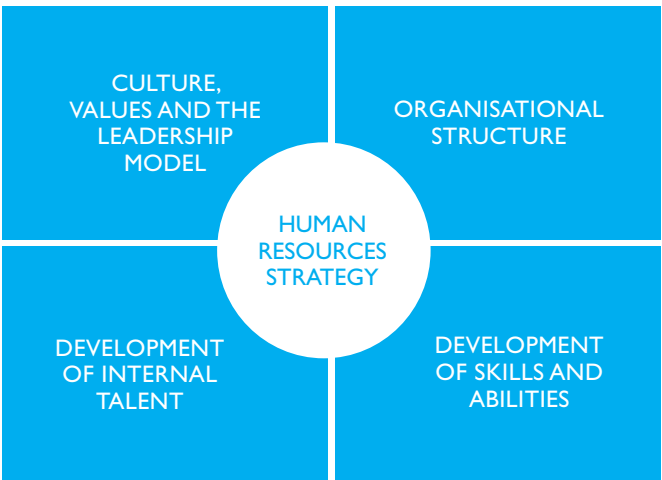
MAIN FIGURES



GLOBAL MODEL OF HUMAN RESOURCES AND TALENT



“2013 has been a key year for consolidating the people management strategy which is based on four pillars that support the growth model”



> +38,000 employees in 30 countries

> 72% of management roles covered with internal talent

> 213 development programmes (corporate and hotel)

DMA-LA > CULTURE, VALUES AND THE LEADERSHIP MODEL

The launch of the Company's new Leadership Model, designed in 2012, established the principles of Leadership, Globalization and Efficiency and the company consolidated these throughout the course of 2013.

In addition, every year Meliá runs a commitment and culture survey, *It's Your Say*, which had a very positive result in 2013 (79.8%), which improved by 0.5 pp under difficult circumstances and had a participation rate of 89% of the staff globally. Notable aspects were the high degree of commitment (85.5%) and the professional satisfaction and pride of being part (89.1%) of the Meliá employees. After the results were analysed, departmental action plans were designed in order to act on the points that were identified as in need of improvement.

ORGANISATIONAL STRUCTURE

In 2012 the new Meliá organisational structure was approved, *Competing by Design*, which is in line with the current Strategic Plan. It demonstrates a commitment to the decentralisation of operating and support functions, such that it ensures greater

autonomy and agility for the geographic regions, both in making decisions and in customer and business relations.

Its focus is on strengthening teamwork and collaboration, the responsible delegation and management of the profit and loss account by the regional teams, bringing together the corporate and support functions of the business, the internationalisation of processes, systems and tools, and the search for functional synergies.

Its ultimate objective is to ensure the sustainable growth of Meliá, providing the Company with agile and efficient structures that support the business in each region and accompany its growth.

DEVELOPMENT OF INTERNAL TALENT

The growth of Meliá Hotels International, both in current and new markets, requires having professionals with high potential to lead and manage the future of the Company.

In the framework of action of the new talent management model, Meliá has given impetus to the *Performance Review* tool for the second consecutive year. It establishes a framework for direct dialogue between the employee and their superior which

> 2,529 interns tutored

G4-LA10 >

is focused on valuing the strengths of the former and identifying formulas to maximise employees' professional development. As a result, an action plan was developed, which represents 2,137 action plans, to improve the professional skills of 100% of the corporate office and hotel management staff, representing a total of 1,115 internal clients (+13% vs. 2012).

G4-LA10 >

In addition, the main objective of the process of talent identification, initiated in 2012 and consolidated in 2013, is to maintain a source of professionals with a high level of commitment, and with high value and potential and ready to lead future projects. This *Talent Pool* has been able to single out 41 people in the corporate offices, many of whom are already performing new responsibilities.

Furthermore, Meliá has other tools for identifying internal talent. In this regard, it has implemented a Corporate Development Model and a Management Pool and Hotel Manager Development Model which allow the correct management of the training, development and professional growth of its managers. These models are structured

around four pillars: cross-cooperation, preparation of talent, management of potential and periodic follow-up.

DEVELOPMENT OF SKILLS AND ABILITIES

To cover the needs for talent of a company in constant growth, it is necessary to determine and be aware of future demands, according to the projected *pipeline*. As a result of this analysis, the Company has produced a Meliá Talent Map, which matches the supply and demand of the talent identified.

Although the results of the first *Performance Review* laid out 100% of corporate training initiatives, which focus on reinforcing key skills and techniques, and it also worked on bringing together the business and corporate profiles, the most significant initiative of the year was the establishment and dissemination of a Global Training Model, which responds to the strategy of business, values and leadership, in order to better integrate training in the Company's business strategy and its objectives.

COMPANY	Raises awareness of the company, its main lines of business, its structure, units, policies, processes, operating management, etc.	MELIÁ WELCOME
STRATEGIC PLAN + TALENT MANAGEMENT	Trains employees in our culture, values and leadership styles, ensures our service culture, strengthens our core skills, etc.	MELIÁ CORE
	Promotes staying up to date, perfecting skills and development of key groups	MELIÁ EXCELLENCE
BUSINESS / ROLES	Ensures that the knowledge, abilities and functional skills needed for the effective and efficient performance of the functions for the job are up to date	MELIÁ JOB

MELIÁ BUSINESS WEEK

From the information gathered in the process of the Performance Review, Meliá has designed its first Corporate Training Plan. As the corporate teams detected the need to further knowledge of hotel operations, a total of 130 people located at the Palma de Mallorca offices attended a series of conferences and talks given by area and functions managers from the hotels.

> 79.8% Work Environment

> 89.1% Pride of Belonging

> 85.5% Commitment

Technology as a tool for management excellence

STRATEGIC
TECHNOLOGICAL
PARTNERS



> More than three years of computer time was donated in 2013

> 83.6% satisfaction of computer users (+0.9 pp)

> +40,000 satisfaction surveys carried out

Technology Management drives continuous improvement in the quality of the service provided. For this reason it runs internal quality surveys

“Technology is the key to our growth model”

Technology and its adaptation to current business needs is one of the priorities of the company's strategy.

With a constant focus on innovation and a basis on the best practices of the sector; Meliá focuses its technological developments on reaching the following objectives:

- > Supporting growth
- > Adapting management systems to the diversity of our markets and to legislation
- > Incorporating new technologies to strengthen sales channels
- > Implementing the new tools available to analyse and operate the information in a structured way (Business Intelligence and Big Data)
- > Evaluating and making the most of information from customer experiences (Social Networks)
- > Promoting institutional collaboration with our technology partners and the academic world

In 2013 various initiatives were run to increase systems security, such as the creation of a secure payment system in collaboration with large hotel chains, in order to gain better insight into the customer;

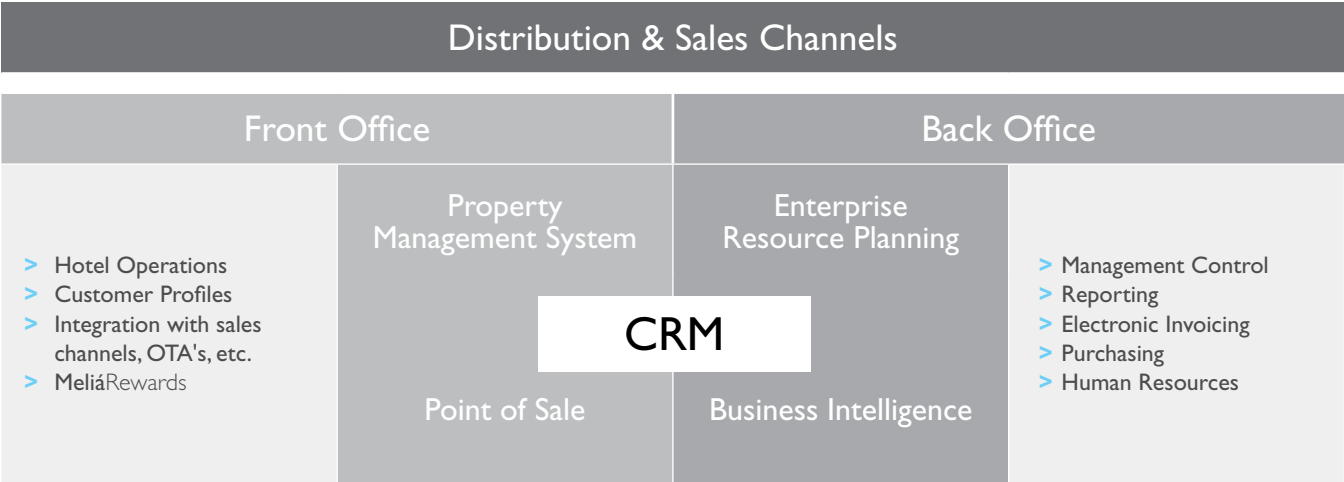
achieving enhanced systems efficiency and reducing the risks associated with technology, as well as making improvements to the infrastructure and network.

Surveys on the quality of user IT services are continuously improving, in regard to both the provision of services and incident resolution.

On 15 November 2013 Meliá became a collaborator with the *World Community Grid*, sponsored by IBM. This initiative involves creating a larger computer network around the world to make the most of the unused capacity of the computers connected to the Internet and transfer it to certain medical and social research projects, or to others dealing with natural disasters or environmental problems. By 31 December 2013 Meliá had included more than 440 computers in the project and donated more than three years of computer time to different humanitarian projects.



MELIÁ HOTELS INTERNATIONAL TECHNOLOGY MODEL



2013 Milestones	Challenges 2014
<ul style="list-style-type: none">> SAP CRM Implementation> Integrated & Centralised PMS and Customer Knowledge> New Meliá Rewards App> Tweet Experience Hotel Sol Wave House> HotelVirtualisation> Implementation of Cloud Mail> Integration of Other Businesses into SAP> Implementation of systems into openings	<ul style="list-style-type: none">> To implement the systems into upcoming openings> To implement and develop the PMS to improve usability, efficiency, performance and information> To optimise the Meliá critical processes> To improve the vision and knowledge of the customer> To progress in the implementation of new Big Data & Business Intelligence tools> To reinforce strategic technological alliances

Purchasing Management

“Meliá extends its commitment to sustainability to its suppliers with the purpose of being recognised as a responsible company at an international level”

SUPPLIER SELECTION CRITERIA

- > Quality of the products and services
- > Economic conditions
- > Quality, environmental and other certifications
- > Special Employment Centre certification
- > Consulting and training
- > Recognition and reputation
- > Respect for human rights and adherence to the Meliá Code of Ethics

The function of Meliá’s purchasing covers the operating needs of both hotels and corporate offices through the innovative acquisition and contracting of products and services.

The process of selecting suppliers, based on established criteria, ensures access to honest, competitive, fair and transparent contracts, making sure that the principle of *Best value for money* is complementary to the integration of sustainability.

Through this process, Meliá contributes to local economic development as it prioritises working with local suppliers that are near the business.

As a global commitment Meliá ensures its suppliers uphold its corporate values in order to ensure stable relations based on a shared commitment.

The international reach of Meliá allows it to integrate its experience and knowledge into multiple markets in the management of the purchasing process.

Knowledge of local cultures, habits and customs allows Meliá to gain feedback on the process and to identify new areas for improvement in local purchasing management.

Meliá applies a methodology, processes and implementation of purchasing that contribute significant value to the owners guaranteeing results and adaptation to each local

environment, which strengthens the creation of wealth and employment wherever the Company operates.

Meliá, as a company that exercises responsible management through its supply chain extends this commitment to businesses that wish to collaborate with it as a supplier.

To this end it is essential that companies maintain a policy of continuous improvement with the integration of CSR criteria into their businesses.

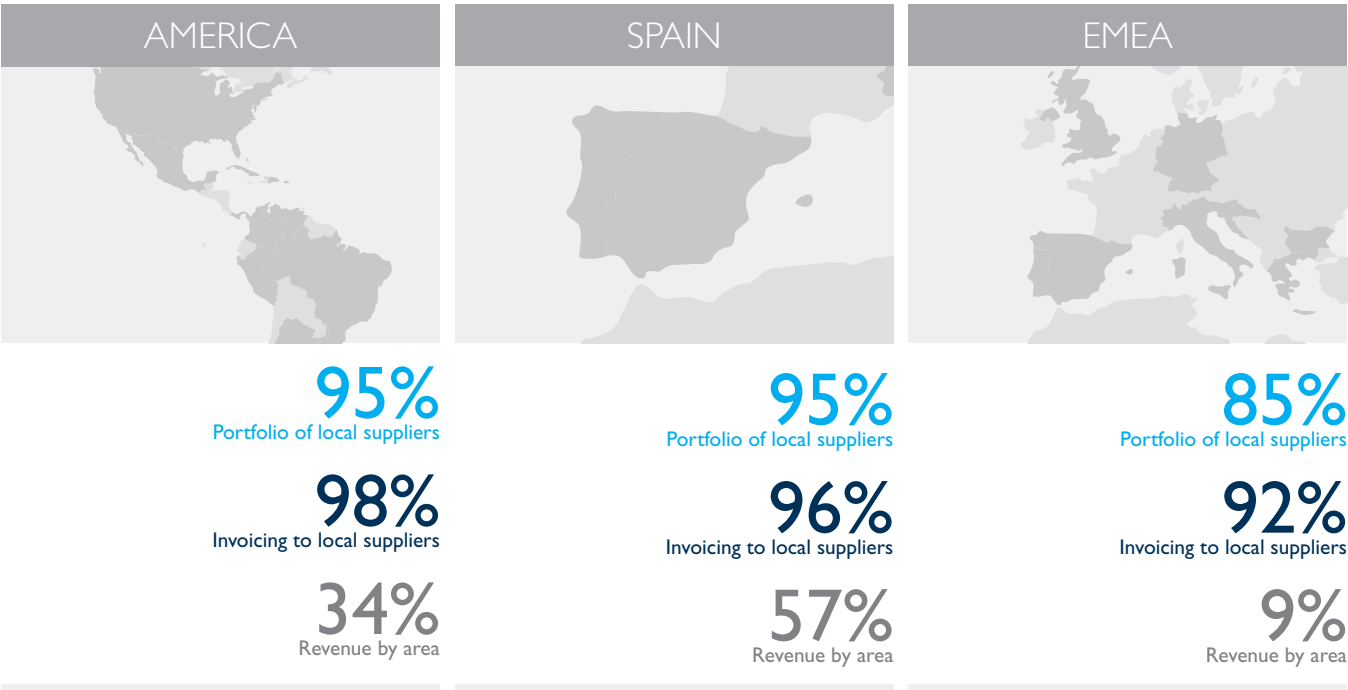
Signing the Meliá Sustainability Clause demonstrates acceptance of this commitment.

In its effort to improve, Meliá has implemented a tool for Self Evaluation in Sustainability, intended for its suppliers, which is enormously helpful as it allows the hotel company to gain insight into a supplier’s degree of commitment to and management of CSR and Sustainability.

PURCHASING AND COMMITMENT TO DISABILITY

Meliá’s social commitment places special focus on the integration of people with disabilities, in its broadest sense.

In this regard, it places special emphasis on purchasing from Special Employment Centres and contributing indirectly to labour integration.



DMA-HR > INTERNATIONAL RESPONSIBLE PURCHASING PROJECT

In 2008 Meliá approved its “Global Sustainability Policy” to strengthen integration of the values and principles associated with the sustainable development of its business processes and relations with stakeholder groups.

As an international company it does not limit itself to responsibly managing its own chain of value but rather it also aims to extend this commitment to sustainability to the other links in the chain, from the end customer to the suppliers. Sharing this commitment to sustainable development and extending its criteria along the chain of supply is one of the important aspects of this Policy.

At the end of 2012 following the launch of the pilot test of the Meliá process of adherence to sustainable commitments in Mexico and the Dominican Republic, in

2013 it was launched internationally in the destinations where Meliá has a presence.

This project has gone beyond just the signing of the Meliá Sustainability Clause.

The suppliers have been assessed for their degree of accordance with and commitment to the principles and values that the Company has integrated into its Code of Ethics.

The clause includes, among other things, respect for Human Rights on behalf of the supplier and this has been incorporated into the content of contracts with new suppliers as an additional appendix.

> 100% of new contracts in Spain incorporate Sustainability criteria

> 86% of new suppliers in Spain have been evaluated for sustainability criteria

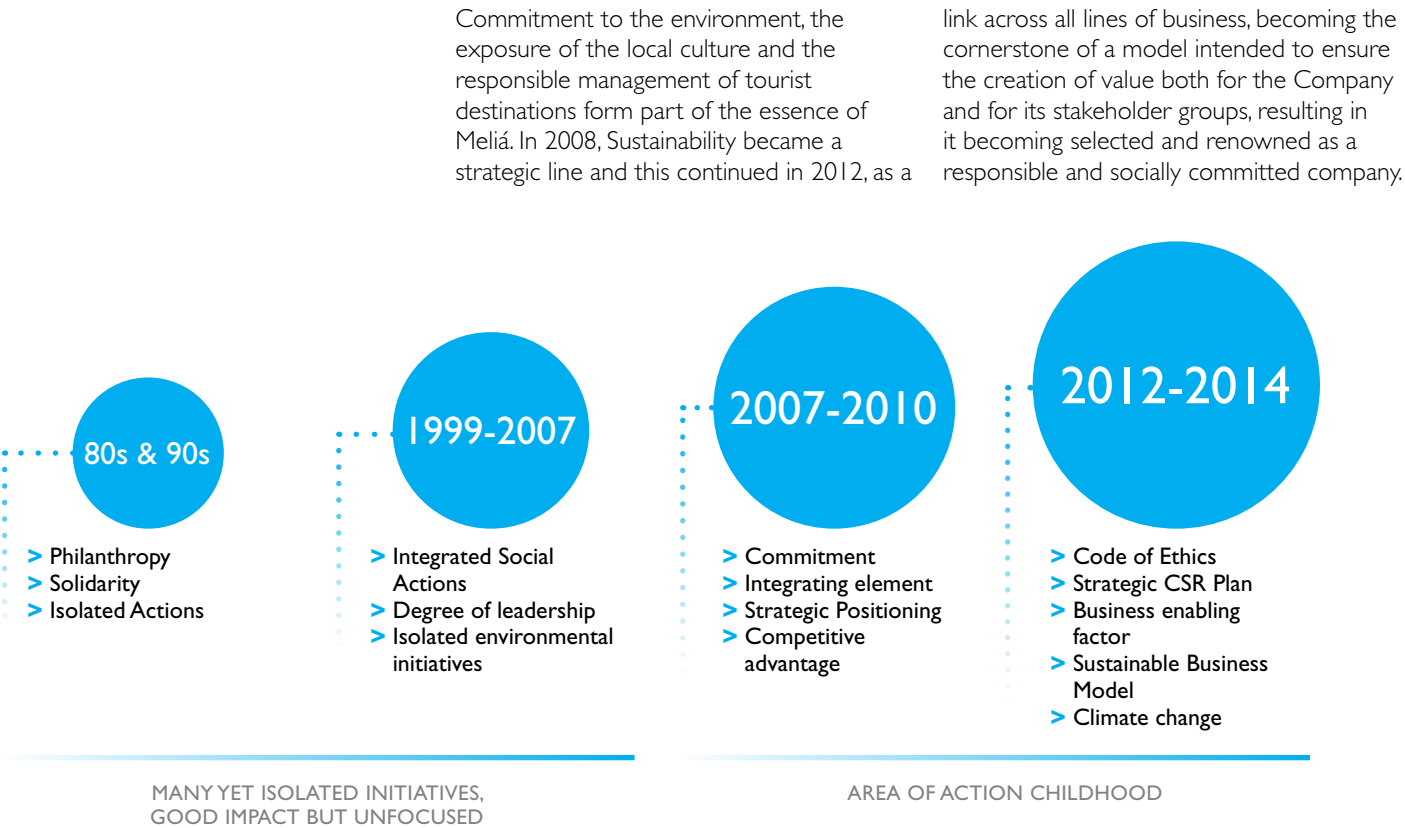
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> 440 suppliers have conducted a self-evaluation for sustainability

> 94% of the global portfolio is made up of local suppliers

> €3.9 M billed to Special Employment Centres

Positioning in Sustainability



DMA-HR > COMMITMENT TO CHILDREN

As a family business, the backbone of the Company's social positioning is the protection of childhood and the fight against the commercial sexual exploitation of children. In 2006, Meliá was the first Spanish company to sign the ECPAT Code of Conduct to protect children from sexual exploitation.

PUBLIC COMMITMENTS

Since the year 2008, Meliá Hotels International has subscribed to the principles of the Global Compact. It renews this commitment annually with its COP (Communication of Progress), which allows it to identify opportunities for improvement and contribute its grain of salt to achieving the Millennium Goals.

In 2013, Meliá renewed its listing in the socially responsible investment index, the FTSE4Good IBEX, which is one of the most prestigious in terms of transparency, ethical commitments, environmental management, and the fight against climate change and respect for human rights. Meliá has been listed in the index since 2008, passing an evaluation every six months for this.

Likewise in 2013 it improved in the main indicators for economic-financial aspects, quality, people management, internationalisation and innovation. The results of the Merco Corporate Reputation ranking confirm this. In the latest edition the hotel company came in position number 31 out of the 100 main Spanish companies and first in the tourism sector.

“10% of the portfolio certified, €636 million in revenue in hotels with sustainability certification”

BIOSPHERE HOTEL COMPANY AND CERTIFICATIONS IN SUSTAINABLE TOURISM

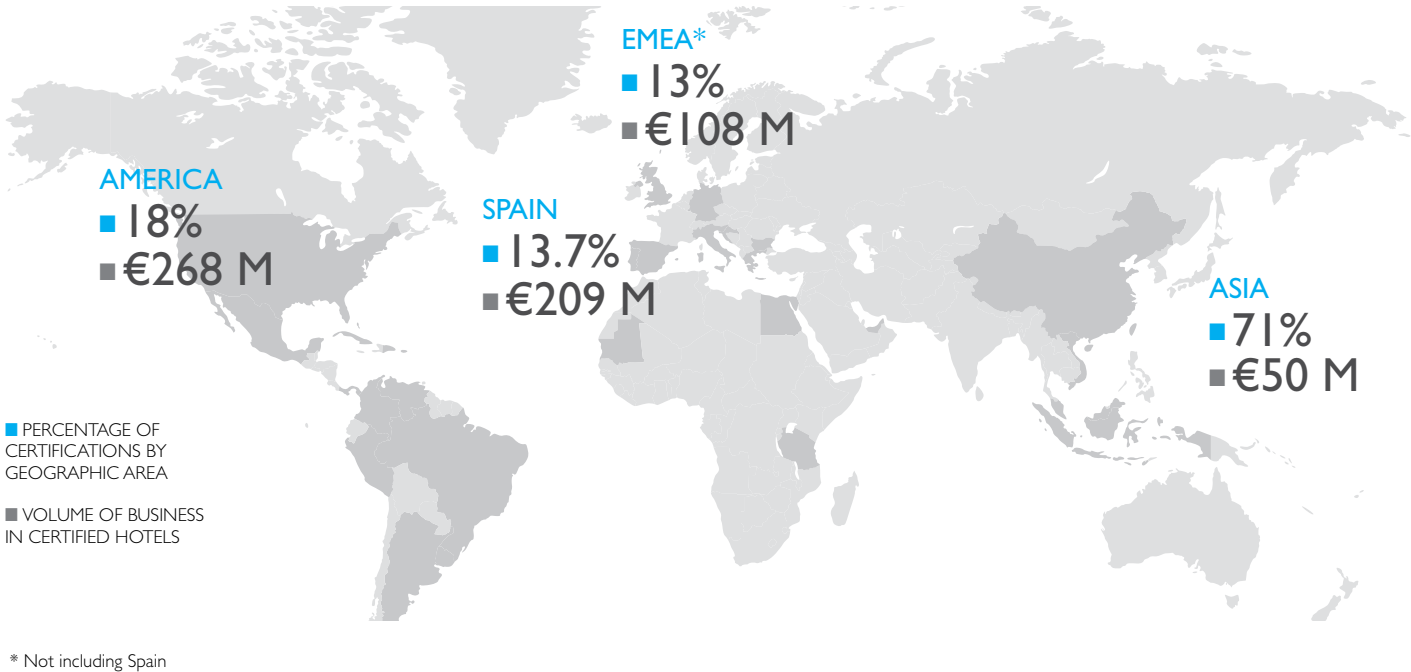
In 2009, the Responsible Tourism Institute, supported by UNESCO, awarded Meliá certification as a *Biosphere Hotel Company* for its commitment to socio-cultural, economic and environmental development in the regions where it has a presence, which it renewed in 2013.

The Company follows a strategy of gaining certifications from third parties in order to gain greater credibility and transparency on its commitment and on the initiatives run at its hotels. Thus it prioritises the stamps and certifications specific to tourism that are recognised internationally and approved by the Global Sustainable Tourism Council (GSTC), an international entity dedicated to the promotion of responsible tourism, which advocates so-called Sustainable Global Tourism Criteria to ensure responsible management of tourist destinations.

In addition, environmental management systems are a tool for continuous improvement of the hotels, for their daily activities and their impact on the natural environment. The Company has hotels certified in environmental management systems of ISO 14001, the European EMAS regulation, EarthCheck, Travelife and Biosphere Hotel.



CERTIFICATIONS IN RESPONSIBLE TOURISM



Growth Strategy

> 28 Hotels signed in 2013

> First hotel in the Anglo- Caribbean

With an average of more than one hotel signing every two weeks in 2013, and with a presence in 40 countries for the first time, Meliá closed a record year in 2013 in terms of expansion reinforcing its position as a benchmark management company in the international hotel sector.

The strategy of expansion works to gain Meliá's entrance into emerging markets, as well as expand its presence in European and Latin American capitals and reinforce

its leadership in the holiday sector. Its growth is based on low-investment formulas, mainly through management or leasing contracts, which allow it to increase its rate of expansion. In addition, the Company is flexible in offering hybrid collaboration formulas with its partners and hotel owners.

“With a presence in 40 countries, Meliá Hotels International is more international than ever”

Among the significant competitive keys to the Meliá Hotels International model are:

- > Strong and differentiated brands for the different segments of demand
- > An effective and extensive marketing and distribution network
- > A high degree of internationalisation and market diversification, with a local structure
- > A system of management services that provide support to all hotel needs: design, construction, operations, etc.

All this together with the experience, proximity and operating efficiency of the company, constitutes the strengths that favour expansion and contribute to strong

collaborations and relations with new partners and owners.

In 2013 several new markets were opened with the signing of new agreements in the Anglo-Caribbean (the Bahamas and Jamaica), Chile, Morocco, Holland and Austria. Presence was reinforced in Asia, doubling projects in the pipeline in the last two years, also thanks to the continuity of the alliance with the Chinese real estate group Greenland, enabling the expansion of the Company in this Asian giant.

Likewise in 2013 the management and validation body for new projects was consolidated through the Expansion Committee.



MELIÁ DUBAI

Focus of growth by region

“Constant growth, maintaining a signing rate of two hotels per month in 2014.
More than 360 hotels in 40 countries”

> AMERICA

- Main urban and holiday destinations of Mexico, Brazil, Colombia, Peru and Chile
- Spanish and English speaking Caribbean
- United States: main cities, such as New York and Miami

In the Pipeline: 20 hotels

AN ATTRACTIVE PIPELINE

The growth in the number of contracts signed with Meliá Hotels International has been exponential, rising from 16 hotels signing in 2012 to 28 in 2013.

In this regard, the total number of projects in the company pipeline on 31 December 2013 was 57 hotels (16,363 rooms), which will be incorporated in the next few years, a large number of previous incorporations having already been ensured under the Strategic Expansion Plan.

- > 99% outside Spain
- > 83%* under low capital formulas
- > 94% in the premium and upscale segment

Rooms in the pipeline
* Not booked

> EUROPE

- Consolidate the critical mass of the United Kingdom, Germany, France and Italy (with four operating divisions available to run management)
- Reinforce presence in the main European cities
- Selective growth in Spain

In the Pipeline: 19 hotels

> MIDDLE EAST & NORTH AFRICA

- Gulf Countries: United Arab Emirates, Qatar, Saudi Arabia, Bahrain and Oman
- North Africa: Morocco and Egypt

In the Pipeline: 9 hotels

> ASIA

- South East Asia: especially Indonesia, Thailand, Vietnam, Myanmar, Malaysia and the Philippines
- China: the main cities and holiday destinations in this country

In the Pipeline: 9 hotels

DMA-EC > An organisation focused on revenue

The commitment of Meliá Hotels International is to consolidate and strengthen its capacities as a company focused on the generation and maximisation of revenue from its hotels, focusing on various lines of action, with different dimensions



Version of Meliá.com in Chinese

> +5.2%
increase
in RevPAR

ORGANISATIONAL ALIGNMENT

In accordance with the Company's new organisational model, the commercial teams of the different regions have the resources appropriate for their management and strength of sales. At the same time the strategy and distribution are strengthened through direct channels and proximity to the customer and the business.

Each region has its annual sales objectives for its own market (*inbound*) and objectives to generate business in other foreign markets (*outbound*), thus strengthening joint responsibility for the maximisation of revenue and for the global management of the portfolio of customers. Meliá has also adapted its *Revenue Management* model to the needs of hotels, destinations and markets, for which it has centralised and decentralised teams, as well as a *Revenue Manager* in the hotel, to individually manage the strategy laid out by *Global Revenue Management*.

This team is exclusively dedicated to developing tools for processes and procedures in order to maximise prices using techniques based on knowledge of price developments and price comparisons against the markets trends.

REGIONAL SALES TEAM
WITH GLOBAL REACH

The Meliá Hotels International sales model is based on a regional structure, the strategy of which is to coordinate each segment globally. For this purpose it has an extensive commercial network present in the

Company's main issuing markets, with more than 270 professionals and 37 sales offices in the world's main issuing markets.

The Company has specialised sales teams for the main markets:

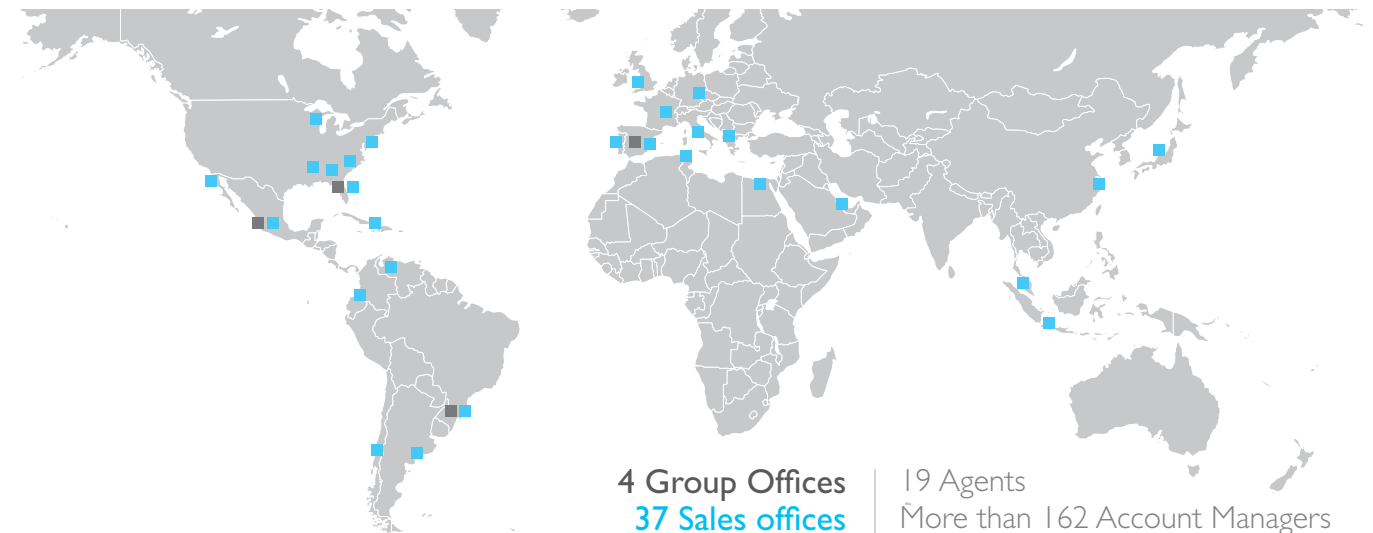
Leisure: This team manages contracts with almost 100 tour operators in different markets, from hotel contracting to sales follow-up and marketing, etc.

Business Travel: This team manages contracts with more than 400 companies around the world. It also includes contracting Consortiums and airline crews. Meliá also has specific programmes for the corporate market segment, which includes SME'S, official organisations and associations.

Meetings & Events: The sales team specialised in groups, conventions, congresses, incentives and events works with a *Key Account Management* system which guarantees customers a single contact point with which they may organise any kind of event in any hotel in the world. Meliá has preferential agreements with the main agencies specialised in each country in which it has a commercial presence, notably in Spain, and these include Viajes El Corte Inglés, Vibo Viajes and Viajes Halcón, and internationally American Express, Carlson Wagonlit Travel, Helms Briscoe and MCI.

OTA's: Meliá has strategic collaboration agreements in place with leading online agencies at a global and regional level, enabling optimum management of the Company's presence through these sales channels.

LOCALISATION OF SALES AND GROUP OFFICES



MARKETING PLATFORMS AND REVENUE MANAGEMENT TOOLS

In order to adapt to technological changes and adapt Meliá's systems, the Company is running various different projects to improve the quality of the information and standardisation and reporting that facilitate making commercial decisions and analysis of results. The initiatives cover actions in different areas, such as the standardisation of fee structures, types of rooms and interconnections with booking systems.

In addition, in line with the Company's growth in emerging markets and the internationalisation of its portfolio, in 2013 it launched a marketing and bookings website, **melia.cn**, in Chinese, in order to improve proximity to the customer and to drive a specific commercial strategy to strengthen the generation of revenue in the region and adapt to the needs and expectations of this new client.

The Company's process of marketing and internationalisation requires it to stay at the cutting edge of technology in terms of marketing and distribution with the support of IDISO, a leading company in global solutions for the electronic distribution, sales

and promotion of hotels on the Internet. This company has a hotel distribution platform that connects hotel booking systems with all distribution channels.

RAISING AWARENESS AND TRAINING

As a result of the cultural change at Meliá towards a clear focus on revenue, the Company is training specialists in *Revenue Management* in the most advanced techniques of revenue and price management. Thus a training model has been designed for the group of Managers, Assistant Managers and Sales Managers to improve their decision making in regard to managing revenue.

The growth in average revenue per room (RevPAR) of 5.2% in 2013, also triggering a record of 14 consecutive quarters of growth, was possible thanks to the increased revenue from the average price per room. In addition, as a result of the strategy of regionalisation, *outbound* sales improved, giving rise to a healthier segmentation of revenue and a greater diversification of customers, with only 21% of total guests being Spaniards.

Personalised customer experiences

MELIÁ Rewards welcome back

The new programme, the goal of which is international recognition and repeat visits (its motto is *Welcome Back*), as well as strengthening brand identification, has enabled the company to improve the loyalty of international members up to 68%. In 2013 Meliá Rewards contributed approximately 26% of nights sold (*roomnights*) of the company hotels and is an important part of the centralised sales strategy.

- > More than **3.4** million Meliá Rewards members internationally
- > Revenue generation: more than **€292 M** annually
- > **26%** of hotel occupancy comes from Meliá Rewards customers
- > Meliá Rewards customers generate **61%** of sales through the Company's direct channels
- > **69%** of Meliá Rewards customers are international (not Spanish)
- > A loyal customer spends more than **12%** per stay compared with other customers

Meliá aims to increase customer loyalty with better knowledge of customers. Generating proposals for added value at Meliá.com and achieving high levels of satisfaction are among Meliá's other main strategic objectives.

MELIÁ REWARDS

The loyalty programme **Meliá Rewards**, is one of the main pillars of the Company for offering a personalised experience and rewarding customers with exclusive advantages during their stay. Its main objective is to attract, get to know and satisfy every customer on every occasion, as well as reward their loyalty to the Company.

The multiple advantages that an internationally renowned programme offers are:

- > Attracting new customers
- > Promoting internal consumption in the hotels

- > Guaranteeing quality
- > Designing personalised programmes for customer satisfaction
- > Offering exclusive advantages
- > Managing customer value
- > Offering a personalised service according to the target requirements
- > Generating *intra-brand* and *cross-brand* demand

The new loyalty programme was re-launched in 2012, with a more international focus. Adapted to the diversity and expectations of its members, it achieved a total of 3.4 million members in 2013, representing a 17% increase compared with the previous year. This improvement shows the positive uptake of the programme, which increases the advantages and privileges in the Company's various brands and products.



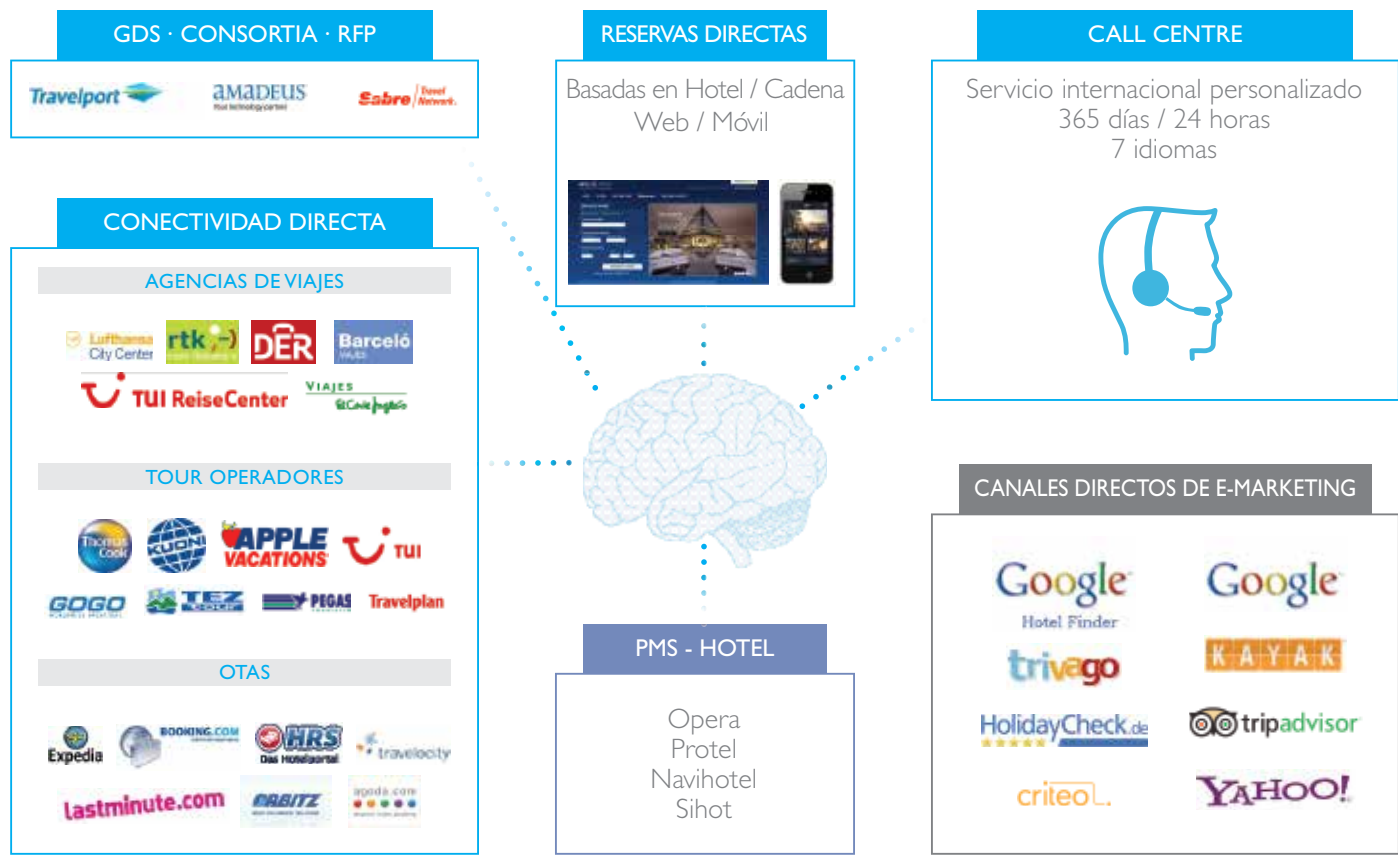
MELIÁ VILLA CAPRI

Personalisation of its own channels

“Every year, Meliá Hotels International generates more than 25% of its sales through the Meliá system with its own distribution channels, call centres, Meliá.com and through the loyalty programme”

As well as the development of a loyalty strategy based on knowledge of the customer, another key for the generation of revenue is the strengthening and adaptation of its own marketing channels to generate added value for customers

A MODEL AND DISTRIBUTION SYSTEM BEST IN CLASS



> 31.7% of centralised sales

> €212 M generated through proprietary channels by direct customers

The Company has a distribution system that is highly valued in the market and among its different customers:

- > Preferential partner on Google, Yahoo and Bing, with more than 10 million euro invested per year
- > Integration with the main search engines of the world: TripAdvisor, Trivago, Kayak, Google Hotel Finder
- > Agreements with the main re-marketing and auction companies in real time and in the world with access to more than 15 billion hits per day.
- > Partners specialised in marketing and integration with the most important travel websites: TripAdvisor, Holiday Check, Traveltipz (Russia)

In 1996, Meliá Hotels International was the first hotel chain in Europe to offer its customers the possibility to book rooms online. Today Meliá.com is the main proprietary channel of distribution, offering services 24 hours a day to multiple intermediaries (direct customers, agencies and companies) through multiple platforms (websites, call centres and mobile devices) in seven languages and 11 linguistic variations.

In 2013, Meliá.com initiated a process of image transformation with the creation of Gold Sheets which substantially improved the draw and presentation of the hotels, with a personalised image depending on each brand and in the most commercially relevant language version, including a new section with information on sustainability initiatives specific to the hotel.

In recent years, the contribution of this sales channel has had excellent results, with an increase of 26% in the sales figures and becoming the largest source of revenue for the Company.

In addition, the revenue generated through proprietary channels obtains a higher yield than other channels do, with more



competitive costs, thus contributing higher profitability in the sales made.

In 2013 the MeliáRewards loyalty programme contributed 61% of direct sales to clients made in proprietary channels, reinforcing their importance for generating revenue for the Company.

On the other hand, and in line with changes in consumer habits and technological developments, the proprietary sales channels of Meliá, as well as its loyalty programme are evolving towards more mobile environments.

Approximately 25% of visits to Meliá.com come from smart phones and tablets, a tendency that requires adaptation to the consumer habits of the mobile era. For this reason, a new version of Meliá.com was launched for mobile devices to improve the user experience.

From the new MeliáRewards App for iPhone and Android all the information that the customer needs can be accessed anywhere at any time.

Model of customer relations and satisfaction

“Meliá places the customer in the centre of its environmentally respectful and innovative value proposition to achieve their satisfaction”



> **85.3% in evaluation of service**
(+1.6 pp)

THE MELIÁ COMMITMENT

Because of Meliá's commitment to its customers it offers an innovative, high quality product that is respectful to the environment.

In a global context, customers demand a high degree of personalisation and excellent treatment. For this reason, Meliá offers its guests experiences that exceed their expectations, always with excellent service.

The *Guest Experience Strategy* established by Meliá places the customer in the centre and aims to continuously improve its products and services across all its brands.

This process of continuous improvement is a necessary condition in order to exceed the requirements and satisfaction demanded by the guests.

As a leading hotel in terms of online positioning, Meliá's strategy for customer relations is complementary to the management system in place through other points of contact.

CUSTOMER SATISFACTION

The different tools used to evaluate customer experiences and their perceptions of the quality of our services provided Meliá with the necessary information to get to know its guests better and, thus reinforce proximity to customers and excellent customer treatment.

Over the course of 2013, the satisfaction survey used to assess customer perceptions

underwent changes designed to facilitate customer participation and to adapt to the tendencies of the sector.

One of the changes was to go from three options based on expectations to five options based on satisfaction criteria, as it is not the same thing to exceed the expectations of a repeat customer as it is for a first-time visitor to be satisfied.

In 2013 the groundwork was laid to refocus the online Meliá satisfaction survey on measuring guests' global experience of the hotel for subsequent implementation in 2014.

ONLINE REPUTATION

Meliá, as a leading hotel company has successfully adapted to the demands of the reality of online management, both from a brand and a hotel perspective.

For this purpose and following three years of collaborations, in 2013 Meliá renewed its alliance with ReviewPro in order to continue to efficiently incorporate key data and information and improve management of this reputation.

Meliá is highly present on the Internet and on social networks and opinion sites which gives it a privileged advantage when it comes to listening to its customers, and a wonderful channel for maintaining a two-way relationship which helps us to provide better responses to customer needs.

Management of customer relations is essential for maintaining a successful model of reputation reinforcement for generating revenue, and since 2009 Meliá has linked a part of its hotel managers' remuneration to their online reputation.

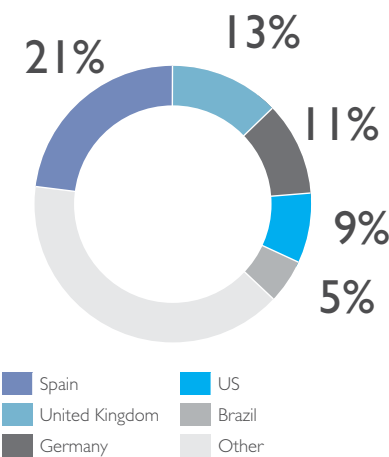
CUSTOMER SERVICE

In a global, two-way and personalised customer relations management model, managing incidents is a key point. In this regard, the Meliá Quality department

manages both incidents, comments and suggestions that its customers make by email to calidad@melia.com or via social networks.

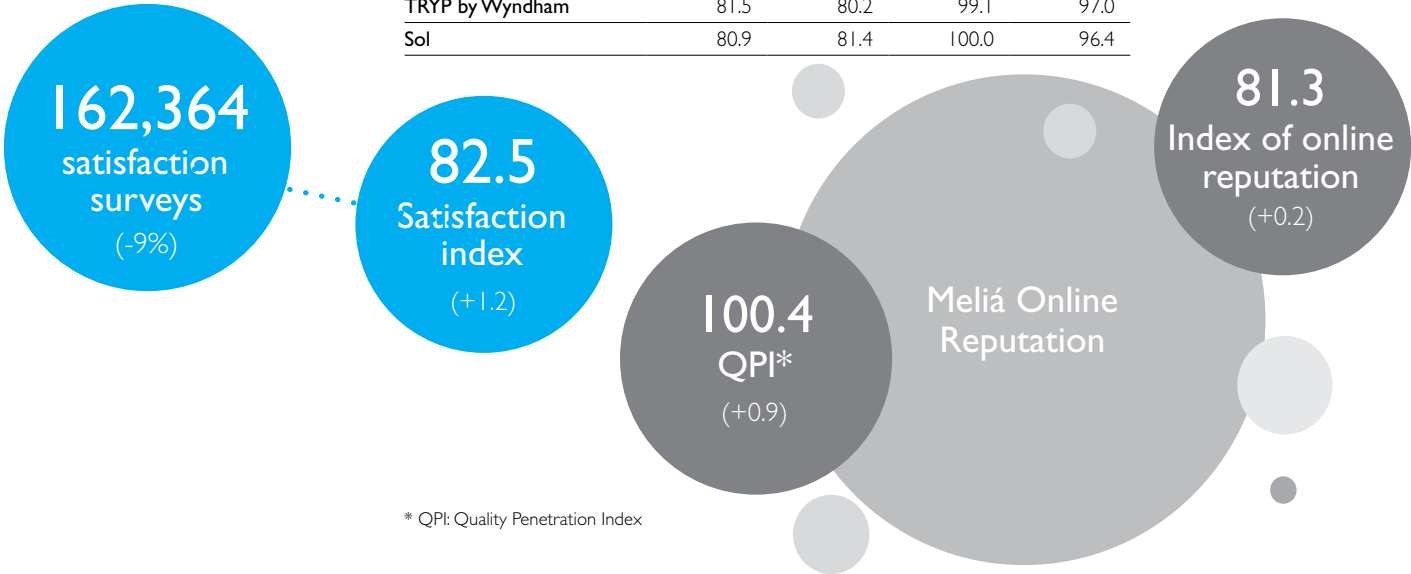
This is, without a doubt, a model that allows Meliá to manage incidents through the responsible areas with agility, providing responses within a maximum period of 48 hours from receipt, thus allowing reinforcement of customer relations and trust in the Company.

G4-8 > TOP 5 CUSTOMERS BY COUNTRY OF ORIGIN



G4-PR5 > RESULTS OF MARKET METRIX

BRAND	Degree of satisfaction		QPI*	
	2013	2012	2013	2012
ME by Meliá	82.9	82.4	95.8	95.8
Gran Meliá	83.7	83.1	102.2	101.4
Paradisus	84.7	84.2	101.7	101.6
INNSIDE	86.1	84.2	103.1	104.1
Meliá	82.8	81.4	100.3	100.9
TRYP by Wyndham	81.5	80.2	99.1	97.0
Sol	80.9	81.4	100.0	96.4





* QPI: Quality Penetration Index

Positioning in Social Networks

“Guests are changing their way of experiencing their holidays, with increasing connectivity and sharing their experiences in real time on social networks”

 **> 1.1 M fans** (+60.6%)

 **> 25,900 followers** (+273%)

 **> 31,491 followers** (+476%)

Similarly, the Company is making the most of the development of social networks as a further channel for communications and bookings.

To manage relations with social network users, the Company has a specific department called Social Media with a network of *Community Managers* who feed information, manage conversations and keep all the hotel company profiles active. Meliá has managed to generate a high level of participation among its fans and a strong emotional link with its brands, which is known as *engagement*.

It is one of the leading hotel companies on Facebook and has a presence in other networks such as Twitter, Google+, Youtube and LinkedIn. In addition, the sales channel Meliá.com is integrated into the main opinion portal for travellers, TripAdvisor.

MeliáRewards already has its own profile on Facebook with which it intends to create an online community of programme customers and generate *engagement* and virality. The objective of capturing followers on social networks is also to obtain relevant information on customers which enables the personalisation of communications.

TWEET EXPERIENCE

The growing diversity and demands of customers are changing the appeal of beach hotels and the leading hotel company in Spain, Meliá Hotels International, launched a new programme, through which its innovative hotel @SolWaveHouse, located on the beachfront in Magaluf, (Mallorca) has become the leading Tweet Experience Hotel in the world.

Doing away with boring hotels and facilitating interaction with customers who are active on social networks became the objectives following the new development of the tweet experience, guaranteeing fun, new friendships, experiences, a surprise element, excitement and a lively nightlife for the young people who fill this hotel which focuses on the beach, music and water sports, with its two wave pools to practice *flow boarding* (a hybrid of surfing and snowboarding), which is unique in Europe.



MAP OF PRESENCE ON SOCIAL NETWORKS

	MELIÁ HOTELS INTERNATIONAL	MELIÁ Rewards	GRAN MELIÁ HOTELS & RESORTS	ME BY MELIÁ	Paradisus RESORTS	MELIÁ HOTELS & RESORTS	INNSIDE BY MELIÁ	TRYP BY STARHOTEL	Sol hotels & resorts	CLUB MELIÁ
Facebook	●	●	●	●	●	●	●	●	●	●
Linkedin	●									
Twitter	●	●	●	●	●	●	●	●	●	●
Google+	●	●	●	●		●	●	●	●	●
Youtube	●	●	●	●		●	●	●	●	●
Foursquare		●		●			●			●
Instagram Pinterest			●	●			●			●

Global
management model

Growth
strategy

An organisation
focused on revenue

Personalised
experiences

Culture of
innovation

Proactive real
estate management
model

Culture of innovation

VIP EXPERIENCE

LEVEL
THE LEVEL

LEVEL
RED LEVEL

ROYAL SERVICE
THE RESERVE
AT PARADISUS RESORTS

HEALTH AND WELL-BEING

YHI SPA
Invigorate your Senses

YHI WELLNESS

BALANCE
by MELIÁ

CHILDREN'S PROGRAMME

kids & co
by MELIÁ

FAMILY CONCIERGE

LEVEL
RED LEVEL
FOR FAMILIES

MEETINGS & EVENTS

RED GLOVE
SERVICE

POWER MEETINGS
CONVENTIONS & EVENTS

ecotouch
MEETINGS BY MELIÁ

BE SUCCESSFUL

BRAND INNOVATION

The Meliá Hotels International brand strategy is based on the sustained, segmented and balanced growth of its portfolio worldwide, which generates significant value for hotel owners and helps them to maximise their investment.

The Company operates seven hotel brands targeting the midscale, upscale and luxury markets, each of them positioned according to their attributes and culture service, and is in constant development to incorporate the latest trends and offer a comprehensive service based on excellence, quality and with a focus on service.

This strategy has allowed Meliá Hotels International to become a pioneer in many destinations thanks to its exclusive brand concepts, such as ME by Meliá (hotels with a unique personality, focused on design and based on experiences) or Paradisus Resorts (an all-inclusive luxury concept).

INNOVATION IN CUSTOMER EXPERIENCE

For Meliá Hotels International, innovation is a key factor in a competitive and dynamic market, and a key to transformation to face the challenges of the future in an international context.

In recent years, the Company has advanced in the design of innovative products and services exceeding the expectations of the public, working hard at active listening and customer relations. The mission of the Guest Experience department is to work for the promise and consistency of the brand, improving customers' experiences in the hotel.

The growing contribution of value through innovation in the guest experience is a key factor in the differentiation of Meliá. In this regard, the hotel company works hard to position its hotels among the best in the world with:

- > New products
- > Personalised experiences
- > Service Excellence
- > Attractive Marketing
- > Design in the communication and marketing model

Meliá has incorporated innovative concepts in gastronomy, entertainment, activities and wellness that enhance the customer experience, aligning itself for this purpose with prestigious international brands such as renowned chefs Martín Berasategui and the Torres Brothers, and the brands Wave House, Nikki Beach, Cappuccino, Dry by Javier de las Muelas, The One Group and Tragaluz, among others.

One example is the successful Calviá Beach Resort project (Magaluf, Mallorca), for which the Company is renewing its hotels with products with high added value such as Sol Wave House (with the first Wave House wave centre in Europe and the first Tweet Experience Hotel in the world) as well as Sol Katmandu Park & Resort (a hotel with an integrated theme park).

Likewise, Meliá has designed its own concepts in restaurants and entertainment in order to meet the needs of a demanding public, as well as equip its hotels with cutting edge attributes and design, new technologies and complementary features, and add to the passion and excellence in service that are characteristic of the Company.

CELEBRATIONS AND WEDDINGS

ROMANCE
BY MELIÁ
WEDDINGS & HONEYMOONS

ROMANCE
by Paradisus

Exceptional Moments

DI QUE SI
by TRV

ENTERTAINMENT

WAVEHOUSE.

SOL KATMANDU
THE ONE GROUP

THE FUNSTONES
Land

WELCOME TO THE
#TWITTERHOTEL EXPERIENCE

calviá beach
resort

RESTAURANTS

DOS CIELOS

passion
by J. Torres (Berasategui)

VIVA VOCE
by Alfonso Iaccarino

DRY
COSMOPOLITAN BAR AT THE
OCEAN MALL, JENNI
MAGALUF

Café de Noor
MALLORCA

NIKKI BEACH
Mallorca

CAPPUCCINO
Gran Canaria

ANA
LA SANTA

THE ONE

diabino

RADIO

STK
LONDON

TEBONEGRILL



LIFE MANAGEMENT BY MELIÁ HOTELS & RESORTS

In 2013, the culture service of the Meliá Hotels & Resorts brand developed in an innovative and revolutionary way, involving all its employees in a new brand promise *Be happier in our hotels*. The philosophy of *Life Management by Meliá* was thus created, the objective of which is to facilitate the customer – both external and internal – with advice from the renowned business coach and surgeon, Dr. Mario Alonso Puig, to improve quality of life and at the same time enjoy the services of the brand to the fullest.

Life Management by Meliá has been implemented throughout all the brand's hotels in Spain with a training course for more than 3,500 employees in these establishments. To ensure homogeneity of the project an international phase of the project has been launched.

“Innovation, a clear commitment to adding value to the business”

TECHNOLOGICAL INNOVATION

Meliá Hotels International aims to reinforce its relationship with the customer and the rest of the stakeholder groups via the most innovative tools and content, meeting their expectations and improving their loyalty.

In this way, melia.com has carried out a transformation to improve the attractiveness and presentation of its hotels as well as incorporate multimedia information and customer comments on TripAdvisor; thus integrating all this information needed by the customer in order to plan his/her trip.

In addition, Meliá continues with its commitment to a 360° mobile experience which allows its guests to manage their relationship with Meliá from a singleApp that can be customised to the needs of the customer at all times.

The company continues developing its application for this, called **MeliáRewards**, which includes the latest innovations in searching for hotels and booking rooms and services.

“Strategic alliances key in
supporting growth”

Proactive real estate management model



The Company continues to consolidate the real estate function with owned assets, creating and increasing value for the Group, with the following objectives:

- > Carry out asset rotation and management based on sustainable profitability
- > Use Group assets as an instrument of growth for the different brands and the development of standards and attributes
- > Reinforce mixed models to facilitate the expansion of the Company
- > Optimise the performance value of a m² of real estate

ASSET MANAGEMENT

Meliá Hotels International has developed a proactive management model for its real estate portfolio which takes into account the various sources that generate asset value and propose the best option, not only through hotel operations but also by incorporating other commercial uses.

The sources of generating asset value are as follows:

- > Short, mid and long term economic value
- > Hotel Company Brand Equity and Club Meliá
- > Safety and risks
- > Sustainability

This model also accounts for the use of the real estate cycles, with the goal of maximising the impact of all potential profit and cash flow.

In 2013 a series of asset sales took place which allowed for the diversification of risk and helped the Company's debt levels.

Likewise, the strategy of asset sales includes keeping them under the management of Meliá operations.

The goal of the Company is to dedicate the cash flow and asset sales to reducing indebtedness during the period of validity of the Strategic Plan 2012-2014.

REAL ESTATE AS A LEVER FOR GROWTH THROUGH MIXED MODELS

Another line of work is driving the transformation of some holiday hotels located in dated destinations with projects that are integrated with strategic partners and with the collaboration and support of public entities.

A notable example is *Calvià Beach*, a project involving the repositioning of a previously dated destination in Magaluf (Mallorca, Spain), which involves the renovation of the Company's hotels in the area, the creation of new complementary entertainment and restaurant options, and the restoration and improvement of the urban setting. This project, driven by Meliá Hotels International and which has support from several strategic partners, was declared of **Autonomous Regional Interest** in 2011 and received the **Tourism Merit Plaque for a Public-Private Collaboration** for the

> **23%**
of the portfolio in
owned property
(rooms)

> **€50.9 M**
in capital gains
generated

Modernisation of Dated Destinations on behalf of the Government of Spain in 2012. Thus, the Company and its partners' action plan in Magaluf has become a benchmark in the viability of private projects in Spain that work to reinvent obsolete tourist destinations and drive the economic and social sustainability of the destination in collaboration with the public sector.

In 2013 the company carried out operations with strategic partners that allowed it to increase its sources of capital for the transformation of key assets in strategic destinations:

- > Joint Venture in Ibiza in collaboration with an investment group and Nikki Beach to create the hotel ME Ibiza

- > Joint Venture for the creation of the concept of Sol Katmandu Park & Resort (Mallorca)

All these projects are clear examples of Meliá's commitment to innovation and sustainability as a competitive advantage. This involves creating more attractive products and services for customers and pre-empting future demands, continuing as a benchmark in the tourist industry, and making more opportunities to bring in new investors.

In the future, the Company will continue to identify strategic assets for new Joint Venture projects and search for new partner investors.

JOINT VENTURE MODEL: CONTRIBUTING VALUE

Innovation and transformation of the business model: higher growth with a lower risk

- > Strategic partners on a global level: financial capacity and development potential
- > Access to external financial resources
- > Mixed investment: shared risk and lower time-to-market

A spur for internationalisation and the entrance into new markets

- > Alliance with Greenland for the analysis and development of projects in China

Strategic projects that generate added value and brand recognition

- > Diversification of innovative products and services: Wave House, Katmandu Park & Resort
- > Improvement of the portfolio with the renewal and repositioning of assets in strategic destinations: ME Mallorca, ME Ibiza

calvià beach
resort by Sol Hotels

OPTIMISATION OF THE PERFORMANCE VALUE PER M² OF REAL ESTATE

Meliá Hotels International runs a strategy of performance optimisation of the value of real estate per m², generating new sources of revenue for the hotel. To this end it follows different lines:

- > Innovation in the concept of Food and Beverage with the incorporation of renowned professionals with developmental potential: Dry by Javier

de las Muelas, Cappuccino, Tragaluz, Nikki Beach, etc.

- > Consideration of the public areas of the hotel as commercial spaces, making the most of the pedestrian traffic from guests and seeking upscale brands that complement the hotel options.
- > Management of other areas of the hotels, such as shops, carparks, terraces, etc.
- > Increase alliances with leading brands and groups to other hotels and establish relations with other brands
- > Capitalise on opportunities from adjacent assets, land, plots, etc.



Calvià Beach Mallorca

> 8 hotels
2,801
rooms

Phase 1 2012

- > Sol Wave House hotel and Sol Wave House entertainment
- > Conversion of Mallorca Beach into Beach House Hotel
- > Creation of Nikki Beach Mallorca
- > Improvements to the Beach and anchorages for yachts
- > Implementation of fashionable brands and international F&B

Phase 2 2013

- > Start of integration of Sol Magaluf Park & Katmandu Park
- > Renovation of the second Beach House Building

Phase 3 2014

- > Total renovation and integration of Sol Katmandú Park & Resort
- > Extension and improvement of Sol Katmandú Park & Resort
- > Rebranding and remodelling of the previous Beach House hotel into ME Mallorca
- > New entertainment options
- > Beginning of reforms and pedestrianisation of Avenida Magaluf - one street away from the beach

Phase 4 2015 and following

- > Demolition and creation of new uses for the old Sol Jamaica

PRIVATE INVESTMENT €82 M

OUR PARTNERS:



PUBLIC INVESTMENT €1.5 M



Institutional alliances

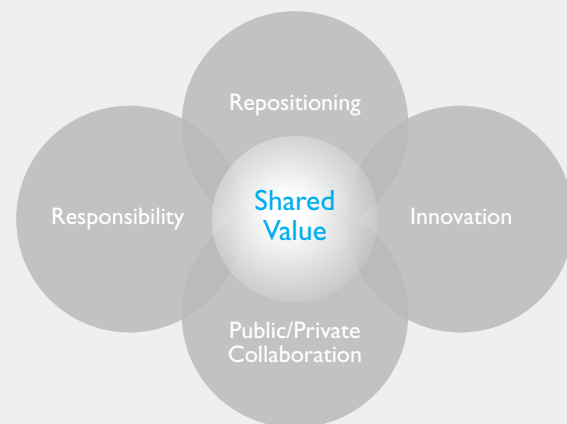


Impact Measurement System



Use of RSC2 methodology from the Seres Foundation, based on the McKinsey Sustainability Compact

STRATEGIC PILLARS OF THE PROJECT



- > Regeneration and repositioning of a dated tourist destination
- > Diversification and innovation of the products, services and marketing
- > Pioneering focus on public/private collaboration
- > Commitment to a management model which prioritises responsibility towards the community and the company

“The Calvià Beach project has now become part of our history. In the seventies we had the opportunity to form part of the birth and inauguration of this destination and today we are living the dream of giving Magaluf a second opportunity”

Gabriel Escarrer Jaume
Vice-president and CEO of Meliá Hotels International



Following the spectacular boom in tourism in the 60s and 70s, the classic tourism centre of Mallorca called Magaluf, on the south-east coast (municipality of Calvià), became stagnant and rundown, a confluence of the economic crisis, the emergence of new Mediterranean and North African destinations, a myopic vision, a lack of investment in the destination and the degradation of the establishments and even of the clientele. All this decimated the profitability of the industry and led the destination to the verge of collapse.

Committed to the sector, the community and the island of Mallorca, which welcomed the company's initiatives, Meliá saw great potential and in 2011, supported by the Regional and municipal governments, embarked on an ambitious renovation and repositioning project for Magaluf, under the name *Calvià Beach Resort*, which was declared to be of Regional Interest by the Government of the Balearic Islands on 30 September 2011.

The objective was to raise the level of quality of Magaluf to the other tourist destinations of Calvià, a destination that TripAdvisor recognises as the eighth best destination in Spain.

-6%
Water consumption
per stay

-2.9%
Kg CO₂e emissions
per stay

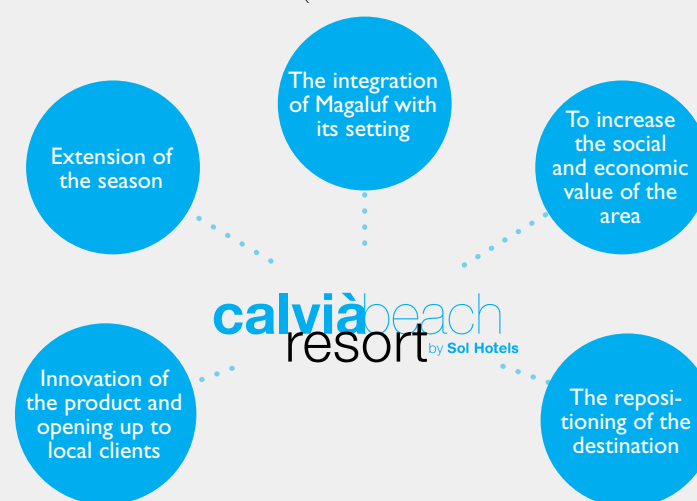
8,060 m*
Footpaths

90,891 m²*
Land reserved for
strategic equipment
(infrastructure and natural
park areas)

-4.2%*
Measures taken by
the Local Police in regard
to security and public order
(not traffic)

G4-EC7 >
G4-EC8

GOALS (2013 vs. 2012:



Maintenance of a
sustainable work environment

+14%
Jobs generated

Increase in the price and
improvement
of customer quality

+8.2%
Average price

Growth, capturing new
markets and reduction of presence
in traditional issuing markets

-1.2 bp
United Kingdom and Ireland
+8.7 bp
Scandinavia, Eastern
and Central Europe

Diversification of supply and demand
and improvement in the operating
profitability
Elimination of All-Inclusive

+30%
complementary revenue
to total revenue

* Data provided by Calvià Town Hall referred to in 2012 or 2012 vs. 2011 in the case of percentages and ratios.

Corporate Social Responsibility

Code of Ethics

Global Commitment

MANAGEMENT BODIES OF THE CODE OF ETHICS

Office of the Code of Ethics

This acts as a Committee coordinating all the activities that arise in relation to the Code. It is a channelling body which represents all the areas involved in the follow-up, implementation and functioning of the Code.

- > Interpret and resolve doubts
- > Run timely updates
- > Raise awareness and train staff on the content
- > Provide support to the different areas
- > Permanent advisory service

Ethics Committee

Independent disciplinary professional body, which manages the Complaints Channel.

- > Works for the correct implementation and functioning of the Complaints Channel
- > Guarantees confidentiality
- > Defines wait times for attendance and filters out inappropriate uses
- > Defines scales of severity, classification of subjects and notifications to the Audit Committee

Complaints Channel

Main communication tool for complaints related to observance of the Code of Ethics, current legislation, any issues relating to regulatory non-compliance and situations or events that could require the attention of senior management.

- > It is managed by a third party to guarantee its objectivity and privacy
- > Complaints arrive directly to the President of the Audit and Compliance Committee

FIRST CODE OF ETHICS OF MELIÁ

Throughout its history, Meliá Hotels International has traversed different levels of growth, consolidation and transformation. Its values have evolved with the times, though it has always maintained a solid base linked to its nature as a family business. This evolution has allowed it to review and improve its framework for behaviour and alignment with new values to guarantee the optimum cohesion and protection of all of its employees and contribute to the good daily relations with its stakeholder groups.

A result of this progress is the first Meliá Code of Ethics, approved by the

< G4-S7 G4-SO4

Board of Directors in March 2012. In October 2012, the Remuneration and Appointment Committee of the Council laid out the channels necessary for it to function.

This Code is a set of principles for action that order and give meaning to the values of the Company. It is not a disciplinary code or just another set of rules, but rather the peak of the entire internal regulatory framework of Meliá, which establishes the bases from which the internal policies, rules, processes and procedures are aligned with this code.

“Meliá continues to advance in its commitment as an ethical and responsible company, with the involvement of its teams at a global level”

DISSEMINATION PLAN 2013



G4-HR2 G4-HR7 > AWARENESS RAISING PLAN

Internal process

The internal process of raising awareness among Meliá employees was conducted in 2013 with the launch of eight monthly campaigns, focused on the relations of Meliá and its employees with each of its stakeholder groups. These campaigns reinforce the cascading dissemination of the principles and contents of the Code from department Heads and Managers toward the rest of the teams. Moreover, 95% of a total of 220 hotels participated in this phase of raising awareness, involving 4,387 directors and middle managers, including corporate staff.

As a part of this process, the business units transmitted their comments, reflections, questions, doubts and level of participation to the Office of the Code of Ethics through an internal process established for this purpose.

G4-SO4 > In the twice-yearly process of the signing and renewal of the Managerial Behaviour Policy

a formula has been incorporated to confirm reception, comprehension and acceptance of the Meliá Code of Ethics.

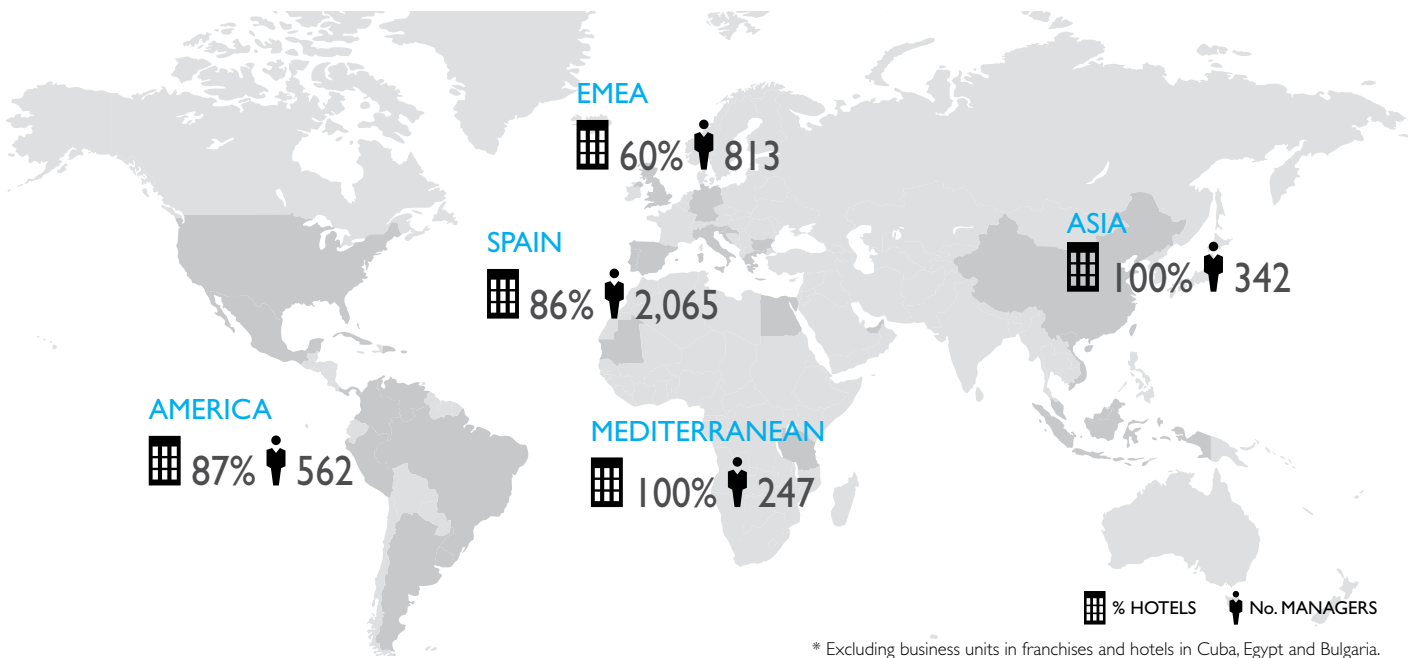
Furthermore, Code of Ethics training has been integrated as priority content in the induction process for new employees to ensure their awareness and acceptance of it. The code is available on the institutional website of the Company and on the Meliá Employee Portal.

External process

In a second phase, a communication campaign on the Code of Ethics was conducted with external stakeholder groups to raise awareness of its existence and content. This communication was led in each case by the different areas that maintain and manage relations with the stakeholder groups. In total, 200,949 investors, key accounts, property owners, suppliers and partners of the Company, on an international level, were directly informed.

< G4-SO4

LEVEL OF PROGRESS OF THE AWARENESS RAISING PLAN IN HOTELS



Social commitment

DMA-EN > CSR GUIDELINES

1. We aim to integrate the values and principles related to the sustainable development of our business processes and in our relations with stakeholder groups.

2. We want to be close to our stakeholder groups, listen to them, and get to know them better; to this end we maintain open and close relations with them.

3. We are confident in working in conjunction with all our stakeholder groups and we are ready and proactive in the sector; acting in cooperation and partnership with the different social actors in the search for solutions.

4. We work to balance the needs of contemporary generations and the needs of future generations, and to balance socio-cultural, economic and environmental developments against the conservation of destinations, and to balance the satisfaction of the demands of our different stakeholder groups.

5. We identify the environmental impact of our operations on the natural environment, reducing this impact and helping to preserve the biological diversity of the destinations in which we have a presence. We aim to achieve energy efficiency and the responsible use of resources.

6. We understand that our activities in society need to
- contribute to reducing inequality and to reducing poverty through opportunities for mutual economic growth with the local communities.

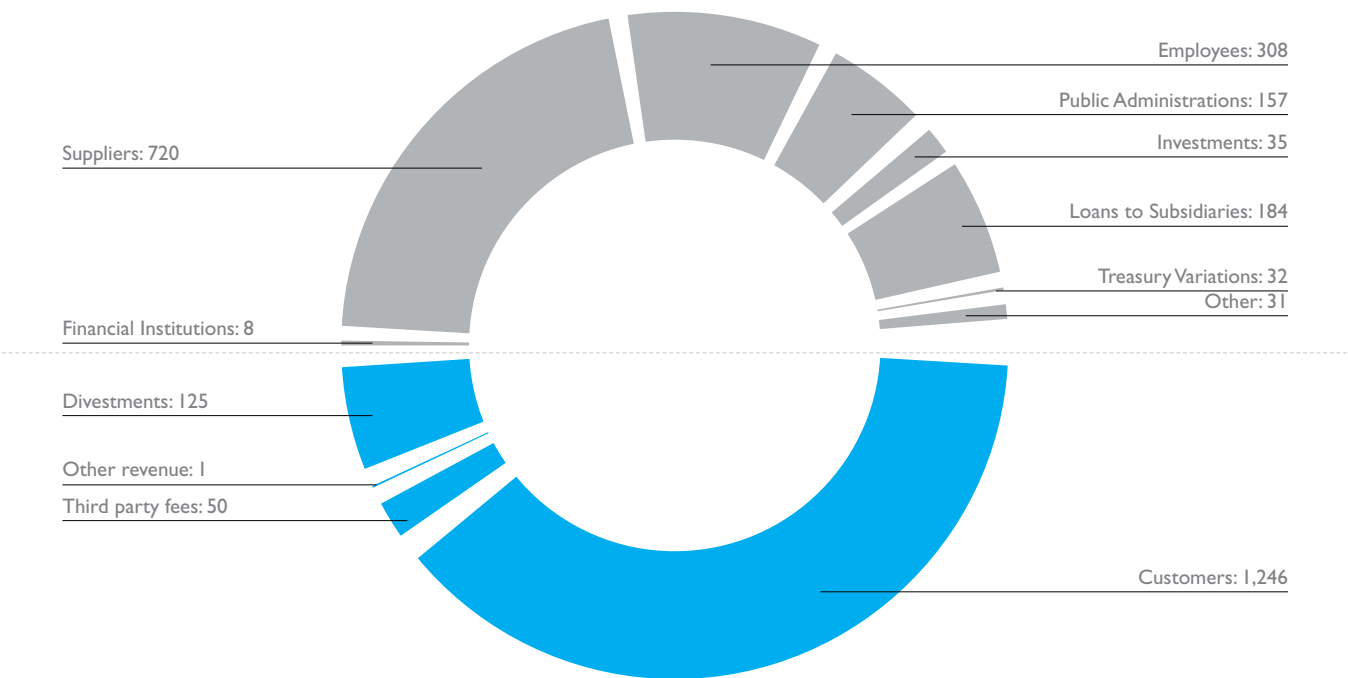
7. We are aware of the social needs of our employees and we wish to share our commitment with them by listening to their concerns regarding solidarity.

8. We are committed to the conservation of the tangible and intangible cultural heritage of the communities in which we operate. We are fully involved in the local sphere, respecting and defending its heritage as our own.

9. We constantly aim to gain the mutual understanding of our customers in our environmental, cultural and social actions, with special care for our influence on protecting children.

10. We expect our suppliers to adopt a policy of continuous improvement in regard to the integration of sustainable development criteria in their businesses, as well as social justice, minimising environmental impact and the economic development of destinations.

G4-EC1 > WEALTH GENERATION FOR SOCIETY (€ MILLIONS)



Meliá's economic impact accounting for consolidated revenue. The Company is in the process of calculating this impact for all its business activities including hotels under management.

Model of Dialogue with stakeholder Groups

“Meliá aims for a model of dialogue and relations with its stakeholder groups that is based on trust, transparency and generating shared value”

MANAGEMENT OF RELATIONS WITH MELIÁ STAKEHOLDER GROUPS

For Meliá, management of relations with stakeholder groups and the integration of its expectations into the CSR strategy are key elements for advancing its positioning as a responsible company. Thus, Meliá reinforces the link because it is very aware that only in this way will it generate synergies and shared values between the Company and its stakeholder groups through tools that minimise risks, create competitive advantages and, mutually improve the corporate reputation and the internal work environment, among other things.

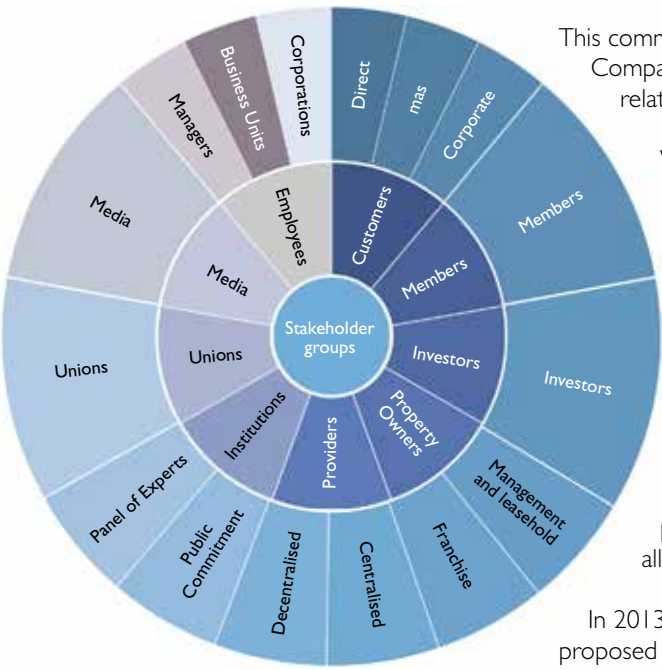
G4-24 > Meliá's stakeholder groups are comprised of all those actors that, either directly or indirectly, participate in Meliá's activity. In this regard, employees, customers, society, suppliers, shareholders and investors, property owners, partners and the environment, make up the stakeholder groups with and for which Meliá works in order to advance as a responsible hotel company.


This commitment on behalf of Meliá has been present in the basic values of the Company and its owners and therefore it offers value that allows it to build relationships based on trust and long-term mutual benefit.

Within the framework of the 2008-2010 Strategic Plan the list of Meliá stakeholder groups was established as a result of the detailed analysis of needs and expectations with Company managers and with external comparisons. At that time Meliá considered it necessary to have a meeting and dialogue point to enable comparisons of the Company in terms of CSR & Sustainability aligned with the business.

Since then, Meliá has conducted an annual Panel of Experts, an important management tool for the purposes of comparison, evaluation and constructive contributions that, in terms of CSR & Sustainability, are being carried out in the Company, and go beyond a periodic review from an internal operating plan. The Panel represents all the key stakeholder groups.

In 2013, and in order to reinforce the integrated reporting model, Meliá proposed to its different stakeholder groups the analysis of materiality. The results can be consulted in this annual report.



G4-25 G4-26 >		Employees	Suppliers and Collaborators	Environment
Identified Expectations		To belong to an ethical and integrated company, which retains and nourishes its talent	To increase the economic prosperity of the setting	To minimise the impact of the business on the environment
Meliá's Commitments		To offer the best opportunities for professional development, from the stability of a family business and the strength of an international leader; which knows how to recognise commitment, talent and achievement fairly	To contribute professionalism and size for building lasting relations based on trust, respect and mutual benefit	To contribute to preserving the environment and landscape, by reducing the impact of our activities and raising awareness of sustainability with all our stakeholder groups
Dialogue Management		An annual Commitment and Culture survey, open to all employees with specific sections on CSR and Sustainability and corporate principles and values through which to transmit proposals and reflections	Meliá has a presence in the main national and international trade fairs in the sector ensuring a point of relations with intermediaries, suppliers and collaborators	Participation in forums focused on environmental issues whether these are linked to the tourism sector or not, such as the CDP (Carbon Disclosure Project) or the Endesa and Twenergy Strategic Platform which seek to identify initiatives that minimise the environmental impact of hotel operations
G4-15 >	Institutional Presence			
		Sectorial		CSR and Sustainability

Shareholders and Investors	Property owners and Partners	Society	Customers
Sustainable investment in a responsible company	Responsible and excellent management that increases the value of the business	Protection for Children and Disadvantaged Groups	Quality products and services that are respectful to the environment
To manage the Company rigorously, with transparency and good governance, to achieve profitability and increase value in the medium and long term	To offer the best integral services to maximise returns on investment, managing these with professionalism, seriousness and the trust of an internationally renowned brand	To actively contribute to generating prosperity and development wherever we have a presence, respecting and fostering culture, traditions and values, with special attention to children and the most vulnerable groups	To offer our customers the best personalised accommodation experiences, exceeding their expectations with the excellence of our best services
The Meliá Shareholders Club is available to shareholders and investors to provide a direct channel of communication with company managers that enables the shareholder to stay up to date with financial developments and make suggestions Meliá organises roadshows to generate meeting points with potential investors and is a member of the FTSE4Good Ibex	Meliá has a Department of Property owner services as well as an Internal Portal for direct management with this group. This channel is not only informative, but acts as a two-way communications channel	Through management of the different Alliances and joint work, Meliá maintains direct contact with entities, debate forums, sector groups, ONG's, academic institutions and business networks to advance in sharing experiences, knowledge and the search for synergies	Meliá customers are able to interact with the company through quality surveys following their stay in the hotels, through the loyalty programme MeliáRewards , product workshops, participating in activities focused on sustainability in the different hotels and sector trade fairs
			
Academies and Universities		Companies	

Social commitment of customers

Meliá involves its customers by inviting them to participate in sustainable actions thus reinforcing its commitment as a responsible company

“In 2013 Meliá took the first steps towards gaining local knowledge of initiatives and measuring their impact”



- > **Actions**
Donations
Sponsorship
Asset Transfer
Fund Raising
- > **Recipients**
Children and Families
Risk Groups
ONG's and Social Welfare Organisations

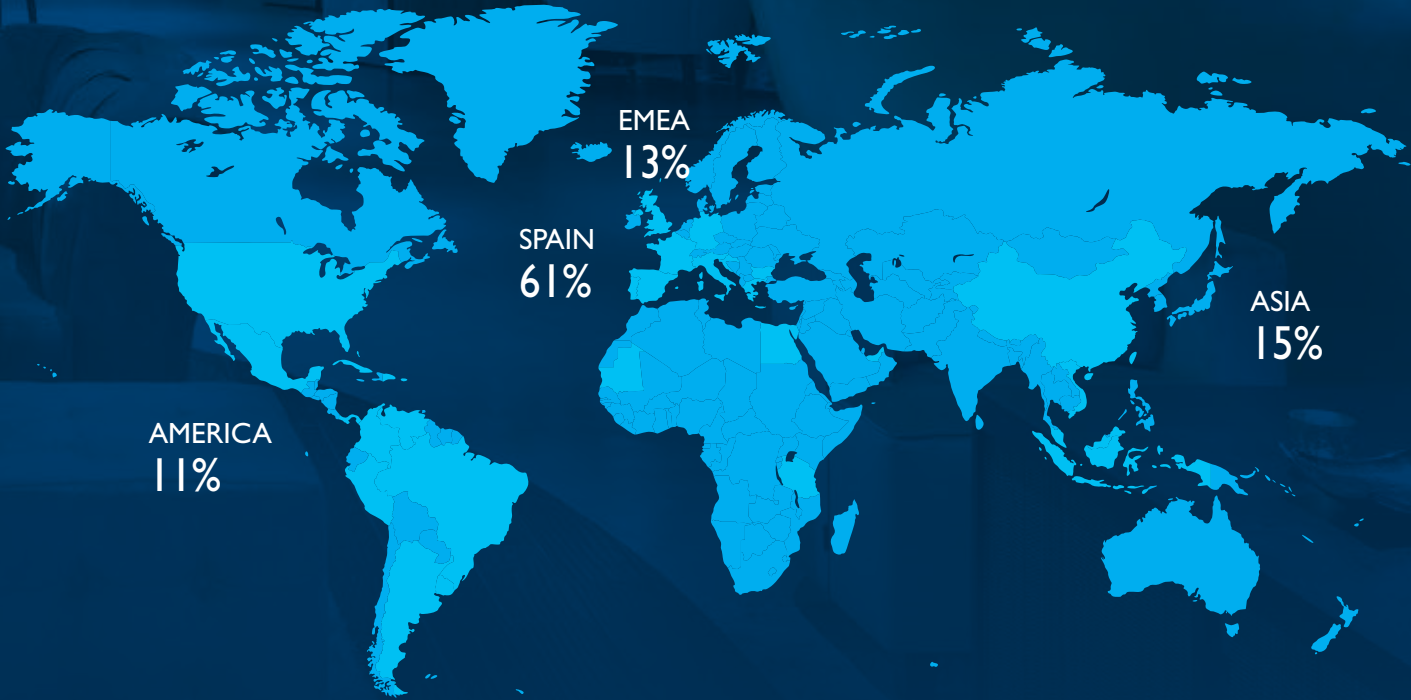


- > **Actions**
Awareness Raising
Recycling and Waste Cleaning
- > **Recipients**
Environment
Biodiversity



- > **Actions**
Knowledge of the destination
Sponsorship
- > **Recipients**
Cultural Institutions
Environment and Destination

DISTRIBUTION OF INITIATIVES BY REGION



> 84% customers value our commitment

> 128,265 participating customers

> 750,000 customers aware

> €1.3 M raised for Children

> 72% of the portfolio in alliance with UNICEF

> 22 countries participating in the alliance with UNICEF

Staff commitment



Meliá shares its commitment to sustainability with its employees and invites them to become involved in social, cultural and environmental initiatives

“The Company considers its employees to be ambassadors of the commitment to sustainability and important to its transformation”

Meliá Hotels International, as well as creating employment in the local communities where it operates and integrating groups at risk of exclusion, it is committed to maintaining cultural diversity with its staff and aims to create a knock on effect that goes further than the direct generation of employment.

For this purpose, Meliá invites its collaborators to participate voluntarily in different social initiatives, as it considers its teams to be ambassadors of this continual commitment which is permanently focused on value creation and is a key driver of transformation.

There are a number of pathways through which the Company involves its employees in the three dimensions of sustainability.

Social initiatives, donating materials, facilitating training, volunteering, participating in environmental initiatives and direct collaboration with the community are just a few examples of this. In fact, the contributions made by employees through the volunteer initiative, **Nómina Solidaria**, under the Strategic Alliance framework with Unicef, was 10% of the total amount of funds raised.

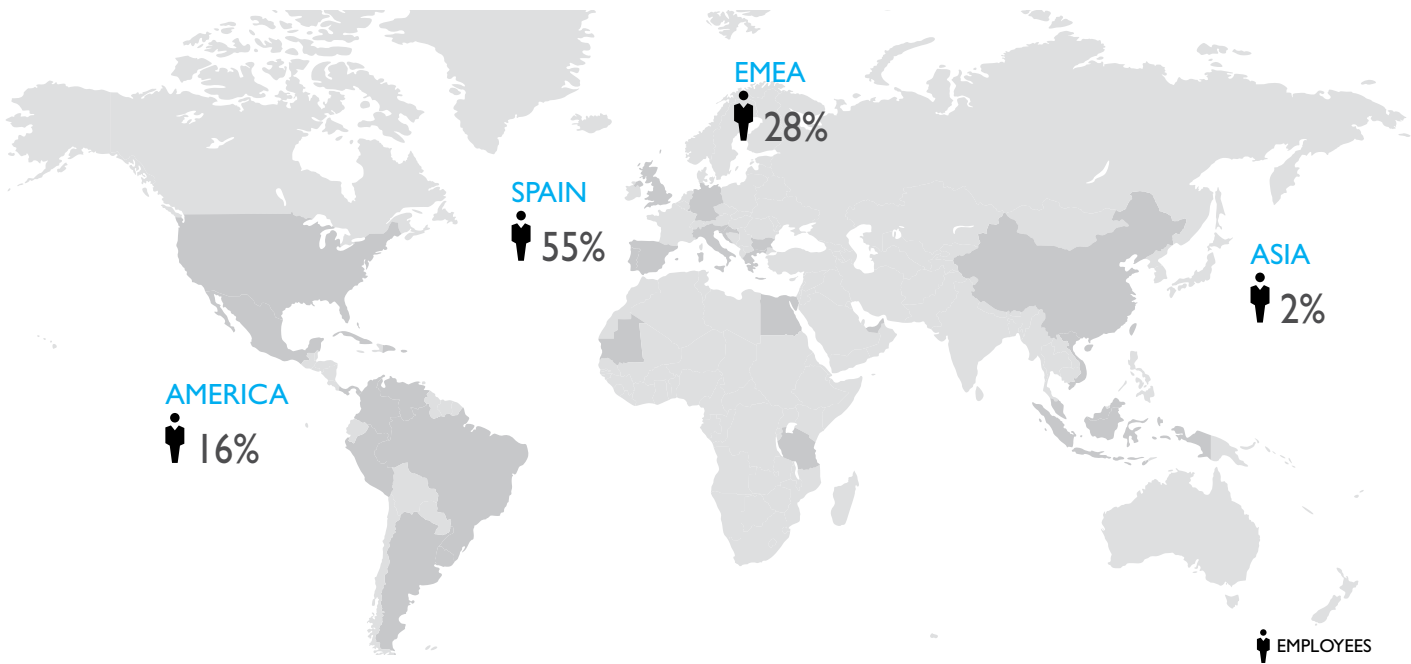
Meliá, as a leading company in the tourism sector is also a benchmark in the academic sphere. In this regard, executive personnel and middle management actively participate with academic institutions and business and professional networks to encourage knowledge of sustainability and CSR in the tourism sector.

To create a message amplification effect, the Company has channels available for social institutions that are aligned with its social positioning in order to bring its message to the employees of those institutions through an Employee Portal and other communications via email and social networks.

Proximity is a Meliá corporate value. To this end the hotels act as true meeting points for communities and offer their spaces as a social contribution for communities to organise meetings, talks and workshops and thereby reinforce this closeness. The hotels thus provide important support for the work of social institutions, by providing direct support for projects that work to provide employability and work experience to groups at risk of exclusion.

The Company runs a Work Environment survey (It's Your Say) annually, and invites all staff to participate. This survey includes a section on Sustainability and CSR in which employees measure, from their own perspective, the company's degree of commitment, its adherence to the sustainability strategy, its commitment to ethics and responsibility, its environmental management and its support for cultures and traditions.

DISTRIBUTION OF INITIATIVES BY REGION



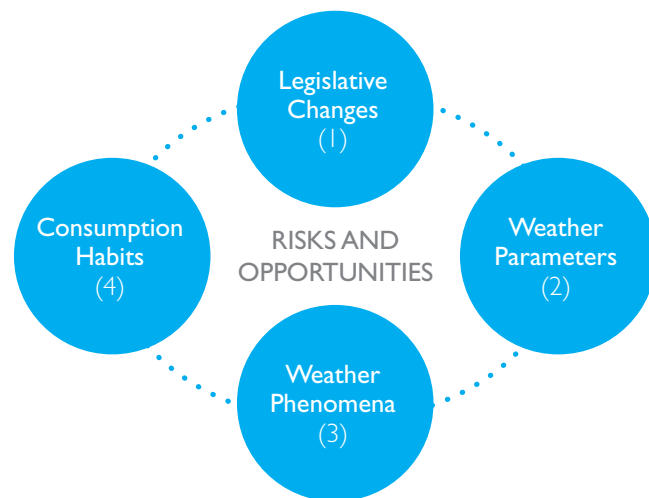
- > A total of 75% of employees in the corporate offices rate Meliá's commitment to CSR as... positive
- > ...and this rises to 82.5% among hotel staff
- > 29,727 employees have participated in CSR initiatives

“Meliá demonstrates its commitment to fight global warming by reducing its carbon footprint per person per stay and by being a CDP sector leader in Spain”

Meliá's commitment to the fight against global warming is built around a strategy of four pillars

1

G4-EC2 > IDENTIFICATION OF RISKS AND OPPORTUNITIES



2

IMPACT MEASUREMENT

> Carbon Footprint

The carbon footprint is calculated using the GHG Protocol standard, which covers 3 scopes of emissions:

- Scope 1: Direct (boilers, ovens, vehicles)
- Scope 2: Indirect (power consumption)
- Scope 3: Used to transport employees and work-related travel

3

G4-EN19 > EMISSIONS REDUCTION

G4-EN6 > Notable Projects in 2013

Substitution of 22,000 halogen bulbs for LED technology in 49 hotels

Replacement of production and distribution systems for heating and air-conditioning and water representing a reduction of 984 tonnes of CO₂

Three step diesel-to-natural gas conversion, executed through Energy companies

4

REPORTING AND COMMUNICATION

> Advances in the Carbon Disclosure Project - CDP

Meliá improved its score in the last CDP Iberia 125 report, as leader in the sector

83 points out of 100 for transparency (improvement of 57 points in 3 years)

Performance Grading of 'B', out of a scale from A to D, A being the highest



SAVINGS AND ENERGY EFFICIENCY
IN MELIÁ HOTELS INTERNATIONAL

ADAPTA PROJECT

In 2013 Meliá collaborated as a pilot company with the Spanish Climate Change Office of the Ministry of Agriculture, Food and the Environment, in a climate change vulnerability and adaptation study in the business area.

CARBON FOOTPRINT OF MELIÁ HOTELS INTERNATIONAL



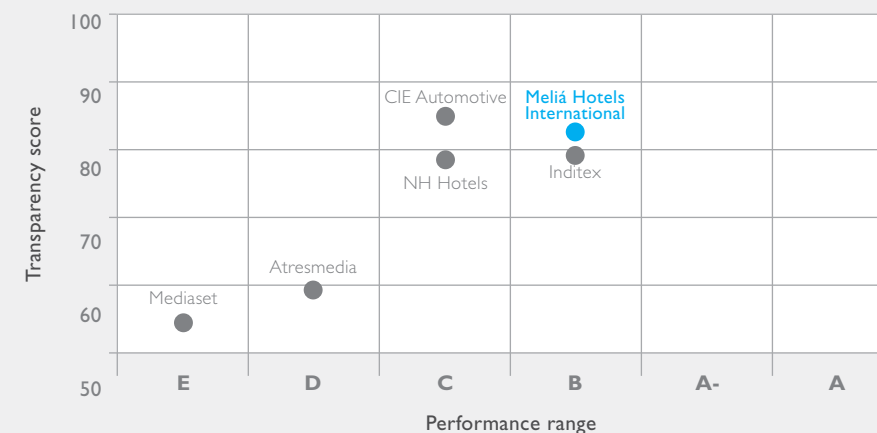
2012

G4-EN15 > Scope 1: 48,401
G4-EN16 > Scope 2: 151,605
G4-EN17 > Scope 3: 37,745
G4-EN30



2013

Scope 1: 48,944
Scope 2: 165,180**
Scope 3: 38,093



RESULTS FROM COMPANIES
IN THE NON-BASIC
PRODUCTS SECTOR
(CDP IBERIA 125 2013)

Explanatory note:

1. Uncertainty or anticipation of new regulatory frameworks
2. Increase or loss of value of the destination according to the length of the season
3. Effect on destinations of good or poor climatic conditions
4. Responsible consumption

Note: All data make reference to the period 2012-2013 compared with the base period of 2007-2011

**The increase in absolute value is due to a change in the power conversion factors according to the IAE (Tax on Commercial and Professional Activities in Spain). This has increased by more than 8% for the same countries

> Carbon Footprint
188 hotels
(62% portfolio)

> Meliá Footprint
252,217 tCO₂

G4-EN19 >

> -7.2% kgCO₂
per stay

> -15.7% kgCO₂
in emissions for
business travel

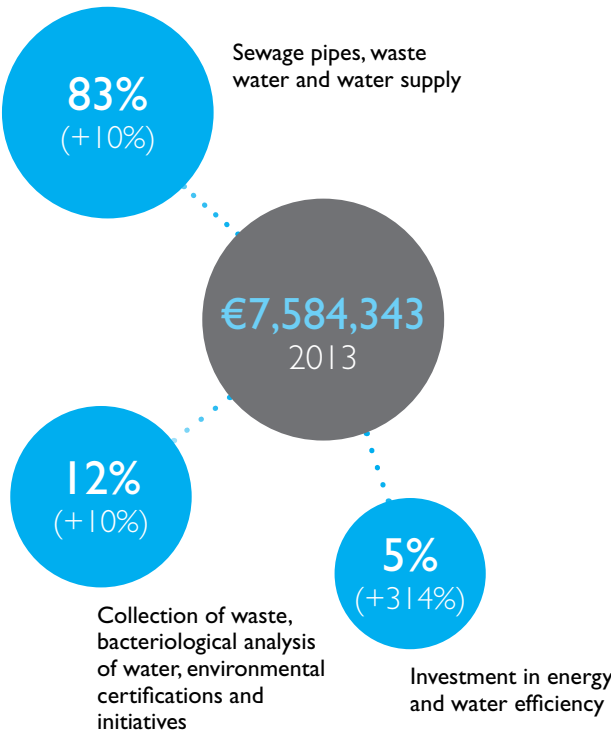
> 1st ranked hotel company
in Spain and 4th in the
world in CDP ranking

Meliá Hotels International has reinforced its commitment to the environment by reducing the rate of consumption of natural resources per person per night

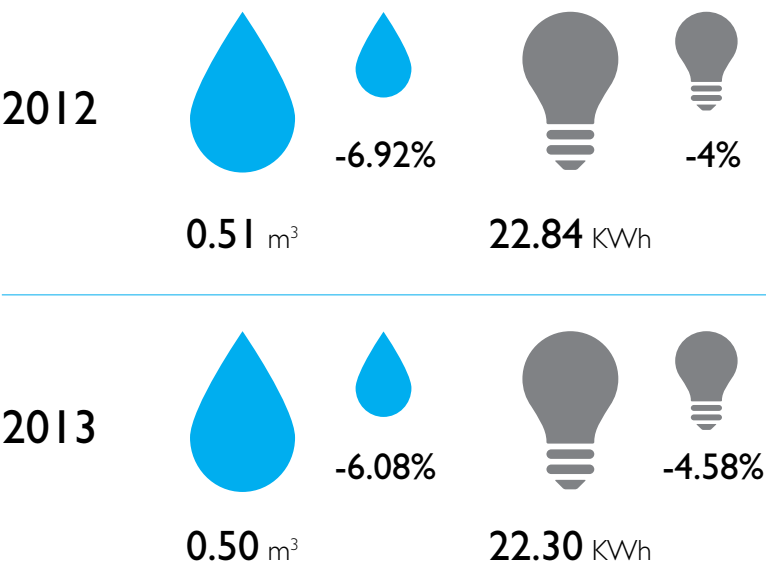
+14%
vs. 2012

“We are moving ahead with our strategy of efficient and responsible use of natural resources with a consolidated management model”

G4-EN31 > INVESTMENT IN ENVIRONMENTAL MANAGEMENT



G4-EN27 > CONSUMPTION AND SAVINGS PER STAY

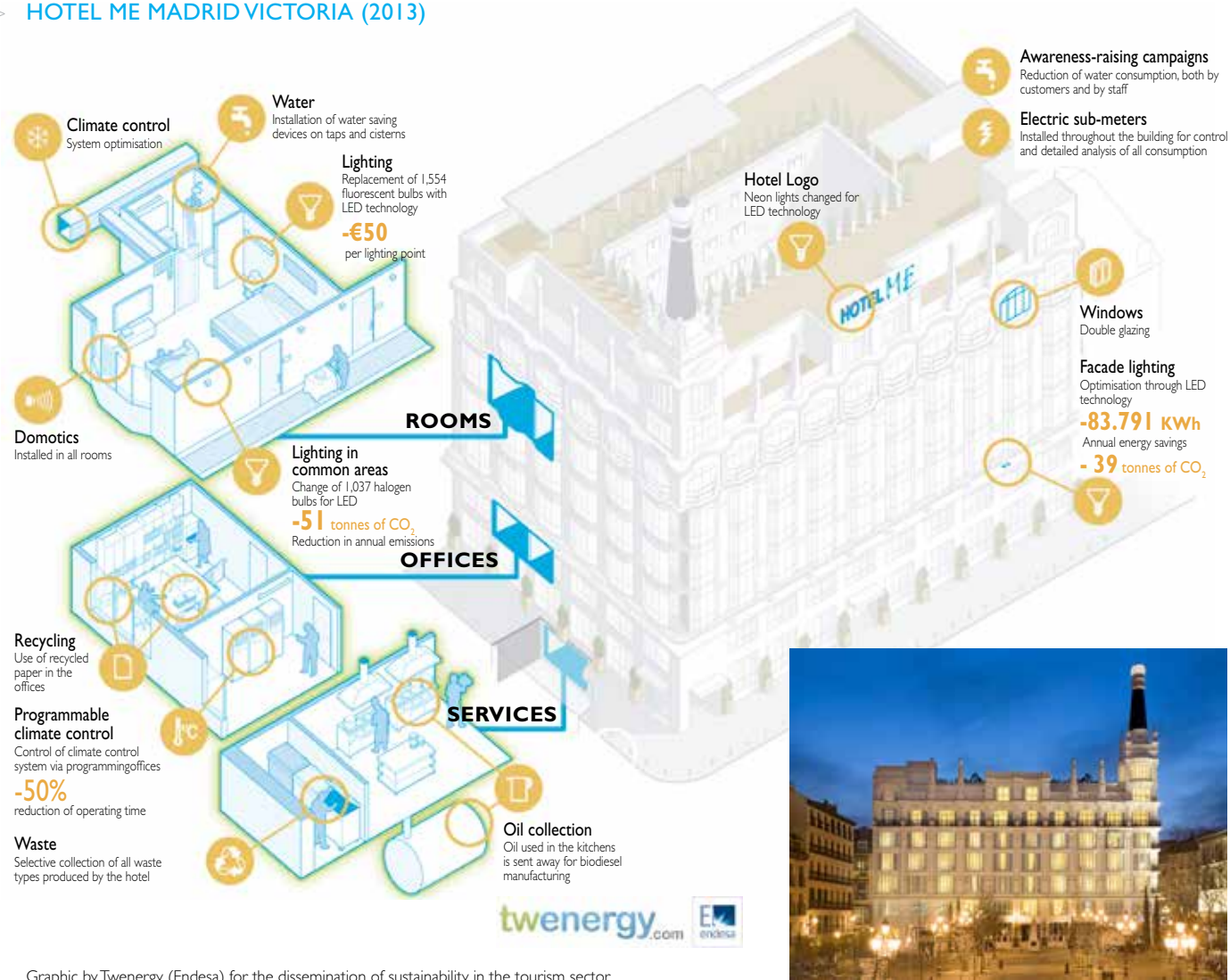


- > 95.7% of the portfolio connected to municipal wastewater networks
- > 4.3% of the portfolio with its own purification system
- > €3.5 M savings in energy and water consumption

Note: All data make reference to the period 2012-2013 compared with the base period of 2007-2011

And it continues to drive the integration of sustainability into the hotel construction process

G4-EN27 > HOTEL ME MADRID VICTORIA (2013)



Graphic by Twenergy (Endesa) for the dissemination of sustainability in the tourism sector

- > Design and Construction Manual
Criteria and attributes for each brand with energy and water efficiency criteria
- > Technical Service Agreement
Technical assistance that ensures homogeneity of the brand attributes and the incorporation of the criteria included in the Design and Construction Manual, and the Technical Feasibility Report
- > Technical Feasibility
Compilation of material and equipment specifications, including those related to sustainability

Corporate Alliances

Meliá Hotels International has reinforced its links and relations with civil society, with multilateral organisations and with public administrations in order to transfer its commitment and values to the different spheres in which it can contribute value as a leading company. It gains support for this from its Strategic Alliances with entities that are benchmarks in their field of action, that are aligned with the hotel company's positioning and that have a global presence, thus enabling them to increase the value of the combined brands.

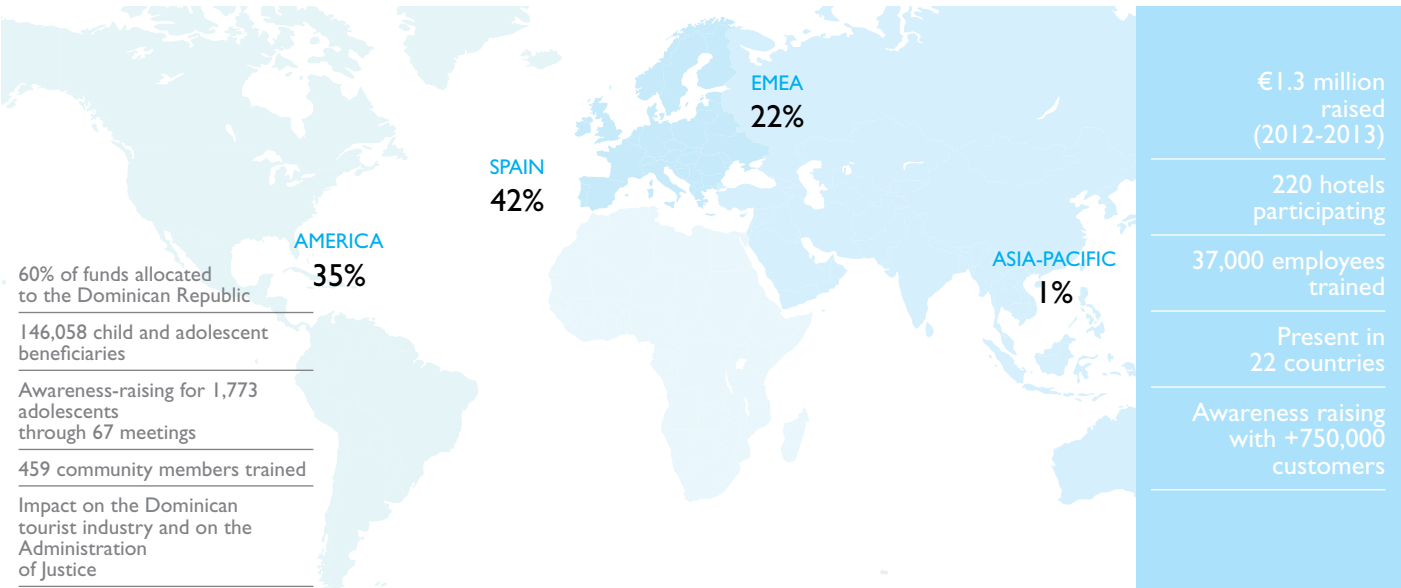
UNICEF, UNITED FOR CHILDREN



Meliá Hotels International's social commitment prioritises children. To this end, from the end

of 2010, the hotel chain has been aligned with UNICEF through an international agreement, renewed in November 2013, to fight against the commercial sexual exploitation of children.

IMPACT AND DISTRIBUTION OF FUNDS RAISED FOR UNICEF



MELIÁ HOTELS INTERNATIONAL TOURISM STUDIES (UIB)



In 2013 the Company renewed the Meliá Hotels International Tourism Studies, which its president Gabriel Escarrer founded in 2002, in collaboration with the University of the Balearic Islands (UIB), to incentivise the teaching, research and dissemination of tourism subjects.

The activities financed have focused on research in the tourism field, promoting a collaborative model with UIB researchers and the internationalisation of professionals in the sector.

In 2013 five research projects were financed in the areas of human resources, social networks and sectorial reputation. In addition grants were awarded to four students to gain international experience.

“The Alliances allow both Meliá and its partners to achieve a knock on effect with the impact of the CSR initiatives”

The Programme also served to finance an optional subject in business ethics and CSR. This option is offered to students of Tourism and Business Administration.

ONCE, WORKING FOR THOSE WITH DISABILITIES



Meliá Hotels International works with the ONCE Group which is an expert in accessibility, a source for recruitment and for the social and occupational integration of people with a disability. As a result of this collaboration, the Company is making good progress in eliminating physical and technological barriers. In 2013, the launch of the institutional corporate website of Meliá, developed by the ONCE Group, earned Universal Accessibility Criteria AA, being the first in the Spanish hotel sector to do so.

ACCENTURE FOUNDATION, SERES FOUNDATION AND BUSINESS COMMITMENT FOUNDATION “TOGETHER FOR THE EMPLOYMENT OF THE MOST VULNERABLE GROUPS”

Meliá has joined the platform led by the Accenture Foundation to drive a collective strategy among 90 bodies, both public and private as well as non-governmental organisations that drive the occupational insertion and entrepreneurship of the most vulnerable parts of society.

The Company's experience in integrating those with a disability has facilitated the enrichment of the Book of Best Practices for the integration of collectives at risk of exclusion.

As a result of this commitment, eleven young people ran Kitchen Assistant training initiatives at the Hotel Tryp Alcalá 61 I, under the framework of the Training Programme

“In and With the Company” by the Pinardi Foundation allows young people in vulnerable social circumstances to be able to learn technical aspects of the profession under real working conditions.

SPONSORING TALENT WITH THE PRINCE OF GIRONA FOUNDATION



Meliá Hotels International contributes to the training and development of young university students, supporting various different academic and social institutions for this purpose.

Over the course of 2013, the Company participated in various “Sponsoring Talent” mentoring projects, in which young people with high potential shared time and experiences with hotel managers in order to improve their future employability.

“COMPANIES FOR ENERGY EFFICIENCY”



Meliá forms part of this group, initiated by Endesa in 2011, which involves large sector-leading private companies that are committed to the development of value propositions focused on energy efficiency and to reducing their carbon footprint.

The group, also with the participation of companies such as Cepsa, Philips Ibérica, Renfe, Telefónica, Toyota Spain, Unibail Rodamco Spain, Bayer and Cemex, was able to save, prior to the deadline established, 2.7 million tons of CO₂, equivalent to the emissions of 200,000 average Spanish families per year. The energy savings reached represent 171% of the commitment made by the Group for the period of 2011-2013.

Risk Management



Risk management

“Meliá is moving forward in the consolidation of a new integrated model of risk management, incorporating it into the Company's key processes”

> 100 Risks identified in Meliá's Catalogue

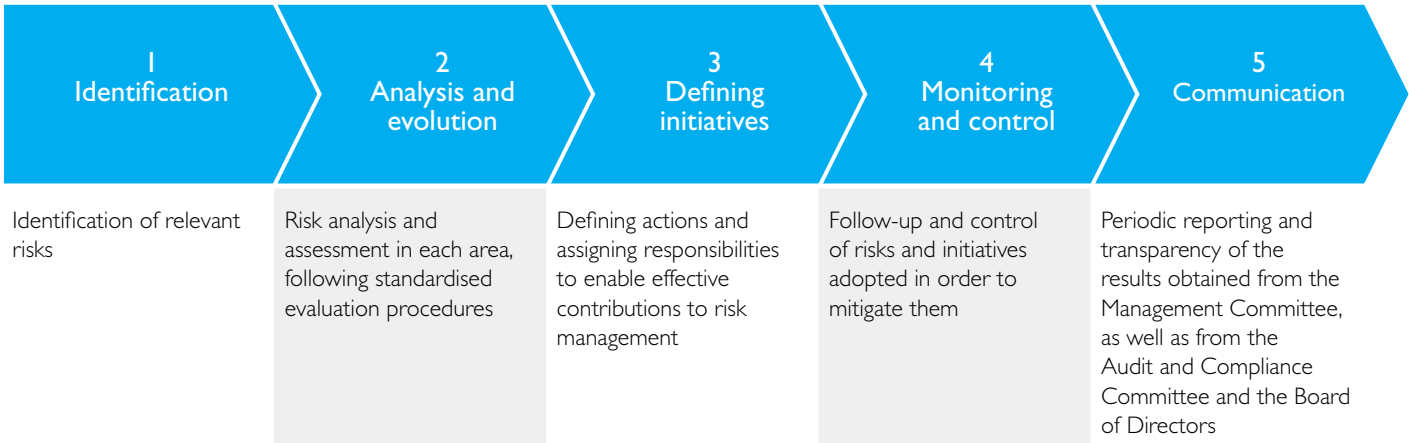
> 44 Managers involved

MODEL

Meliá Hotels International has a Model of Integrated Risk Management across all its Groups, aligned with its Policy of Global Management, Analysis and Risk Assessment, which was approved by the Company Board of Directors in November 2011.

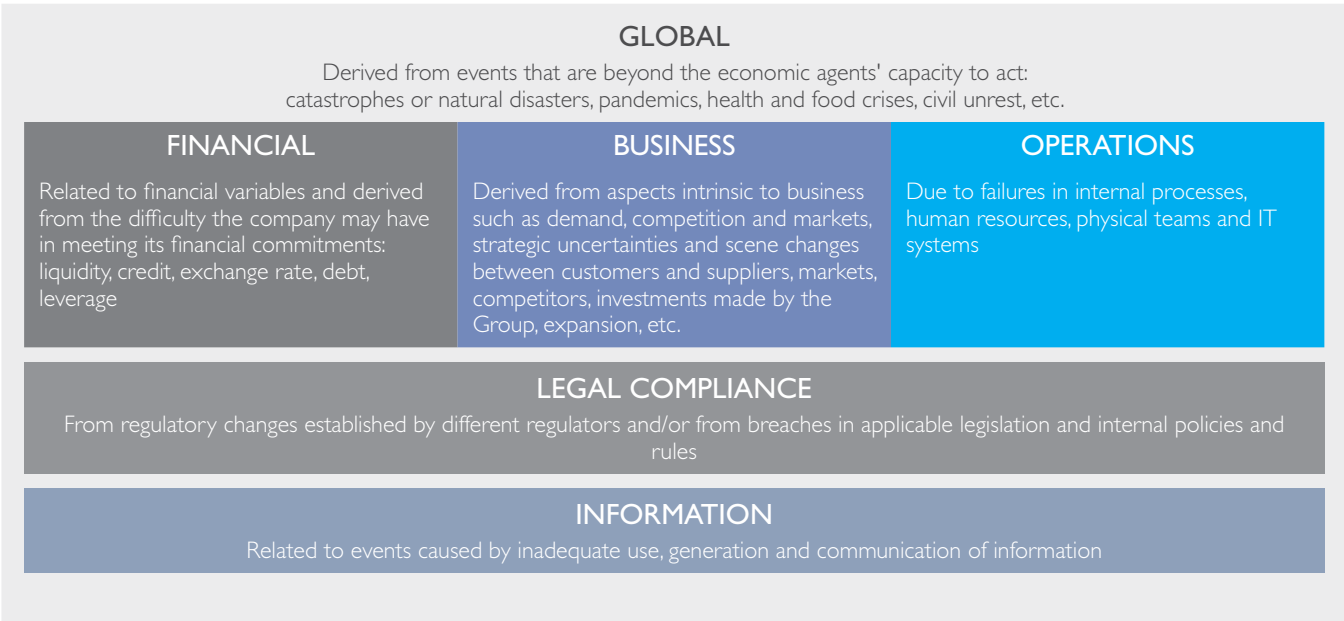
Risk is understood as any potential event that negatively affects compliance with the objectives and/or execution of the strategy.

The Risk Management Model is based on the international methodological framework COSO II (Committee of Sponsoring Organizations of the Treadway Commission), and has the following phases:



This Model offers security and reliability providing the Company with effective risk management, improving its capacity to generate sustained value and offering guarantees to the different stakeholder groups.

The different types of risk faced by the MHI Group in its activities are as follows:



The management and control of risks is one of the internal control tools that contribute to ensuring that the Company's strategic and business objectives are reached.

ROLES AND RESPONSIBILITIES IN RISK MANAGEMENT

	Promoting a culture of risk management	Defining / approval of a risk profile	Approval of a Group Risk Profile	Encouraging the integration of risk management in key processes	Assignment of responsibility for risks	Control and follow-up
Government Bodies (Board of Directors and Audit and Compliance Committee)		✓	✓			
Management Committee (Senior Executive Team, SET)	✓	✓	✓	✓	✓	
Management of Risk Control	✓			✓	✓	✓
Responsibilities of each Managerial area				✓		✓

Main risks associated with the strategy

The Risk Map is updated annually with the participation of the main Meliá managers. The model applies to the entire organisation and enables obtaining, as well as a Risk Map for the Group, different individual risk maps.

In this regard, the consolidation of a risk management culture has facilitated the development of a catalogue with more than 200 risks listed in previous years and a total of 100 in 2013.

In the process of continual improvement, the Risk Catalogue is reviewed and adapted annually with consideration for the strategy, the reality of the Company and for macroeconomic and international conditions.

The leader of each strategic line is responsible for identifying actions and initiatives that reduce the main risks identified. The main risks identified are listed below:

G4-2 >

PROACTIVE REAL ESTATE MANAGEMENT MODEL

- > Uncertainty of the economic crisis
- > Hotels becoming rundown or obsolete
- > Limitations of investment to adapt the products to customer expectations
- > Risks associated with partners
- > Highly volatile real estate market

GROWTH STRATEGY

- > Country Risk
- > High Competition in some markets
- > Delays in openings
- > Adaptation to the brand standards

GLOBAL MANAGEMENT MODEL

- > Adaptation of the Meliá Management Model to the reality of the environment
- > New owner profiles
- > Breach of ethical commitments (reputational risks)
- > Insufficient resources or talent available for growth and expansion

TALENT MANAGEMENT

- > Poor management of talent and human resources
- > Limitations in attracting, developing and retaining talent
- > Not enough qualified staff, scarcity of manual labour
- > Dependency on key personnel
- > Possible resistance to cultural change of Meliá Hotels International

G4-EC2 >

TECHNOLOGY

- > Insufficient finances to develop or implement new technologies
- > Emerging technological risks
- > Risks to data protection

SUSTAINABILITY POSITIONING

- > Difficulties with the global implementation of Meliá in terms of Corporate Social Responsibility
- > Difficulty adapting to the interests of stakeholders depending on the market
- > Catastrophes and natural disasters.

REVENUE FOCUSED ORGANISATION / EXPERIENCE

- > Increased competition and new buying habits
- > Slowing down in the use of new technologies
- > Changes in market/customer tendencies
- > Inadequate customer management
- > Customer dissatisfaction with the product or service
- > Lack of innovation and adaptation of supply to demand.
- > Low degree of customer loyalty

The identification of these risks does not mean that they have materialised. However, Meliá aims to implement mechanisms that it considers suitable for reducing the likelihood of such occurrences or the impact that they would have in the case that such an accident did occur.

DMA-LA >

OCCUPATIONAL HEALTH AND SAFETY

The Company considers the value of people, customers and employees to be a central axis of its prevention activities, driving and guaranteeing a high degree of safety, health and well-being in the corporate offices and business units.

To this end, it has a management system based on the OHSAS 18001 standard, in which it runs all preventive procedures and strategies with levels of quality and requirements that are often higher than those of applicable legislation.

This model is implemented and consolidated in Spain, and the process of internationalising the methodology in the main Latin American and Asia Pacific destinations has begun.

To facilitate knowledge and training, a specific section on Occupational Risk Prevention has been developed on the Company intranet.

It includes such important aspects as vigilance for workplace health and safety, industrial hygiene, applied psycho-psychology and ergonomics. It likewise has the data sheets for all individual protection equipment, safety data sheets, a prevention manual and plans, and information and training for different job positions.

This commitment also involves the inclusion of those external company workers that run collaborations with Meliá.

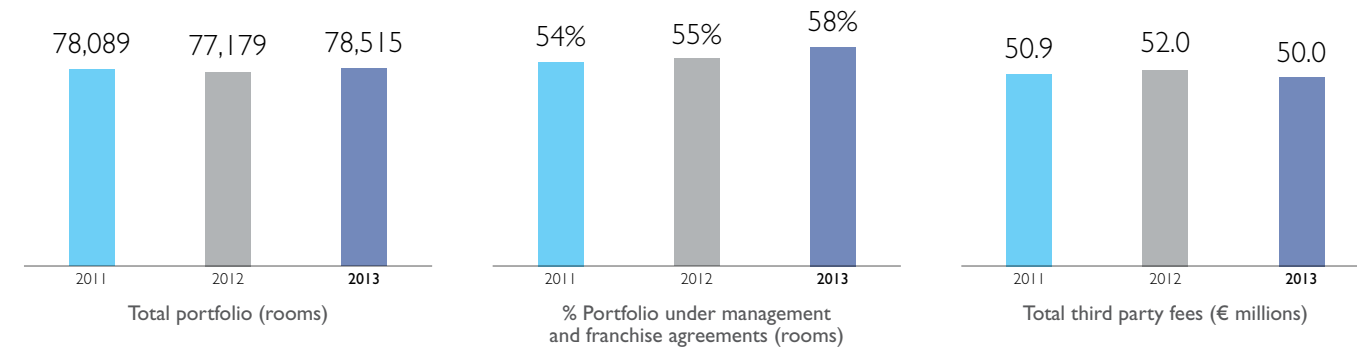
The Group is not only committed to compliance with prevention regulations, but also actively collaborates with Public Administrations in this area.

Strategic indicators



Strategic indicators

GLOBAL MANAGEMENT MODEL



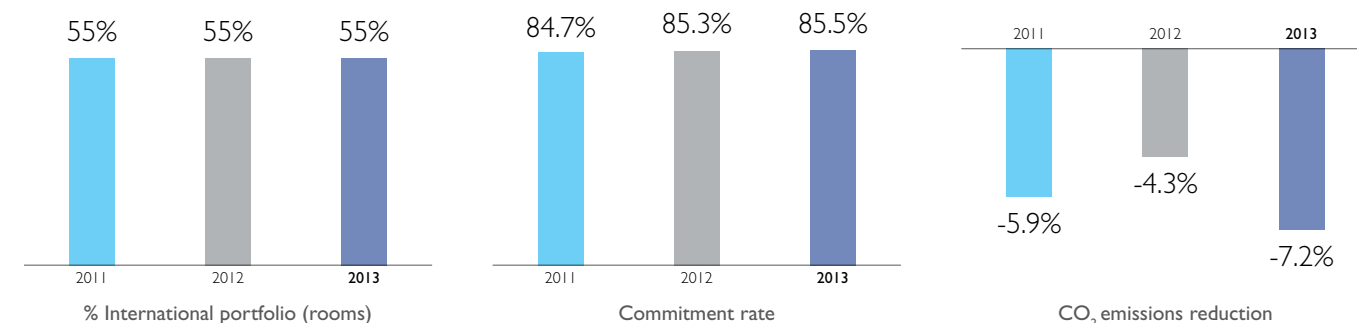
2013 Progress

- > In 2013 the Company's operating portfolio reached 78,515 rooms (305 hotels). Net growth was 4 hotels and 561 rooms (+1.7% vs. 2012).
- > Six hotels were disaffiliated from the portfolio with 2,105 rooms. These were mainly hotels that did not meet the standards of the brand and they were mainly franchises (40%).
- > Entrance of the Company into the Anglo-Caribbean market
- > The Company continues to successfully run an *Asset Light* model, with 58% of its portfolio operated with low-capital formulas under management or franchise agreements
- > Management fees from third parties generated €50 million,

presenting a reduction of €2 million from 2012, largely due to the weak evolution of management contracts in Brazil and Argentina

Priorities

- > The Company expects to open a minimum of 10 hotels which represent a total of more than 2,500 rooms in destinations where it already has a presence such as Germany, Brazil, China and the Asia-Pacific region, as well as new destinations such as Austria, largely under franchise agreements.
- > Anticipated improvements to operating profits and the new openings under management agreements will have an impact on fees



2013 Progress

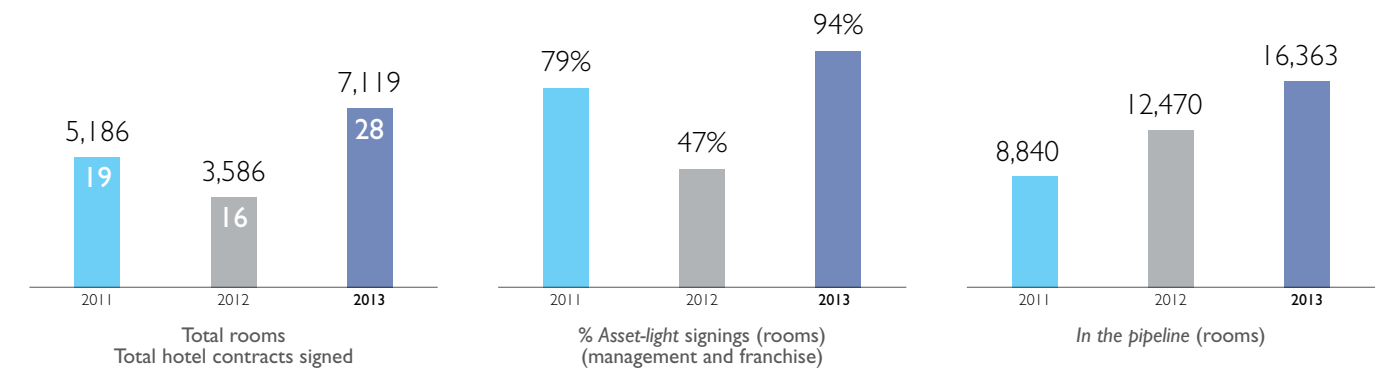
- > The employee commitment rate continues to develop positively, demonstrating the results of the Talent Management initiatives run
- > The Company achieved the highest score in the Spanish hotel industry in the latest report by CDP Iberia 125, with a score of 83 points out of 100 for dissemination and a performance index of level B. With these results it is among the four top hotel chains in the world with the best positioning in this ranking

Priorities

- > Meliá will continue with its commitment to developing talent through personalised development and training plans which drive and consolidate the Group's process of transformation, as well as its executives' leadership

- > It will also implement the Training Model through the different groups to guarantee the implementation of skills and reinforce the management model in a global environment
- > Advancements in the carbon footprint and emissions reductions measurement systems
- > It will continue to drive the integration of Meliá's CSR commitments during the process of opening new hotels
- > Internationalisation consolidated in 2014, when almost all projected openings will take place in international markets

GROWTH STRATEGY



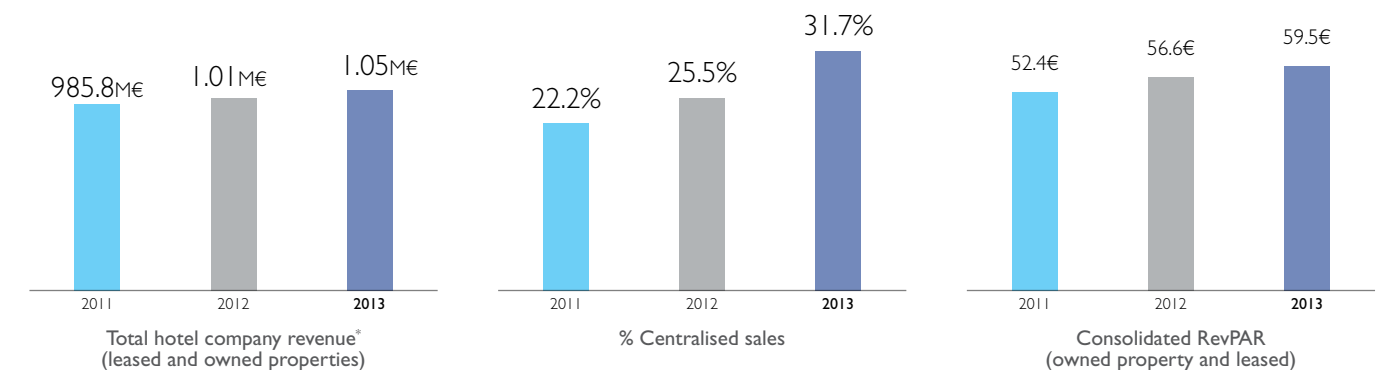
2013 Progress

- > The Company is continuing to drive solid growth in terms of rooms and hotels through a low capital model (94% of rooms with contracts executed), which is reflected by the total of 28 new hotels with contracts signed in 2013
- > Company growth in 2013 focused on international markets (97% of rooms executed) in upscale and premium brands (88% of rooms)
- > On 31 December the company had in the *pipeline* a total of 16,363 rooms and 57 hotels, pending openings in the coming years

Priorities

- > The Company expects to maintain its expanding rhythm of growth over the next year under the same criteria of internationalisation and low-capital growth.
- > Asia is a notable key market for the Company: its projects in the *pipeline* there have doubled in the last two years

AN ORGANISATION FOCUSED ON REVENUE



2013 Progress

- > Revenue per available room (RevPAR) of the hotels under lease agreements or owned properties increased by 5.2% in the 2013 financial year, compared with the previous year. The average price per room increased 2.2% while occupancy rates rose by 2.9%
- > This positive RevPAR development has contributed to the increase of hotel revenue in those establishments under lease agreements or owned properties (+4%)
- > The Company's process of internationalisation, along with the strategy of regionalisation which have strengthened *outbound sales*, has fostered a healthier segmentation of revenue and greater diversification of customer nationalities
- > The commitment to technology and the strategy of customer relations and contact, leads to better results for sales centralised in Meliá

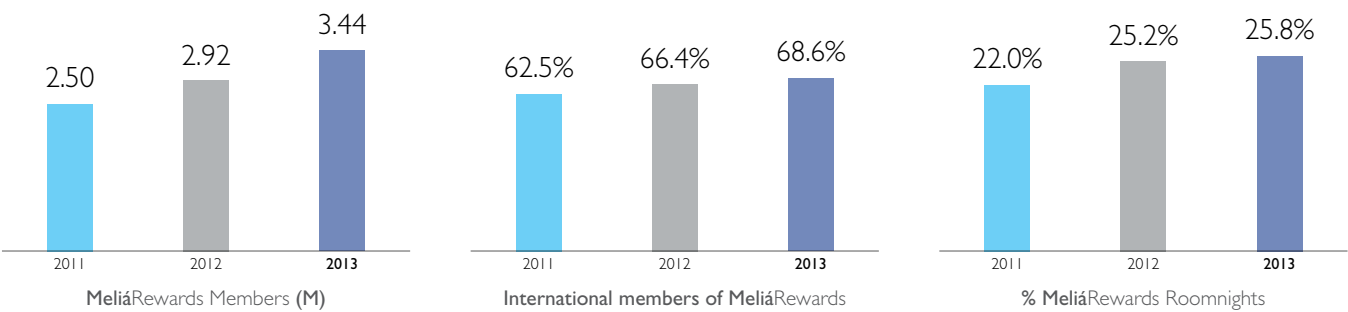
- > Revenue from proprietary and direct-to-customer channels, has increased to reach 212 million euros, becoming the largest source of revenue for the hotels
- > Meliá launched native applications for mobile devices, to suit the new, more technological customer setting
- > A total of 25% of visits to melia.com come from *smart phones* and tablets

Priorities

- > The company expects a positive scenario for 2014 in terms of RevPAR growth with a medium-high figure
- > It will continue its organisational focus on revenue, with technology as a facilitator and training initiatives which will involve a group of 400 employees on a global level who are responsible for the area of Revenue Management and Sales

*Note: Does not include Gran Meliá Puerto Rico for 2012 and 2013.

PERSONALISED CUSTOMER EXPERIENCE



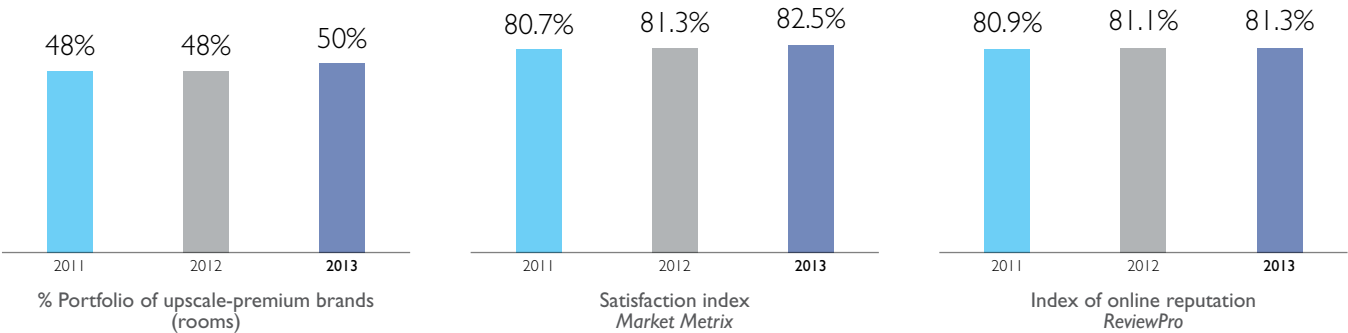
2013 Progress

- > The re-launch of the **MeliáRewards** Loyalty Programme has resulted in gaining more than half a million new members (+18%), reaching a figure of 3.44 million at the close of 2013
- > The programme is increasingly more international with 68.6% of its members from countries other than Spain
- > The contribution of the **MeliáRewards** loyalty programme is notable, contributing nearly 26% of roomnights sold in 2013 and 61% of sales made through direct channels

Priorities

- > Meliá will continue to drive the development of tools and analysis to improve knowledge of the customer, enabling it to customise marketing initiatives focusing on projections
- > To advance in the *outbound* strategy and the consolidation of the Meliá presence in new markets, mainly emerging markets
- > Meliá expects to reach 4 million members of **MeliáRewards**, improving its positioning in emerging markets

CULTURE OF INNOVATION

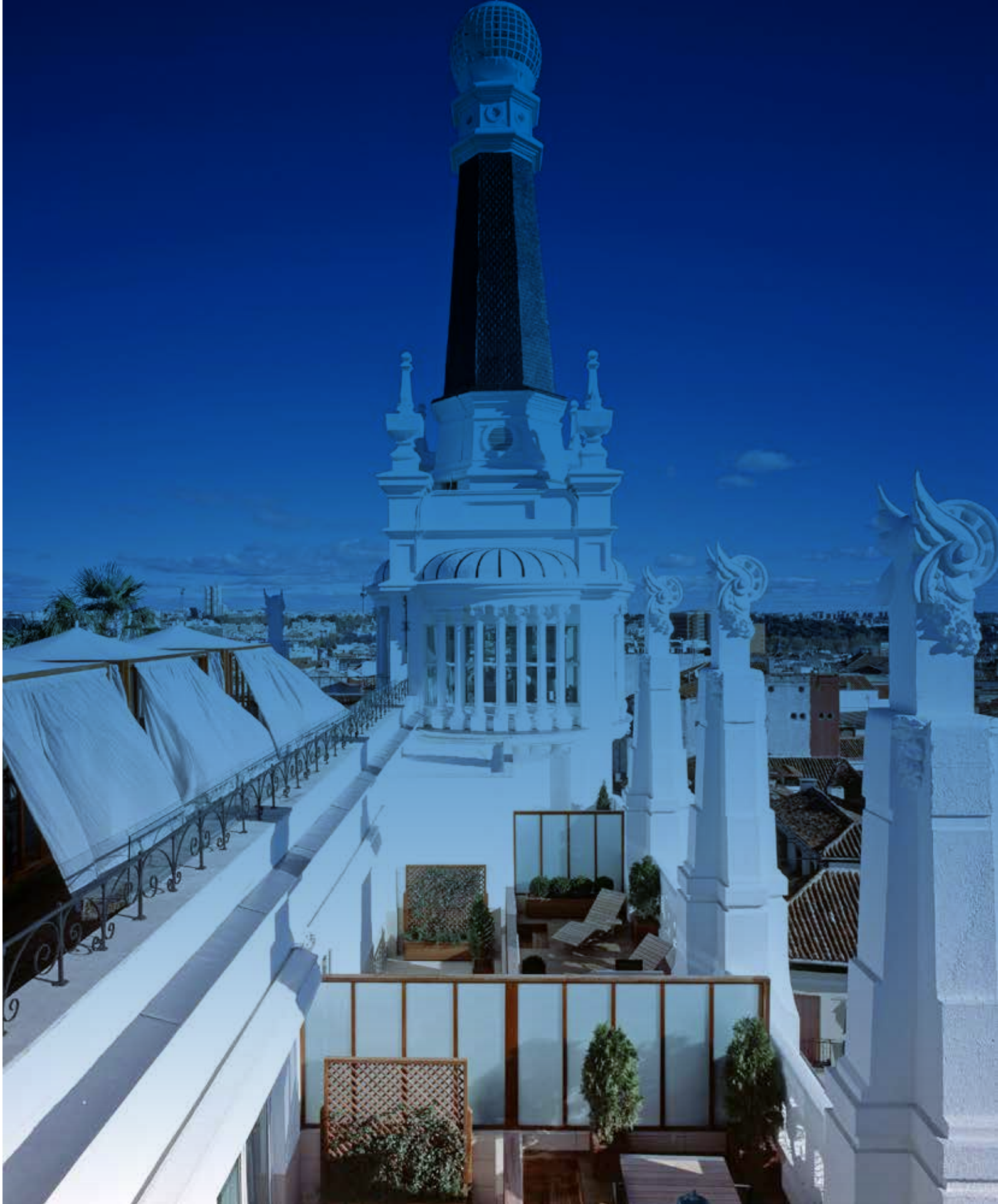


2013 Progress

- > The company continues to work to develop its upscale and premium brands, reaching 50% of the total portfolio of rooms
- > Continuation of the cleaning-up of the portfolio due to lack of compliance with brand standards
- > The results of the evolution of customer satisfaction, measured by quality surveys, improved in 2012 across almost all of our brands
- > The results of our reputation on social networks show positive progress compared with the previous year and exceeds 100% in the rate of penetration against selected competitors.
- > Alliances with partners of renowned prestige to integrate experiences in the fields of gastronomy, entertainment, sport, etc.

Priorities

- > Meliá will drive the renewal of its most traditional holiday brand, the Sol brand, by establishing new standards, products and services according to customer expectations and by designing new experiences related to entertainment, families, etc.
- > The customer satisfaction survey will be reproduced with a focus on ascertaining the degree of customer satisfaction through the perception of their experiences
- > The Company will launch a new training project to drive the knowledge and dissemination of each brand to collaborators, on a global level, through e-learning technology
- > Meliá will continue to drive relations with national and international partners to create attractive and innovative deals with particular products that offer a different experience and enable a growth in revenue



ME MADRID

Business performance



The hotel business

America

Meliá Hotels International Consolidated

- > The total revenue of Meliá Hotels International increased by 1.7% thanks to the positive development of the hotel business
- > Total consolidated EBITDA (excluding capital gains) increased by 28.3% in 2013

- > The consolidated EBITDA margin (excluding capital gains) increased by 264 bp's, while the business margins for hotels improved by 78 bp's

HOTEL BUSINESS

The revenue per available room (RevPAR) for leased and owned property increased by 5.2%, achieving 14 consecutive quarters of growth.

The good performance of the resorts in Latin America, the Caribbean & the Mediterranean was notable.

Management Model

The *Management Model* section reflects the revenue generated by Meliá as a manager; represented by management fees from third parties and the hotels of Meliá under leased and owned property schemes.

The management fees that Meliá receives from its external owners reached the total amount of €50 M, with a slight decrease compared with the previous year (-€2 M), mainly due to the weaker performance of Brazil and Argentina.

Other Hotel Revenue

Hotel revenue comes from contributions from other businesses of a different nature such as: casinos, golf courses and Sol Caribe Tours, a tour operator with head office in Latin America. The improved performance of the latter is notable as the positive development of the golf business.

ASSET MANAGEMENT

In December 2013 the company owning the Meliá México Reforma hotel (489 rooms) in Mexico City was sold. The different transactions have generated total capital gains of €50.9 M in 2013.

	2013	2012	VARIATION
TOTAL REVENUE			
Consolidated	1,352.0	1,329.9	1.7%
Aggregate	1,531.8	1,504.5	1.8%
HOTEL REVENUE	1,299.0	1,258.1	3.3%
Owned and leased property	1,059.2	1,014.3	4.4%
Management Model	192.9	195.8	-1.5%
Other	46.9	48.0	-2.3%
REVENUE FROM REAL ESTATE	72.8	104.1	-30.1%
REVENUE FROM CLUB MELIA	72.4	75.9	-4.6%
REVENUE OVERHEADS	87.6	66.4	31.9%
TOTAL EBITDA			
HOTELS	194.2	176.1	10.3%
REAL ESTATE	59.2	88.1	-32.8%
CLUB MELIÁ	13.7	5.7	140.4%
OVERHEADS	-25.4	-27.8	-8.6%
TOTAL EBITDA	241.7	242.2	-0.2%
TOTAL EBITDA (without capital gains)	190.8	148.7	28.3%

CLUB MELIÁ

The Meliá holiday club showed a slight rise in revenue at the end of the financial year, mainly thanks to the contribution of the Playa del Carmen complex in the second semester of the year.

It is worth noting that the decrease in the number of weeks sold (-6.5%), was compensated by the increase in average prices (+8.4%), mainly thanks to the different composition of sales, with a greater tendency towards the sale of bi-annual weeks, higher sales of premium products, a higher rate of upgrades and improved closing rates.

Improved operating expenses, reduced sales and marketing costs and decreased corporate costs were all significant and led to a sizeable improvement of the EBITDA of more than €12 M compared with the previous year.



	2013	2012	VARIATION
REVENUE	327.0	319.3	2.4%
Rooms	143.5	138.2	3.8%
A & B and others	183.5	181.1	1.3%
EBITDA	80.6	73.5	9.6%
BUSSINESS			
RevPAR	67.9	61.6	10.2%
ARR	98.8	94.0	5.0%
% Occup.	68.8	65.5	5.0%

	Hotels	Rooms
PORTFOLIO	67	23,232
Owned property	14	5,903
Leased	-	-
Management and Franchises	53	17,329

DEVELOPMENT OF THE HOTEL BUSINESS

The excellent development of the region is partially explained by the contribution of the two holiday complexes in Playa del Carmen, Paradisus La Perla and Paradisus La Esmeralda, these complexes becoming one of the largest contributors to the EBITDA in the total portfolio of Meliá hotels.

The RevPAR grew by 10.2%, with improvements in both occupancy (5.0%) and price (5.0%).

Excluding the contribution of these two hotels, the RevPAR from America increased by 5.7%, due mainly to the development of the hotels in the Dominican Republic, and the strong performance of the Paradisus Palma Real and The Reserve, which reached landmark figures.

In terms of the development of the RevPAR for hotels under management schemes, the slow growth of those in Argentina, due to the political instability of the country, was compensated by the strong progress of the hotels in Mexico.

PORTFOLIO

Integrations (2 hotels/1,223 rooms)

In November of the 2013 financial year, an agreement was signed in which Meliá took over the management of the Meliá Nassau Beach Resort (694 rooms) in Baha Mar, Nassau (Bahamas), from December 2013, becoming the first hotel of

the company in the English speaking Caribbean. On top of this opening, in the Americas the Company added another hotel in Cuba, the Meliá Varadero Marina (529 rooms).

Upcoming integrations (20 hotels/5,167 rooms)

Meliá, leader and international benchmark in the holiday segment is expanding progressively in all the main tourist destinations. In the previous months the company entered the English speaking Caribbean, a presence that will strengthen with the future integration in 2014 of the Meliá Jamaica (226 rooms). Likewise, three new hotels will be integrated under management schemes (678 rooms), two of these in Brazil, with the opening of the Tryp Belo Horizonte (151 rooms) and the Meliá Paulista (397 rooms).

From 2015 on, 16 hotels in the region will be added (4,263 rooms), all these under management schemes, including hotels in strategic markets such as Chile, Colombia, Costa Rica, Peru, etc.

OUTLOOK

Positive development of the resorts in the Americas is expected for this year, 2014, especially in the first quarter; and two-digit growth figures are expected for RevPAR levels. The main challenge is to generate rates of growth similar to the previous year.

EMEA

	2013	2012	VARIATION
REVENUE	289.2	206.7	39.9%
Rooms	215.7	155.5	38.8%
A & B and others	73.5	51.2	43.5%
EBITDA	35.6	29.2	22.0%
BUSSINESS			
RevPAR	86.6	78.2	10.8%
ARR	120.6	108.9	10.8%
% Occup.	71.9	71.8	0.1%
	Hotels	Rooms	
PORTFOLIO	63	11,020	
Owned property	10	1,997	
Leased	31	5,009	
Management and Franchises	22	4,014	

DEVELOPMENT OF THE HOTEL BUSINESS

In the hotels that are owned or leased in this area RevPAR increased by 10.8%.

The main points of interest are the following:

- a. Germany: Positive figures for the entire year (RevPAR +1.4 %), even accounting for the impact of the absence of the most important bi-annual festivals. The integration of the Ininside Düsseldorf Hafen hotel, in September 2013, also contributes to the improved figures.
- b. Paris maintained a positive trend in the 2013 financial year (RevPAR +4.4%), thanks to a strategy focused on revenue and the segmentation of customers.
- c. The figures for Italy are largely explained by the excellent performance of Meliá Génova, and more recently the contribution of Gran Meliá Roma.
- d. In this region only the United Kingdom registered negative figures compared to the year before, given the difficulty of sustaining the price levels reached in 2012 due to hosting the Olympic Games.

In regard to hotels under management, global RevPAR showed positive results. Despite the poor performance of hotels in Egypt, the excellent contribution of the other new hotels made it possible to achieve positive results. The positive development of Meliá Dubai (integrated in April 2012) is notable, with an increase to its RevPAR in excess of 80% and of Meliá Zanzibar with an increase of almost 40%. More recently, said region has added a boutique hotel in Capri, the Meliá Villa Capri (July

2013), which also has an impact on the results. Three hotels in Spain had a positive impact, Gran Meliá Colón, Meliá Barcelona Sky and Meliá Sancti Petri.

PORTFOLIO

Integrations (2 hotels/153 rooms)
Two hotels were incorporated, the Meliá Villa Capri, a boutique hotel under a management contract and the Ininside Düsseldorf Hafen under a lease agreement in Germany.

Disaffiliations (1 hotel/198 rooms)
The Meliá Aldeia dos Capuchos was disaffiliated, a franchise in Portugal with 198 rooms

Upcoming integrations (20 hotels/4,314 rooms)
In 2014 the company has already integrated the Meliá Vienna (253 rooms) in Austria and will soon integrate the Ininside Wolfsburg (220 rooms), under lease agreement contracts.

Meliá has a total of 18 hotels and approximately 4,000 rooms with signed contracts.

OUTLOOK

This positive trend is expected to continue in European cities and the growth of the RevPAR will thus be maintained in destinations such as the United Kingdom, Germany, Paris and Italy.

ME Europe

	2013	2012	VARIATION
REVENUE	39.1	96.5	-59.5%
Rooms	16.8	64.2	-73.8%
A & B and others	22.2	32.3	-31.2%
EBITDA	-0.6	-0.4	-67.2%
BUSSINESS			
RevPAR	132.2	98.8	33.7%
ARR	199.2	153.0	30.2%
% Occup.	66.4	64.6	2.8%
	Hotels	Rooms	
PORTFOLIO	7	1,052	
Owned property	-	-	
Leased	2	349	
Management and Franchises	5	703	

DEVELOPMENT OF THE HOTEL BUSINESS

In this entire region, RevPAR increased by a total of 33.7% due to the affect of the reclassifications of hotels into different regions and the total number of rooms available.

The development of the ME brand had a RevPAR increase of 17.7%, thanks to the contribution of ME London. Notably, this hotel, and particularly the ME brand, has facilitated Meliá's access to new management contracts. The perspectives of this hotel are positive keeping in mind that 2014 will be the second year of operations.

The lesser contribution made by ME Madrid, impacted by the renovation of the product, was partially compensated by the positive contribution of ME London.

The Ininside brand, which expanded internationally in 2013 with three hotels under open management contracts in the city of Madrid; the Ininside Génova, the Ininside Luchana and lastly, the Ininside Madrid Suecia. These hotels have become the main benchmarks for the Ininside brand outside of Germany, representing the first steps in the internationalisation of the brand and references for the urban segment of the main cities of the entire world.

PORTFOLIO

Integrations (3 hotels/236 rooms)
In Spain, the Company opened three Ininside hotels, which have been included in this region. These integrations are: Ininside

Génova (65 rooms), Ininside Luchana (44 rooms) and Ininside Madrid Suecia (127 rooms).

Upcoming integrations (1 hotel/100 rooms)
Last October saw the announcement of the signing for ME Dubai, which is expected to become an emblem for the ME brand in the Middle East.

The ME Dubai will be housed in the spectacular Opus building designed by the renowned architect Zaha Hadid. The Opus building will soon be consecrated as one of the most significant landmarks of the Dubai skyline, with a design based on originality and interconnectivity which make staying in the hotel and its apartments a true experience.

OUTLOOK

Over the next year the company will face the challenge of opening the first two hotels of the ME brand in the holiday segment in Spain. The Company's rebranding strategy includes ME Ibiza, the old Sol S'Argamassa and the ME Mallorca, a hotel acquired in 2012 and which in the past financial year was operated under the brand Sol Beach House, forming part of the Magaluf complex (Calvia, Mallorca) and reinforcing the Company's firm commitment to the renewal of the area.

Mediterranean

	2013	2012	VARIATION
REVENUE	191.5	176.2	8.7%
Rooms	118.4	113.4	4.4%
A & B and others	73.1	62.8	16.4%
EBITDA	23.0	17.6	31.0%
BUSSINESS			
RevPAR	43.1	40.8	5.5%
ARR	61.5	61.8	-0.5%
% Occup.	70.1	66.1	6.0%
	Hotels	Rooms	
PORTFOLIO	80	26,339	
Owned property	24	7,482	
Leased	11	3,119	
Management and Franchises	45	15,738	



DEVELOPMENT OF THE HOTEL BUSINESS

In general, the 2013 summer season for holiday hotels in Spain was very good thanks to the recovering foreign demand, especially from the United Kingdom and, to a lesser extent, the countries of Northern and Eastern Europe. On the contrary, the national market was unfavourable and this was reflected in the number of stays made by Spanish customers which was only 21%.

The progress of the region can be explained by the good performance of the Balearic Islands and the holiday hotels on the Iberian Peninsula, while in the last quarter of 2013, the most notable development was in the Canary Islands, where the evolution of prices and occupancy levels exceeded the projections anticipated.

The RevPAR for the entire division in 2013 was nearly +10% higher than the peak of the cycle in 2007. In the specific case of Spain, it increased by 5.5%, due to a slight decrease in the ARR compensated by the improvement to average occupancy.

The hotels under management schemes also showed positive developments in their RevPAR, due to the strong general situation for holiday hotels in Spain, notably the positive development of the Calvià Beach project, a commitment to innovation, which in 2013 was successful, generating an increase in the RevPAR of 12% in the Sol Wave House hotel. Likewise, this improvement is also reflected in the results of the hotels located in Cabo Verde, Croatia and Bulgaria.

PORTFOLIO

Integrations (1 hotel/358 rooms)
The integration of the Meliá Atlántico Isla Canela hotel (358 rooms) in Huelva (Spain) in May, under a lease agreement.

Disaffiliations (1 hotel/651 rooms)
The Sol Kipriotis (651 rooms) in Greece operated under a franchise agreement was disaffiliated in June.

Upcoming integrations (5 hotels/3,714 rooms)
All new integrations are under management agreements and outside of Spain, in regions such as Cabo Verde, Croatia and Bulgaria. This year will see the opening of Meliá Las Dunas in Cabo Verde (1,248 rooms).

OUTLOOK

It is expected that the Canary Islands resorts in Spain will be able to maintain the same growth rates as those of the first quarter of the year. The development of the area is linked with the recovery of tourism in Egypt and the rest of North Africa.

Similar tendencies are expected in the other parts of the Mediterranean for the summer season as those for the previous financial year, with strong numbers in the Balearic Islands and the resorts on the peninsula. The development of bookings will confirm this projection, as customers are increasingly making last minute bookings.

Urban Spain



	2013	2012	VARIATION
REVENUE	212.5	222.1	-4.3%
Rooms	148.2	153.7	-3.6%
A & B and others	64.3	68.4	-6.0%
EBITDA	-8.4	-2.3	258.0%
BUSSINESS			
RevPAR	44.2	45.1	-2.0%
ARR	71.6	72.5	-1.2%
% Occup.	61.7	62.2	-0.8%
	Hotels	Rooms	
PORTFOLIO	82	14,977	
Owned property	9	2,458	
Leased	43	6,937	
Management and Franchises	30	5,582	

DEVELOPMENT OF THE HOTEL BUSINESS

In 2013 Meliá was able to take advantage of its leadership in the holiday industry to contribute to improved segmentation of urban hotel revenue. Thanks to this, in the third quarter, the urban hotels in Spain located in hybrid destinations (with a certain leaning towards the holiday sector), registered improved performance also benefiting from the fact that these destinations tend to have greater exposure to international clientele. However, the fourth quarter of the year, which is more dependent on the business sector, registered weak performance for the individual business segment. The lack of business groups and incidents at airports, as well as the loss of some crews also had a negative impact. On the positive side, the ski resorts showed solid results in the fourth quarter.

More than 60% of the deviation from the EBITDA of the year before is linked to the weak performance of hotels near the Adolfo Suárez de Barajas Airport (where the total number of passengers decreased by 12% in 2013), due to their dependencies on crews and airport incidents.

RevPAR fell by -2.0% linked to the deceleration both of the levels of occupancy (-0.8 %) and of ARR (-1.2%).

PORTFOLIO

Integrations (2 hotels/696 rooms)
In 2013, two hotels were integrated, the Tryp Rincón de Pepe (147 rooms) in Murcia and the Tryp Airport Suites (549 rooms) in Madrid.

Disaffiliations (3 hotels/571 rooms)
In this region the following hotels in Spain were disaffiliated due to their poor performance or non-compliance with the standards of the brand: Tryp Las Matas (57 rooms), Meliá Olid (210 rooms) and Tryp Diana (304 rooms).

Upcoming integrations (2 hotels/268 rooms)
In 2014 the company expects to open the Tryp Lisboa Aeropuerto hotel (168 rooms) under a franchise agreement.

OUTLOOK

In Spanish cities, a trend towards the stabilisation of the situation is expected as a result of the first positive signs: a higher number of events in specific cities, a slight rebound in air traffic and a positive visibility of pre-sales figures for the meetings and incentives segment.

In 2014, the company has continued to see an improved performance from hybrid destinations such as Barcelona, Bilbao and Palma de Mallorca, benefiting from the experience and leadership of Meliá in the holiday business.

Corporate Governance



“Meliá Hotels International is firmly committed to working for regulatory compliance and continued improvement, incorporating the principles of good governance that equally apply to its decision-making bodies”

MANAGEMENT BODIES

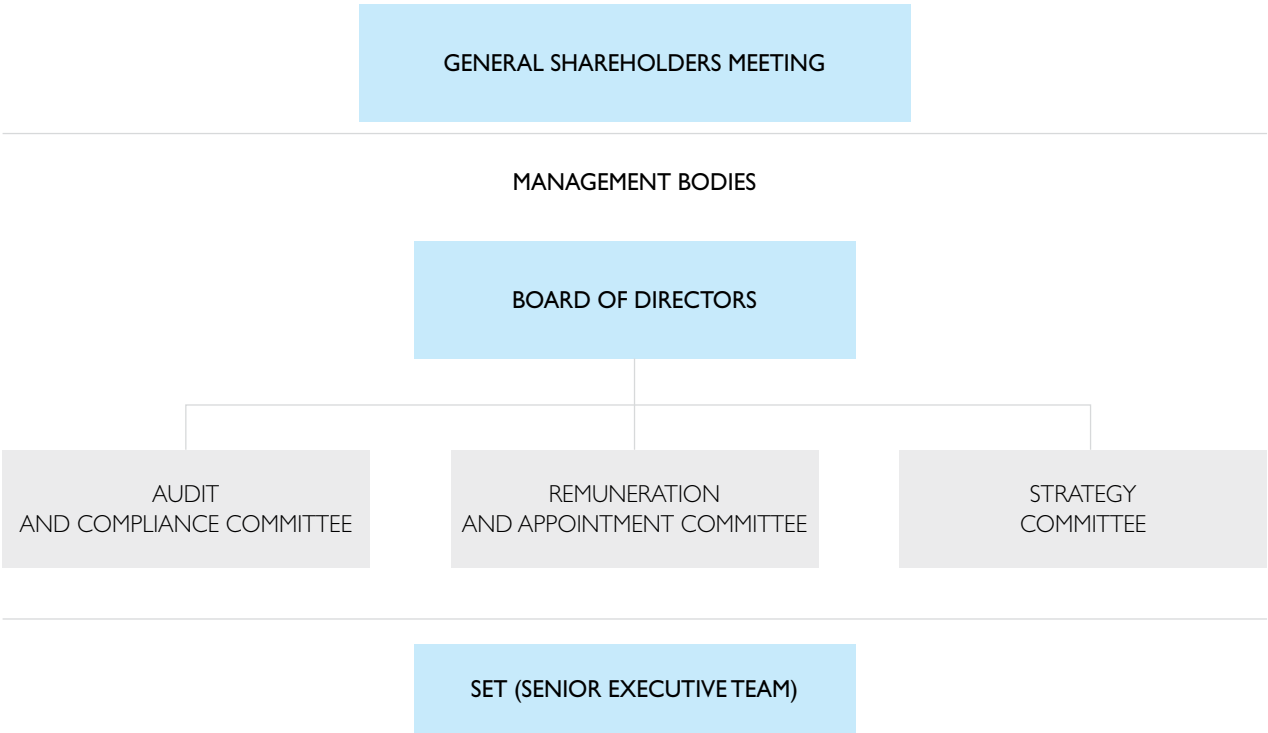
The Meliá Hotels International management bodies are the General Shareholders Meeting and the Board of Directors, with their corresponding delegate committees:

- > Audit and Compliance Committee,
- > Remuneration and Appointment Committee
- > Strategy Committee

The CEO has the notable functions of managing, driving and coordinating the different committees.

The specific attributes of those governing bodies are regulated by the applicable legislation, Social Statutes and Regulations.

Likewise, within the structure of the governing body there is the **Senior Executive Team (SET)**, a professional group that acts as a steering committee; the main functions of which are the adoption of cross-over operating decisions as well as the implementation of an organisational model, ensuring compliance with the objectives set by the Board of Directors and providing management support to the CEO.



G4-38 >

Name and Position		Date of first appointment	Date of latest appointment	Audit and Compliance Committee	Remuneration & Appointment Committee	Strategy Committee
Mr. Gabriel Escarrer Juliá Founder and Executive Chairman	●	07/02/1996	01/06/2010			
Mr. Gabriel Escarrer Jaume Executive Vice Chairman and CEO	●	07/04/1999	13/06/2012			
Mr. Sebastián Escarrer Jaume	●	07/02/1996	13/06/2012			
Mr. Juan Vives Cerdá	●	07/02/1996	01/06/2010	Board member		Board member
Hoteles Mallorquines Consolidados S.A Legal representative Ms. M ^a Antonia Escarrer Jaume	●	23/10/2000	13/06/2012		Board member	President
Mr. Alfredo Pastor Bodmer	●	31/05/1996	01/06/2010	Board member		Board member
Amparo Moraleda Martínez	●	10/02/2009	10/02/2009	Board member	President	
Mr. Juan Arena De La Mora	●	31/03/2009	31/03/2009	President		
Mr. Francisco Javier Campo García	●	13/06/2012	13/06/2012		Board member	
Mr. Fernando D'Ornellas Silva	●	13/06/2012	13/06/2012		Board member	
Mr. Luis María Díaz de Bustamante y Terminel	●	30/10/2010	13/06/2012			

G4-39 > Type of Director: ● Proprietary ● Executive ● Independent ● Secretary

GABRIEL ESCARRER JULIÁ
Founder and Chairman

Gabriel Escarrer Juliá was 21 years old in 1956 when he founded what is today the Meliá Hotels International group, acquiring and managing a 60-room hotel on the island of Mallorca where it is now one of the most successful hotel companies in the world.

In 2001 it was inducted into the “Hall of Honour” of Conrad N. Hilton of Hotel Management of the University of Houston (USA).

In 2011, Escarrer received the “Lifetime Achievement” award at the European Hospitality Awards in London, also in recognition of his long career as a founder and promoter of the largest hotel company in Spain. In 2012 in Paris MKG also awarded him a prize for lifetime achievement at the Worldwide Hospitality Awards, and he earned the “Ulysses Prize” from the UNWTO for his career (Lifetime Achievement Award).



GABRIEL ESCARRER JAUME
Vice chairman and CEO

In 1993 Gabriel Escarrer Jaume graduated from the prestigious Wharton School at the University of Pennsylvania (United States) where he studied Business Management and Finance and then worked for three years at the Department of International Corporate Finance at the New York Investment Bank Salomon Smith Barney.

In 1996 he joined the hotel company Meliá Hotels International, and simultaneously took a post-graduate degree in Business Administration at ESADE.

From 2009, Gabriel Escarrer assumed the role of Executive Vice Chairman and CEO of Meliá Hotels International.



Board of Directors

CURRICULUM VITAE INDEPENDENT DIRECTORS

FERNANDO D'ORNELLAS SILVA

Independent External Director

Degree in law and economics from ICADE-E3 and an MBA from IESE Barcelona (International Section). He is also a member of the Board of Directors of Dinamia, a member of the Advisory Board of Willis Iberia, a Senior Advisor to Mitsubishi Corporation and Lazard Asesores Financieros S.A. Spain and Latin America as well as a member of the Advisory Board of the Hispanic Society of America and the Real Club de Puerta de Hierro.

JUAN ARENA DE LA MORA

Independent External Director

PhD from ICAI School of Engineering, Degree in Business Studies from ICADE, Degree in Psychology, Degree in Taxation Studies and AMP (Advanced Management Program) from Harvard Business School. He is also a director of Ferrovial Laboratorios Almirall, Everis, Prisa and Panda. President of the SERES Foundation and the Advisory Council of Consulnor and MARSH. Member of the Advisory Board of Spencer Stuart, the Professional Council of ESADE and the European Advisory Board of Harvard Business School. Director of Deusto Business School and Senior advisor for Oaktree. Senior Lecturer at Harvard Business School. He was CEO and President of Bankinter.

ALFREDO PASTOR BODMER

Independent External Director

Degree in Economics from the University of Barcelona, PhD in Economics from Massachusetts Institute of Technology and Doctorate in Economics from the Autonomous University of Barcelona. Lecturer of Economic Theory since 1976. Former Managing Director of INI 1984-85, Secretary of State for Economic Affairs 1993-95 and lecturer at various renowned national and international universities. Former Director of many companies including Scania Hispania, Nutrexta and Abertir; among others, and currently Director for Copcisa, Bansabadell Inversión and the Editorial Board of Diari ARA. He is also author and co-author of various scientific works and articles such as *The European Common Market: a Spanish perspective*, *Industrial policy in Spain: a global evaluation*, and *The transformation of the Chinese economy*.

FRANCISCO JAVIER CAMPO GARCIA

Independent External Director

Degree in Industrial Engineering from the Technical University of Madrid, beginning his working career at Arthur Andersen. Later, he

joined Dia where he became worldwide President of the International Dia Group for 24 years. Former member of the Worldwide Executive Committee of the Carrefour Group for 15 years. Currently President of the Zena Group (brands include Foster's Hollywood, Domino's Pizza, La Vaca Argentina, Cañas & Tapas, Burger King, etc.). Likewise, he is President of AECOC, the Asociación Española del Gran Consumo (Spanish Mass Market Association), Director of Bankia and of the Palacios Food Group and board member of AT Kearney. Sponsor of the ITER Foundation and member of the Board of Directors of the Carlos III Foundation and the Executive Management Forum.

AMPARO MORALEDA MARTÍNEZ

Independent External Director

Degree in Advanced Industrial Engineering from ICAI School of Engineering, MBA from IESE Business School. Former Director of Operations from January 2009 until February 2012, for the International Area of Iberdrola with responsibility for the United Kingdom and the United States. Previously in her career she was linked to IBM and the world of information technology. Throughout the course of her professional career at IBM she worked in several managing roles for North America, Europe and Spain. Also a member of the Board of Directors of the Alba Financial Corporation of Faurecia, Solvay and Alstom. Member of the Advisory Committee of SAP Spain, KPMG Spain and member of the Governing Council of CSIC (High Council of Scientific Research). Among other recognitions she received the Prize for Excellence from the Spanish Federation of Female Managers, Executives and Business Professionals (Fedepes) and the IX Javier Benjumea Prize awarded in 2003 by the Association of Engineers of ICAI School of Engineering. In 2005 she was inducted into the Hall of Fame of the organisation Women in Technology International (WITI). In 2009, she was included in the 10 most highly valued Spanish business professionals (the first woman in the ranking) according to the annual report by MERCO (Spanish Monitor of Corporate Reputation)

LUIS M^a DIAZ DE BUSTAMANTE TERMINEL

Secretary and Independent External Advisor

Degree in Law from the Complutense University of Madrid. Practising lawyer since 1975 and Partner in the Isidro D. Bustamante Law Firm. His professional activity has mainly focused on the areas and practice of civil, commercial, civil procedural and international law, as well as advising for entrepreneurs and companies. Noteworthy among the various publications with which he also collaborates are the English-Spanish / Spanish-English Dictionary of law, economics, and politics; Financial Law and Internal Revenue Magazine; as well as the books Spanish Business Law and Business Law in Spain.

G4-36 >

Executive Committee

ANDRÉ GERONDEAU

EVP Hotels

Joined the company in the Dominican Republic in 1997, then took on responsibilities as regional director for France and Belgium and, later, North America and the Caribbean. He has occupied his current position since 2007, taking an important role in the different strategic plans of the Company with the objective of reinforcing the group brand strategy, driving international expansion and strengthening the positioning of Meliá as an international hotel management company. He also supervises the global and regional strategies and is responsible for the sales and marketing, innovation and development strategy of the hotel company's brands.



André studied at the CESSA University of Mexico and at the Hilton College for Hotel & Restaurant Management. He has more than 25 years experience in various international groups in Latin America and the United States, such as Grupo Posadas, Camino Real, and Westin Hotels.

GABRIEL CÁNAVES

EVP Human Resources

Gabriel Cánaves joined the company in 1969. Throughout his trajectory in the company he performed the roles of Industrial Relations Manager, Human Resources Manager and Director of the Cuba Division with primary responsibility for the growth of the company in this country where Meliá Hotels International now has a significant presence. Over the course of more than 40 years in the company Gabriel Cánaves has developed strong negotiation, team management, leadership and crisis management skills.



MARK HODDINOTT

EVP Real Estate

Degree in Economics from the University of Durham in the United Kingdom and Chartered Accountant from the Institute of Chartered Accountants of England & Wales. He joined the company in 1998 as the General Manager of Internal Administration and Auditing of the group and in 2007 he led the creation of the shared services centre of the Company by grouping together all the administration, staff management and information technology services. Following a change of responsibilities in 2011, he took on the role he currently performs in the real estate area which involves management of the real estate portfolio, owned assets, construction works, maintenance and purchasing as well as the management of the Group's Joint Ventures. In his previous career, Hoddinott worked for four years as an auditor for Price Waterhouse Coopers in London and Barcelona and was later Financial Manager for three Spanish companies in the hotel-real estate sector.



JUAN IGNACIO PARDO

EVP Legal & Compliance

Degree in Law from the Autonomous University of Madrid and went on to complete a Master's Degree in European Studies at Alcalá de Henares - Paris Sorbonne (Cum Laude doctorate studies) and a Master's Degree in Legal Consultancy for Construction and Real Estate Companies. He began his professional career in legal services at Dragados y Construcciones. In 1999 he joined the Meliá Hotels International team as Legal Advice Manager and currently heads up the Legal & Compliance department which encompasses Legal Consultancy, Corporate Governance, Internal Auditing and Risk Control and Analysis for the company worldwide.



In addition, Juan Ignacio Pardo is the Vice Secretary of the Board of Directors of Meliá Hotels International, a member of the Intellectual Property Commission of the Spanish Hotel Association (FHE) and a member of the legal group of the Balearic Islands' Hotel Association, among others.

PILAR DOLS

EVP Finance & Administration

Degree in Economics and Business from the University of the Balearic Islands. She joined the Meliá Hotels International team in 1985 where she has worked for her entire career. Over the years she has taken on different national and international responsibilities in the Administration and Tax departments. In 2007 she was appointed Senior Vice President of Corporate and Fiscal Administration and in April 2011 she was named Executive Vice President of Finance & Administration.



ONOFRE SERVERA

EVP Club Meliá

Joined the Company in 1967 where he has taken on the roles of Deputy Manager of Administration, Information Systems Manager and Financial Deputy Manager, a role from which he participated in the IPO of the Group. In 1998 he was appointed head of the financial area, running the Investor Relations, Expansion, Purchasing, Risk Control and Joint Ventures departments. Since 2013, he has occupied the role of Executive Vice Chairman of Club Meliá, one of the Company's business branches which has its head office in the United States. Servera has a Master's degree in Business from the University of the Balearic Islands.



Glossary

G4-HR1 > **Significant investment agreement:** An investment in excess of €100,000.

Local staff or manager: Native of the country in which the person works.

Manager: In corporate offices, a manager can be a role up to and including the Vice Chairman. In hotels, they are the hotel managers.

G4-6 > **Significant operations:** Those which involve a hotel that is owned property or held under a lease agreement. For the purposes of this information, the inclusion of developing countries were also considered relevant in order to reflect the Company's contribution to their economic development through the salaries it pays its employees.

Local supplier: Suppliers with headquarters in the country of reference.

Significant sanction: Those above the amount of €5,000 or that seriously affect the operations of a business unit, preventing its normal functioning.

PAST FIGURES

G4-EN3 > TOTAL ENERGY CONSUMPTION

CONSUMPTION	UNIT	2013	Δ%	2012
Electricity	MWh	382,682	-2.51%	392,562
	GJ	1,377,655		1,413,221
Natural Gas	m3	9,466,205	11.52%	8,487,940
	GJ	369,277		331,115
LPG	t	3,733	-10.62%	4,177
	GJ	172,427		192,974
Diesel	m3	5,472	-17.65%	6,645
	GJ	208,792		281,759
District Heating	MWh	15,985	+17.5%	13,606
	GJ	58		49.37
District Cooling	MWh	1,517	-24.2%	2,002
	GJ	5		6.60
TOTAL (GJ)		2,128,214	-4.1%	2,219,126

SAVE hotels under ownership, lease or management agreements in Spain and Internationally, excluding Cuba, Bulgaria and Egypt. There were 188 in 2013 and the reported value was recalculated in 2012 for this. The conversion factors used were the standards established by GRI.

G4-EN6 > SAVINGS IN CONSUMPTION

CONSUMPTION	UNIT	2013
Electricity	MWh	-18,481
	GJ	-66,532
Natural Gas	m3	864,801
	GJ	33,736
LPG	t	-807
	GJ	-37,275
Diesel	m3	-2,909
	GJ	-110,997
District Heating	MWh	1,243
	GJ	4.5
District Cooling	MWh	1,850
	GJ	6
TOTAL (GJ)		-181,058

Savings calculated for 188 hotels, comparing the period 2012-2013 with the base period of 2007-2011

NO_x EMISSIONS

2013	Δ%	2012
91.5	-2.7%	94.0

SO_x EMISSIONS

2013	Δ%	2012
21.1	-15.6%	25.0

* SAVE hotels under ownership, lease or management agreements in Spain and Internationally, excluding Cuba, Bulgaria and Egypt. There were 188 in 2013. The conversion factors used were the standards established by GRI.

< G4-EN21

HOTEL WASTE PRODUCTS (Kg)

	2013		2012		2011	
	TOTAL	PER HOTEL	TOTAL	PER HOTEL	TOTAL	PER HOTEL
Used vegetable oil	50,205	772.38 (65 hotels)	52,341	781.21 (67 hotels)	45,801	594.82 (77 hotels)
WEEE	1,639	182.1 (9 hotels)	6,650	738.8 (9 hotels)	40,463	2,380.18 (17 hotels)
Fluorescent and low consumption lights	4,469	66.7 (67 hotels)	4,265	65.14 (71 hotels)	4,074	88.0 (46 hotels)
Batteries used	656	43.73 (15 hotels)	555	32.6 (17 hotels)	640	58.18 (11 hotels)

CORPORATE OFFICE WASTE (Kg)

	2013	2012	2011
Paper and Cardboard	13,959	22,190	18,225
Packaging*	25,740	14,998	Not specified
WEEE	195	1,105	355
Fluorescent tubes	52.79	34.3	37.5
Batteries	656	45	40

ENVIRONMENTAL COSTS AND INVESTMENTS (€)

	2013	2012	2011
Garbage collection, bacteriological testing of water, environmental certifications and initiatives	904,924	824,982	803,757
Pipes for sewage, waste water and water supply	6,300,259	5,710,844	4,962,300
Investment in energy and water efficiency	379,160	91,582	657,549
TOTAL	7,584,343	6,627,408	6,423,606

HOTELS CERTIFIED IN SUSTAINABLE TOURISM

HOTELS WITH CERTIFICATIONS	LOCATION	LEED	BIOSPHERE HOTEL	EARTH CHECK	TRAVELIFE	ISO 14001	EMAS
Gran Meliá Colon	(Seville Spain)						
Gran Meliá Fenix	(Madrid, Spain)						
Gran Meliá Jakarta	(Kuningan, Indonesia)						
Gran Meliá Palacio De Isora	(Tenerife, Spain)						
Gran Meliá Roma	(Rome, Italia)						
Innside Berlin	(Berlin, Germany)						
Innside Dresden	(Dresden, Germany)						
Me By Meliá Me Cabo	(Cabo San Lucas, Mexico)						
Me By Meliá Me London	(London, UK)						
Meliá Bali & Garden Villas	(Bali, Indonesia)						
Meliá Benoa	(Bali, Indonesia)						
Meliá Purosani	(Java, Indonesia)						
Meliá Barcelona Sarriá	(Barcelona, Spain)						
Meliá Barcelona Sky	(Barcelona, Spain)						
Meliá Castilla	(Madrid, Spain)						
Meliá Costa Del Sol	(Malaga, Spain)						
Meliá Palas Atenea	(Palma de Mallorca, Spain)						
Meliá Salinas & Garden Villas	(Lanzarote, Spain)						
Meliá Cabo Real	(Los Cabos, Mexico)						
Meliá Caribe-Tropical Complejo	(Alta Gracia, Dominican Republic)						
Meliá Düsseldorf	(Düsseldorf, Germany)						
Meliá Genova	(Genova, Italy)						
Meliá Milan	(Milan, Italy)						
Meliá Hanoi	(Hanoi, Vietnam)						
Meliá Kuala Lumpur	(Kuala Lumpur, Malaysia)						
Meliá Lima	(Lima, Peru)						
Meliá Luxembourg	(Luxembourg)						
Meliá Mexico Reforma	(Mexico City, Mexico)						
Meliá White House	(London, UK)						
Paradisus Cancun	(Cancun, Mexico)						
Paradisus Esmeralda	(Playa del Carmen, Mexico)						
Paradisus Perla	(Playa del Carmen, Mexico)						
Paradisus Palma Real Golf & Spa Resort	(Higüey, Dominican Republic)						
Paradisus Punta Cana	(Higüey, Dominican Republic)						
Paradisus The Reserve	(Higüey, Dominican Republic)						
Sol Cala Blanca	(Palmanova, Mallorca Spain)						
Sol Costablanca	(Benidorm, Spain)						
Sol Falco	(Menorca, Spain)						
Sol Gavilanes	(Menorca, Spain)						
Sol Ibiza	(Ibiza, Spain)						
Sol Lanzarote	(Lanzarote, Spain)						
Sol Menorca	(Menorca, Spain)						
Sol Milanos / Pingüinos	(Menorca, Spain)						
Sol Pinet Playa	(Ibiza, Spain)						
Tryp Bellver	(Palma de Mallorca, Spain)						
Tryp Palma	(Palma de Mallorca, Spain)						
		1	16	19	8	7	4

Certifications in process

G4-10 > AVERAGE STAFF IN GEOGRAPHIC AREA

	SPAIN		EMEA*		AMERICA		ASIA		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Corporate	591	652	57	79	223	208	18	18	890	957
Hotel	8,017	8,204	4,021	4,144	21,344	20,746	2,493	2,782	35,875	35,877
Club Meliá	48	24	0	0	385	527	0	0	433	550
Other Activities	344	220	234	0	431	418	0	0	1,009	638
TOTAL	9,000	9,100	4,313	4,222	22,383	21,900	2,512	2,800	38,207	38,022

* EMEA: Europe, Middle East & Africa, excluding Spain

G4-10 > G4-LA12 AVERAGE WORKFORCE ACCORDING TO LEVEL, GENDER AND LOCATION

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012				
Corporate	272	296	319	358	591	654	20	27	37	45	57	71	120	116	103	107	223	224	8	4	11	9	18	13	890	962
Director	28	95	9	34	37	129	0	12	0	3	0	15	5	28	0	11	5	39	2	1	0	2	2	3	43	187
Department Heads	149	84	102	86	251	170	18	11	18	21	36	33	70	29	42	29	112	58	4	2	5	1	9	3	409	264
Basic Staff	95	117	209	237	303	354	2	3	19	20	21	23	45	59	61	68	106	127	2	1	6	5	7	6	438	511
Hotel	4,099	4,465	3,918	4,146	8,017	8,611	1,423	1,065	1,263	1,095	2,686	2,160	6,989	6,367	3,813	3,512	10,802	9,880	1,789	1,885	705	817	2,493	2,702	23,998	23,353
Director	85	123	13	35	98	159	37	33	18	18	55	51	53	25	8	6	61	31	15	9	2	1	17	10	231	250
Department Heads	839	912	551	557	1,390	1,468	218	130	171	133	390	263	922	920	484	494	1,406	1,414	116	156	60	68	177	224	3,363	3,370
Basic Staff	3,175	3,430	3,354	3,554	6,529	6,984	1,168	901	1,074	944	2,242	1,846	6,013	5,423	3,321	3,012	9,335	8,435	1,658	1,720	642	748	2,300	2,468	20,405	19,733
Club Meliá	13	38	35	72	48	110	0	0	0	0	0	0	207	217	178	188	385	404	0	0	0	0	0	0	433	514
Other Activities	205	121	138	105	344	226	144	0	90	0	234	0	345	365	86	91	431	456	0	0	0	0	0	0	1,009	682
TOTAL	4,590	4,920	4,410	4,681	9,000	9,601	1,587	1,091	1,390	1,140	2,978	2,231	7,660	7,065	4,181	3,899	11,841	10,964	1,796	1,889	715	826	2,512	2,715	26,330	25,511

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt.

G4-10 > G4-LA12 AVERAGE WORKFORCE ACCORDING TO SHIFT, GENDER AND LOCATION

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012				
Corporate	272	283	319	339	591	621	20	23	37	38	57	61	120	116	103	107	223	223	8	1	11	0	18	1	890	907
Full-time	263	278	273	328	536	606	20	23	35	38	55	61	119	116	101	107	220	223	8	1	11	0	18	1	829	892
Part-time	9	5	47	11	56	16	0	0	2	0	2	0	0	0	2	0	3	0	0	0	0	0	0	0	60	16
Hotel	4,099	3,481	3,918	2,857	8,017	6,338	1,423	864	1,263	868	2,686	1,731	6,989	4,959	3,813	2,728	10,802	7,687	1,789	1,875	705	813	2,493	2,689	23,998	18,445
Full-time	3,902	3,400	3,504	2,742	7,406	6,142	1,318	823	1,149	825	2,466	1,647	6,953	4,959	3,789	2,728	10,743	7,687	1,786	1,875	705	813	2,491	2,689	23,107	18,165
Part-time	197	81	414	115	610	196	106	41	114	43	220	84	35	0	24	0	59	0	2	0	0	0	2	0	891	280
Club Meliá	13	27	35	46	48	73	0	0	0	0	0	0	207	217	178	188	385	404	0	0	0	0	0	0	433	477
Full-time	13	26	28	40	41	66	0	0	0	0	0	0	207	217	178	188	385	404	0	0	0	0	0	0	426	470
Part-time	0	1	7	6	7	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	7
Other Activities	205	88	138	66	344	154	144	0	90	0	234	0	345	362	86	89	431	451	0	0	0	0	0	0	1,009	605
Full-time	185	73	118	62	303	135	78	0	46	0	124	0	345	362	86	89	431	451	0	0	0	0	0	0	859	586
Part-time	21	14	20	4	41	18	66	0	44	0	110	0	0	0	0	0	0	0	0	0	0	0	0	0	150	18
TOTAL	4,590	3,878	4,410	3,308	9,000	7,186	1,587	887	1,390	905	2,978	1,792	7,660	5,654	4,181	3,112	11,841	8,766	1,796	1,877	715	813	2,512	2,690	26,330	20,434

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt. Details of staff with permanent contracts.

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012				
Corporate	272	296	319	358	591	654	20	27	37	45	57	71	120	116	103	107	223	224	8	4	11	9	19	13	890	962
Permanent	268	283	308	339	576	621	16	23	29	38	45	61	117	116	99	107	216	223	3	1	1	0	5	1	842	907
Temporary	4	14	11	19	15	32	4	3	8	7	12	10	3	0	4	0	7	0	5	3	9	9	14	11	48	54
Hotel	4,099	4,465	3,918	4,146	8,017	8,611	1,423	1,065	1,263	1,095	2,686	2,160	6,989	6,367	3,813	3,512	10,802	9,880	1,789	1,885	704	817	2,493	2,702	23,998	23,353
Permanent	3,230	3,481	2,755	2,857	5,985	6,338	883	864	743	868	1,626	1,731	5,075	4,959	2,829	2,728	7,904	7,687	1,779	1,875	703	813	2,481	2,689	17,996	18,445
Temporary	869	984	1,163	1,289	2,032	2,273	540	201	520	228	1,061	429	1,914	1,409	984	784	2,898	2,193	10	9	2	4	12	13	6,002	4,908
Club Meliá	13	38	35	72	48	110	0	0	0	0	0	0	207	217	178	188	385	404	0	0	0	0	0	0	433	514
Permanent	12	27	30	46	42	73	0	0	0	0	0	0	189	217	157	188	346	404	0	0	0	0	0	0	388	477
Temporary	1	11	5	26	6	37	0	0	0	0	0	0	18	0	21	0	39	0	0	0	0	0	0	0	46	37
Other Activities	206	121	138	105	344	226	144	0	90	0	234	0	345	365	86	91	431	456	0	0	0	0	0	0	1,009	682
Permanent	113	88	82	66	195	154	144	0	90	0	234	0	344	362	86	89	430	451	0	0	0	0	0	0	860	605
Temporary	92	33	56	39	149	73	0	0	0	0	0	0	1	3	0	2	1	5	0	0	0	0	0	0	150	78
COMBINED TOTAL	4,590	4,920	4,410	4,681	9,000	9,601	1,587	1,091	1,390	1,140	2,978	2,231	7,660	7,065	4,181	3,899	11,841	10,964	1,796	1,889	715	826	2,512	2,715	26,330	25,511

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt.

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
<30	12.7%	13.2%	14.8%	15.7%	13.7%	14.4%	39.9%	35.0%	49.0%	45.6%	44.2%	40.0%	37.7%	37.7%	40.8%	39.2%	38.8%	38.2%	11.4%	14.9%	14.5%	20.7%	12.3%	16.6%	28.3%	27.8%
30-50	52.6%	50.4%	59.9%	57.6%	56.1%	53.9%	52.6%	56.1%	45.2%	47.2%	49.2%	51.8%	55.7%	54.8%	54.2%	54.7%	55.2%	54.8%	78.8%	75.1%	81.2%	74.8%	79.5%	75.0%	57.2%	56.3%
>50	34.7%	36.4%	25.3%	26.7%	30.1%	31.7%	7.4%	8.9%	5.8%	7.3%	6.7%	8.1%	6.6%	7.6%	5.0%	6.1%	6.0%	7.0%	9.8%	10.0%	4.2%	4.5%	8.2%	8.3%	14.5%	15.9%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt.

	SPAIN				EMEA*				AMERICA				ASIA				TOTAL			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Men	51.35%				51.20%				53.66%				48.90%				64.90%			
Women	48.65%				48.80%				46.34%				51.10%				35.10%			
TOTAL	100%				100%				100%				100%				100%			

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt.

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
<30	24.4%	24.1%	24.4%	20.3%	24.4%	22.1%	30.1%	28.6%	26.7%	14.3%	28.3%	20.9%	27.2%	21.7%	27.5%	19.2%	27.3%	20.8%	18.7%	1.0%	18.0%	0.9%	18.5%	0.9%	26.6%	19.8%
30-50	9.2%	9.7%	9.4%	8.8%	9.3%	9.2%	14.8%	28.0%	12.3%	13.3%	13.7%	21.6%	13.0%	10.2%	13.6%	9.1%	13.2%	9.8%	4.1%	1.0%	4.3%	0.8%	4.2%	0.9%	10.7%	9.5%
>50	1.2%	2.1%	3.0%	2.7%	1.9%	2.3%	7.6%	7.6%	3.8%	1.3%	6.0%	4.9%	5.8%	2.4%	6.9%	3.0%	6.1%	2.6%	0.6%	0.5%	0.0%	0.0%	0.5%	0.4%	2.8%	2.4%
COM-BINED TOTAL	8.3%	9.0%	10.0%	9.2%	9.1%	9.1%	20.4%	26.6%	18.8%	13.0%	19.7%	20.1%	17.9%	14.0%	18.9%	12.7%	18.2%	13.6%	5.5%	1.0%	6.1%	0.8%	5.7%	0.9%	14.1%	11.3%

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt.

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
<30	142	149	159	141	301	290	191	144	182	85	373	229	785	615	469	300	1,254	915	38	3	19	2	57	4	1,985	1,438
30-50	223	241	247	234	470	475	124	230	77	83	201	314	554	428	307	201	861	629	59	15	25	5	84	20	1,616	1,438
>50	18	33	34	28	52	61	9	9	3	1	12	10	28	12	14	6	44	18	1	1	0	0	1	1	109	90
COM-BINED TOTAL	383	423	440	403	823	826	324	383	262	170	586	553	1,369	1,055	791	507	2,159	1,562	98	19	44	7	142	25	3,710	2,966

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt.

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL		2013	2012
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
<30	3.3%	2.6%	2.5%	3.0%	2.9%	2.8%	11.6%	17.3%	14.4%	16.3%	13.1%	16.7%	15.2%	14.0%	15.7%	16.9%	15.4%	15.0%	4.2%	0.3%	3.8%	0.6%	4.1%	0.4%	12.4%	12.2%
30-50	1.1%	1.2%	1.0%	0.6%	1.0%	0.9%	6.6%	12.2%	7.0%	10.3%	6.8%	11.3%	7.6%	6.9%	8.5%	9.0%	7.9%	7.6%	1.2%	0.6%	1.2%	0.3%	1.2%	0.5%	4.6%	4.7%
>50	0.1%	0.0%	0.2%	0.1%	0.1%	0.0%	2.8%	4.1%	0.7%	3.4%	2.0%	3.8%	4.0%	2.6%	4.4%	4.6%	4.1%	3.2%	1.8%	0.0%	5.8%	0.0%	2.4%	0.0%	1.1%	0.8%
TOTAL	1.0%	1.0%	1.0%	0.9%	1.0%	0.9%	8.3%	13.3%	10.3%	12.6%	9.2%	13.0%	10.2%	9.3%	11.3%	11.9%	10.6%	10.2%	1.6%	0.5%	1.7%	0.4%	1.7%	0.5%	6.3%	6.2%

STAFF BY NATIONALITY (%)

	2013	2012
Afghan	0.014%	0.004%
Albanian	0.012%	0.008%
German	3.629%	3.753%
Algerian	0.045%	0.050%
American	2.774%	2.676%
Angolan	0.006%	0.004%
Argentinian	0.956%	1.051%
Armenian	0.003%	0.002%
Aruban	0.002%	0.004%
Australian	0.020%	0.014%
Austrian	0.037%	0.015%
Azerbaijani	0.002%	0.000%
Bahaman	0.058%	0.008%
Bangladeshi	0.061%	0.042%
Barbadian	0.004%	0.005%
Belgian	0.106%	0.095%
Belizean	0.002%	0.003%
Beninese	0.005%	0.000%
Belarussian	0.002%	0.005%
Burmese	0.031%	0.051%
Bolivian	0.079%	0.088%
Bosnian	0.004%	0.008%
Botswana	0.008%	0.008%
Brazilian	5.129%	4.496%
British	0.587%	0.410%
Bulgarian	0.355%	0.159%
Burkinese	0.004%	0.004%
Bhutanese	0.000%	0.000%
Cape Verdean	0.922%	0.933%
Cambodian	0.005%	0.004%
Cameroonian	0.023%	0.029%
Canadian	0.021%	0.019%
Ceylonese	0.000%	0.088%
Czech	0.040%	0.041%
Chilean	0.053%	0.054%
Chinese	0.545%	2.243%
Cypriot	0.013%	0.013%
Colombian	0.350%	0.460%
Congolese	0.068%	0.052%
Korean	0.001%	0.000%
Costa Rican	0.034%	0.037%
Croatian	0.128%	0.116%
Cuban	0.423%	0.400%
Danish	0.003%	0.002%
Dominican	16.228%	16.686%
Ecuadorian	0.208%	0.323%
Egyptian	0.052%	0.041%

	2013	2012
Emirati	0.017%	0.005%
Eritrean	0.000%	0.004%
Slovakian	0.065%	0.065%
Slovenian	0.019%	0.010%
Spanish	31.530%	31.744%
Estonia	0.025%	0.013%
Ethiopian	0.004%	0.128%
Filipino	0.212%	0.028%
Finnish	0.027%	0.726%
French	0.669%	0.004%
Gabonese	0.004%	0.004%
Gambian	0.023%	0.018%
Georgian	0.011%	0.009%
Ghanaian	0.016%	0.021%
Greek	0.173%	0.350%
Guatemalan	0.012%	0.018%
Guyana	0.006%	0.004%
Guinean	0.045%	0.046%
Haitian	0.211%	0.241%
Indian	0.198%	0.072%
Dutch	0.095%	0.098%
Honduran	0.014%	0.013%
Hungarian	0.145%	0.069%
Indonesian	6.749%	6.457%
Iranian	0.003%	0.000%
Iraqi	0.006%	0.015%
Irish	0.028%	0.020%
Icelandic	0.000%	0.001%
Italian	1.789%	1.558%
Jamaican	0.024%	0.017%
Jordanian	0.004%	0.004%
Kazakh	0.010%	0.000%
Kenyan	0.077%	0.098%
Latvian	0.038%	0.031%
Lebanese	0.011%	0.004%
Lithuanian	0.080%	0.057%
Luxembourgers	0.020%	0.022%
Macedonian	0.010%	0.008%
Malay	0.619%	0.650%
Madagascan	0.007%	0.003%
Malian	0.006%	0.007%
Ivorian	0.012%	0.013%
Moroccan	0.302%	0.319%
Mauritian	0.038%	0.048%
Mauritanian	0.000%	0.006%
Mahoran	0.000%	0.005%
Mexican	14.243%	13.620%

* Not including Bulgaria, Cuba and Egypt

LOCAL MANAGERS BY REGION

	EXPATRIATE						LOCAL						TOTAL MANAGERS	
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Spain	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%	0.5%	0.1%	0.1%	0.4%	0.6%	0.4%	0.7%
EMEA	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%
America	0.1%	0.2%	0.0%	0.0%	0.1%	0.2%	0.2%	0.1%	0.0%	0.0%	0.2%	0.1%	0.3%	0.3%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
TOTAL	0.2%	0.3%	0.0%	0.0%	0.2%	0.3%	0.6%	0.7%	0.1%	0.0%	0.8%	0.9%	1.0%	1.2%

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including Bulgaria, Cuba and Egypt.

EMPLOYEES WITH PERFORMANCE APPRAISAL

	AMERICA			ASIA			EMEA			SPAIN			COM-BINED TOTAL
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	
Hotel	2.98%	1.71%	2.16%	47.06%	35.02%	38.42%	15.45%	14.32%	14.85%	0.00%	0.00%	0.00%	6.63%
Director	87.86%	27.93%	35.75%	0.00%	13.75%	11.94%	88.90%	78.24%	81.75%	0.00%	0.00%	0.00%	29.76%
Department Heads	9.32%	4.48%	6.14%	44.86%	33.94%	37.67%	37.01%	30.65%	33.45%	0.00%	0.00%	0.00%	8.43%
Basic Staff	1.86%	1.05%	1.34%	47.42%	35.29%	38.68%	10.77%	9.26%	9.98%	0.00%	0.00%	0.00%	6.07%
Corporate Offices	42.41%	33.65%	37.71%	88.12%	84.65%	86.67%	60.27%	49.36%	56.43%	2.13%	4.78%	3.35%	17.07%
Assistant	20.73%	0.41%	11.84%	100.00%	100.00%	100.00%	27.94%	0.00%	23.55%	1.36%	0.00%	1.11%	7.76%
Director	74.09%	50.11%	56.64%	87.72%	79.61%	84.60%	48.68%	80.86%	74.93%	5.13%	11.58%	9.82%	29.28%
Executive	34.45%	19.72%	28.57%	100.00%	0.00%	100.00%	63.38%	0.00%	61.43%	1.11%	1.47%	1.27%	9.98%
Manager	62.70%	42.46%	51.28%	0.00%	59.94%	40.83%	80.07%	43.50%	64.92%	3.75%	3.73%	3.74%	23.84%
SVP	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	21.81%
VP	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	6.49%	4.59%	21.59%
Combined Total	3.76%	2.08%	2.68%	47.67%	35.24%	38.78%	15.64%	13.46%	14.48%	0.15%	0.28%	0.22%	6.62%

* EMEA: Europe, Middle East & Africa, excluding Spain. Not including hotel staff from Bulgaria, Cuba or Egypt.

DIFFERENCE IN AVERAGE SALARIES BY GENDER (MEN VS. WOMEN)

	SPAIN		Mexico		Dominican Republic	
	2013	2012	2013	2012	2013	2012
GOVERNANCE						
EVP	NA	NA	Position does not exist	Position does not exist	Position does not exist	Position does not exist
SVP	NA	50%	Position does not exist	Position does not exist	Position does not exist	Position does not exist
VP	23%	14%	Position does not exist	Position does not exist	Position does not exist	Position does not exist
Director	22%	14%	12%	13%	Only men	Only men
Manager	17%	17%	20%	51%	Only women	Only women
Executive	12%	17%	-11%	24%	Only women	Only women
Assistant	1%	-6%	-21%	-63%	58%	-5.68%
HOTEL						
Director	14.1%	15%	Only men	Only men	Only men	Only men
Assistant manager	3.1%	1.22%	Position does not exist	Position does not exist	Position does not exist	Position does not exist
Department Heads	13.5%	13%	8%	33%	-14%	-7%
Basic Staff	3.0%	4%	4%	-4%	1%	1%

The positive numbers refer to men, the negative to women. EVP (Executive Vice President), SVP (Senior Vice President) and VP (Vice President).

	ACTIONS		COURSES		PARTICIPANTS		AVERAGE H/ PARTICIPANT		AVERAGE H/ EMPLOYEE		HOURS TOTALS	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Training paid	154	88	793	421	9,626	4,825	7.80	8.67	8.40	4.60	75,531	41,833
Unpaid training	3	7	146	145	1,197	2,213	2.03	2.94	0.24	0.71	2,428	6,506
TOTAL	157	95	939	566	10,823	7,038	7.20	6.86	8.64	5.31	77,959	48,339

* Meliá Hotels International is not in a position to offer a data breakdown by employee and gender.

	INCIDENCE		FREQUENCY*		SEVERITY		AVERAGE DURATION**		ABSENTEEISM	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Men	45.53	42.55	25.75	24.26	0.54	0.39	20.88	16.05	2.65	2.12
Women	58.96	60.40	33.81	34.47	0.57	0.66	16.92	19.17	3.37	2.40
TOTAL	52.11	51.48	29.67	29.36	0.55	0.53	18.90	17.61	3.00	2.25

* With and without accidents on route to and from work taken into account. ** On calendar days.

	AUDITS CARRIED OUT	
	2013	2012
Germany	14	13
Argentinian	0	3
Brazil	6	7
Cape Verde	1	0
Cuba	1	0
US	2	4
Spain	131	147
France	4	4
Greece	1	0
Indonesian	5	2
Italy	3	5
Luxemburg	1	2
Mexico	21	24
Panama	2	0
Peru	1	2
Puerto Rico	2	0
United Kingdom	4	1
Dominican Republic	9	7
Tanzania	1	1
Uruguay	1	0
Venezuela	0	2
Vietnam	1	2
TOTAL	211	226

* Distribution of 44.17% of centres audited out of the total number of hotels (excluding franchises and Cuba, Bulgaria and Egypt).

GRI Indicators

I. BASIC GENERAL CONTENT

GRI Code	GRI Description	Page	Verified*	Degree of reporting	Comments
STRATEGY AND ANALYSIS					
G4-I	Declaration by the main person responsible for the organisation's decisions regarding the relevance of sustainability for the organisation and the strategy for addressing this question.	8-11	Yes	Completed	
G4-2	Main effects, risks and opportunities.	26, 94, 95	Yes	Completed	
PROFILE OF THE ORGANISATION					
G4-3	Name of the organisation.	Front page	Yes	Completed	
G4-4	Brands, products and services most important to the organisation.	31	Yes	Completed	
G4-5	Location of the head office of the organisation.	6	Yes	Completed	
G4-6	Countries in which the organisation operates and countries where the organisation carries out significant operations or that are specifically relevant to the sustainability questions dealt with in this report.	16, 17			
G4-7	Nature of the property and its legal form.	1F 122, 123	Yes	Completed	
G4-8	Customer profiles by markets (with breakdown by region, sector; types of customers and beneficiaries).	16, 17, 62	Yes	Completed	
G4-9	Size of the organisation.	16, 17	Yes	Completed	
G4-10	Staff details	118, 119	Yes	Completed	
G4-11	Percentage of total employees covered by collective bargaining agreements.	124	Yes	Completed	100% (excludes China and Croatia), the former because it does not permit such agreements and Croatia because its employees do not depend directly on the Company so it cannot guarantee that it has such representation at present.
G4-12	Description of the organisation's supply chain.	20-26	Yes	Completed	
G4-13	Any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	33; 1F 37-43	Yes	Completed	
G4-14	Report whether and how the precautionary approach is addressed by the organisation.	131	Yes	Completed	
G4-15	List of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	78, 79	Yes	Completed	Note 1.
G4-16	List memberships of associations (such as industrial associations) and national or international advocacy organisations to which the organisation belongs.	78, 79	Yes	Completed	
MATERIAL ASPECTS AND BOUNDARIES					
G4-17	List of all entities included in the organisation's consolidated financial statements or equivalent documents.	1F 37	Yes	Completed	This information can be found in chapter 5 of the Company's Financial Report, entitled <i>Consolidation Perimeter</i> .
G4-18	The process for defining the report content and for each Aspect Boundary.	12, 13	Yes	Completed	
G4-19	List of all the material aspects identified in the process for defining report content.	12, 13	Yes	Completed	
G4-20	The aspect boundary within the organisation for each material Aspect.	124	Yes	Completed	Hotels owned, leased or managed (239 hotels)
G4-21	The limit outside the organisation for each material Aspect.	124	Yes	Completed	Excluding Cuba, Bulgaria and Croatia. Employees, suppliers, owners, the media and representatives of social and environmental institutions were consulted.
G4-22	Effects of any restatements of information provided in previous reports and the reasons for such restatements.	124	Yes	Completed	Note 2.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	124	Yes	Completed	No significant changes
PARTICIPATION OF STAKEHOLDER GROUPS					
G4-24	List of stakeholder groups linked to the organisation.	77	Yes	Completed	
G4-25	The basis for selection of stakeholders with whom to engage.	6	Yes	Completed	
G4-26	The organisation's approach to stakeholder engagement, including frequency of engagement.	78, 79	Yes	Completed	
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	13	Yes	Completed	
PROFILE OF THE REPORT					
G4-28	Reporting period for the information.	124	Yes	Completed	01/01/2013-31/12/2013
G4-29	Date of latest report.	6	Yes	Completed	
G4-30	Reporting cycle.	124	Yes	Completed	Annual
G4-31	The contact point for questions regarding the report or its contents.	6	Yes	Completed	
G4-32	'In accordance' option with the Guide chosen by the organisation, GRI Content Index and reference to the External Assurance Report.	124	Yes	Completed	
G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report, scope and basis of assurance.	6	Yes	Completed	

*The External Assurance Report can be found on pages 4 and 5 of this document.

GRI Code	GRI Description	Page	Verified*	Degree of reporting	Comments
GOVERNANCE					
G4-34	The governance structure of the organisation.	112	Yes	Completed	
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	IF 133	Yes	Completed	
G4-36	Appointments of executive positions or those with responsibility for economic, environmental and social matters and whether these report directly to the highest governance body.	112, 115	Yes	Completed	
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social matters.	125	Yes	Not Reported	Such processes do not exist in the organisation
G4-38	The composition of the highest governance body and its committees.				
G4-39	Report whether the Chair of the highest governance body is also an executive officer, his or her executive functions and the reasons for this arrangement.	113	Yes	Completed	
G4-40	The nomination and selection processes for the highest governance body and its committees as well as the criteria used for nominating and selecting the highest governance body members.	IF 138	Yes	Completed	
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholder groups.	IF 148	Yes	Completed	
G4-42	Report the highest governance body and senior executives' roles in the development, approval and updating of the organisation's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts.	-	No	Not reported	
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social matters.	-	No	Not reported	
G4-44	The processes of evaluation of the performance and measures taken by the highest governance body's with respect to the governance of economic, environmental and social matters.	IF 144	Yes	Completed	
G4-45	Report the highest governance body's role in the identification, management and diligent approach of the economic, environmental and social impacts, risks and opportunities. Include the highest governance body's role in the implementation of due diligence processes.	IF 144	Yes	Completed	
G4-46	The role of the highest governance body in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social issues.	IF 144	Yes	Completed	
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	IF 159	Yes	Completed	
G4-48	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered.	125	Yes	Completed	Executive Committee
G4-49	The process for communicating the critical concerns to the highest governance body.	125	No	Not reported	
G4-50	The nature and number of critical concerns that were communicated to the highest governance body.	125	No	Not reported	
G4-51	The remuneration policies for the highest governance body and senior executives and the list of performance-related criteria in the remuneration policy related to the economic, environmental and social objectives.	125	No	Not reported	
G4-52	The process by which remuneration is determined.	125	No	Not reported	
G4-53	Explanation of how stakeholders' views are sought and taken into account regarding remuneration.	125	No	Not reported	
G4-54	The ratio of the total annual compensation for the organisation's highest-paid individual in each country of significant operations to the average annual total compensation for all employees (excluding the highest-paid individual) in the same country.	125	No	Not reported	
G4-55	The ratio of the percentage increase in total annual compensation for the organisation's highest-paid individual in each country of significant operations to the percentage increase in total annual compensation for all employees (excluding the highest-paid individual) in the same country.	125	No	Not reported	
ETHICS AND INTEGRITY					
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	74, 75	Yes	Completed	
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behaviour and matters related to organisational integrity such as helplines or advice lines.	74	Yes	Completed	
G4-58	Report the internal and external mechanisms for reporting concerns regarding unethical or unlawful behaviour and matters related to organisational integrity such as escalation through line management, whistle-blowing mechanisms or hot-lines.	74	Yes	Completed	

*The External Assurance Report can be found on pages 4 and 5 of this document.

2. PERFORMANCE INDICATORS

GRI Code	GRI Description	Page	Verified*	Degree of reporting	Comments
ECONOMIC DIMENSION					
DMA-EC	Management Focus - Economy	56, 57 108-109			
Economic performance					
G4-EC1	Direct economic value generated and distributed.	76	Yes	Part-time	The consolidated value has been reported; it is not specified by region. It will be reported in the 2014 report.
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	84, 95	Yes	Part-time	Risks have been identified but not the consequences or financial impact.
G4-EC3	Limits of the organisation's obligations due to social benefit programmes.	IF 86	No	Not reported	
G4-EC4	Financial assistance received from the government.	126	Yes	Completed	No significant financial assistance has been provided by government bodies.
Market presence					
G4-EC5	Ratios of standard entry level wage broken down by gender compared to local minimum wage at locations with significant operations.	-	No	Not Reported	
G4-EC6	Proportion of senior management hired from the local community at locations with significant operations.	122	Yes	Completed	
Indirect economic consequences					
G4-EC7	Development and impact of infrastructure investments and services supported.	70, 71	Yes	Completed	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	70, 71	Yes	Completed	
Acquisition practices					
G4-EC9	Proportion of spending on local suppliers at locations with significant operations.	49	Yes	Completed	
ENVIRONMENTAL PERFORMANCE					
DMA-EN	Management Focus - Environment	76, 84-87			
Materials					
G4-EN1	Materials by weight or volume.	-	No	Not reported	Non material
G4-EN2	Percentage of materials used that are recycled materials.	-	No	Not reported	Non material
Energy					
G4-EN3	Internal energy consumption.	116	Yes	Completed	
G4-EN4	External energy consumption.		No	Not reported	The organisation does not have a system for quantifying this type of consumption.
G4-EN5	Energy intensity.	125	Yes	Completed	125.7 Mj/Roomnight
G4-EN6	Reduction of energy consumption.	85, 116	Yes	Completed	
G4-EN7	Reductions of the energy requirements for products and services.	116	Yes	Completed	
Water					
G4-EN8	Total water withdrawal by source.	-	No	Not reported	Non material
G4-EN9	Water sources significantly affected by withdrawal of water.	-	No	Not reported	Non material
G4-EN10	Percentage and total volume of water recycled and reused.	-	No	Not reported	Non material
Biodiversity					
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-	No	Not reported	Non material
G4EN-12	Description of the most significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	-	No	Not reported	Non material
G4-EN13	Habitats protected or restored.	-	No	Not reported	Non material
G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-	No	Not reported	Non material
Emissions					
G4-EN15	Direct greenhouse gas emissions (Scope 1).	84, 85	Yes	Completed	Only CO ₂ is accounted for: Biogenic CO ₂ emissions were not accounted for.
G4-EN16	Indirect greenhouse gas emissions produced during energy generation (Scope 2).	84, 85	Yes	Completed	The focus adopted for the consolidation was operational management.

*The External Assurance Report can be found on pages 4 and 5 of this document.

GRI Code	GRI Description	Page	Verified*	Degree of reporting	Comments
G4-EN17	Other indirect greenhouse gas emissions (Scope 3).	84, 85	Yes	Completed	Only CO ₂ is accounted for: Biogenic CO ₂ emissions were not accounted for.
G4-EN18	Greenhouse gas emissions intensity.	126	Yes	Completed	14.24 KgCO ₂ e/roomnight
G4-EN19	Reduction in greenhouse gas emissions.	85	Yes	Completed	CO ₂ Only
G4-EN20	Emissions of ozone-depleting substances.	128	No	Not reported	This could not be reported because information was only available for fluorinated gases for 2012.
G4-EN21	NOx, SOx and other significant air emissions.	117	Yes	Completed	
Effluents and waste					
G4-EN22	Total water discharge by quality and destination.	-	No	Not reported	This was considered irrelevant due to the low number of water treatment factories owned by Meliá.
G4-EN23	Total weight of waste by type and treatment method.	117	Yes	Part-time	Waste treatment method not reported. The Company does not currently have standardised procedures for reporting this information in a centralised way. It is expected that it will be possible to report it on completion of the 2012-2014 Strategic Plan.
G4-EN24	Total number and volume of significant spills.	126	Yes	Completed	There have been no significant spills.
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention annex I, II, III, and VIII and percentage of transported waste shipped internationally.	-	No	Not reported	Not applicable
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.	128	No	Not reported	The Company does not have information to be able to address this indicator, as it has not run a study of the possible impact on these habitats by business unit.
Products and services					
G4-EN27	Mitigation of the environmental impact of products and services.	86, 87	Yes	Completed	
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed at the end of their service life, broken down by category.	-	No	Not reported	Not applicable
Regulatory compliance					
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	126	Yes	Completed	No significant fines or non-monetary sanctions have been received for breach of legislation or environmental regulation.
Transport					
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations as well as the transportation of staff members.	84	Yes	Part-time	No significant environmental impacts from logistical transportation or criteria nor methodology of impact measurement have been reported. It has not yet been introduced into the model for calculating the Carbon footprint but it is expected to be included at the end of the 2012-2014 Strategic Plan.
General					
G4-EN31	Breakdown of costs and investments for environmental protection.	86, 117	Yes	Completed	
Environmental assessment of suppliers					
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	48	Yes	Completed	
G4-EN33	Significant, actual and potential negative environmental impact in the chain of supply and actions taken.	128	No	Not reported	The Company does not currently have a sufficiently extensive study to address this indicator. Suppliers are assessed but the information collected is still inadequate. It is expected that this indicator will be reported in 2015.
Environmental grievance mechanisms					
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.	126	Yes	Completed	An environmental grievance was filed and it has been addressed and resolved
LABOUR PRACTICES AND DECENT WORK					
DMA-LA	Management Focus - Labour Practices and Decent Work	CE 5, 44, 45, 95			
Employment					
G4-LA1	Total number and rates of new employee hires and employee revenue broken down by age group, gender and region.	120, 121	Yes	Completed	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by locations with significant operations.	-	No	Not reported	

*The External Assurance Report can be found on pages 4 and 5 of this document.

GRI Code	GRI Description	Page	Verified*	Degree of reporting	Comments
G4-LA3	Return to work and retention rates after parental leave, broken down by gender.	-	No	Not reported	Non material
Labour-Management Relations					
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	-	No	Not reported	Non material
Occupational health and safety					
G4-LA5	Percentage of the total workforce that is represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	126	Yes	Completed	In Spain, 91.42% of the workforce is represented through a Health and Safety Committee.
G4-LA6	Type and rates of injury, occupational diseases, days lost and absenteeism and total number of work-related fatalities, broken down by region and gender.	124	Yes	Completed	There have been two occupational illnesses.
G4-LA7	Workers with a high incidence or high risk of disease related to their occupation.	126	Yes	Completed	There are no professions in the Company that have a high incidence or high risk of diseases.
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	126	Yes	Completed	The functions that these committees should have are clearly specified in articles 38 and 39 of the Spanish Workplace Risk Prevention Law. Matters other than those listed in the law are not addressed.
Training and education					
G4-LA9	Average number of annual training hours per employee, broken down by gender and by work category.	124	Yes	Part-time	Information broken down by gender and work category is not given. The procedure that is used to register the training does not include a breakdown by gender or by category. It is expected that this will be reported on completion of the 2012-2014 Strategic Plan.
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of the workers and assist them in managing career endings.	44, 45	Yes	Completed	Meliá does not have programmes to assist transitions that favour employability or any that assist them in managing career endings, whether due to retirement or termination of the working relationship.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, broken down by gender and by employee category.	122	Yes	Completed	
Diversity and equal opportunity					
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other diversity indicators.	119-121	Yes	Completed	
Equal remuneration for women and men					
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, broken down by locations with significant operations.	123	Yes	Completed	
Supplier assessment for labour practices					
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	48	Yes	Completed	
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	-	No	Not reported	There are no systems for measuring this type of impact.
Grievance mechanisms for labour practices					
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms.	129	Yes	Completed	An environmental grievance was filed and it has been addressed and resolved
Investment					
DMA-HR	Management Focus - Human Rights	CE 3, 50			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	116, 129	Yes	Completed	The significant investment agreements and contracts do not yet include human rights clauses. Such a clause is only signed at the moment in contracts with service suppliers and creditors as well as with tour operators.
G4-HR2	Hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	75	Yes	Part-time	The number of hours is not reported, only the employees reached by the training.
Non-discrimination					
G4-HR3	Number of incidents of discrimination and corrective actions taken.	129	Yes	Completed	There were no cases of corruption in the reporting period.

*The External Assurance Report can be found on pages 4 and 5 of this document.

GRI Code	GRI Description	Page	Verified*	Degree of reporting	Comments
Freedom of association and collective bargaining					
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights.	129	Yes	Part-time	With the exception of China and Croatia, there are no risks in the Company's business units. The former because it does not permit such agreements and Croatia because its employees do not depend directly on the Company so it is unable to guarantee this kind of representation at present.This cannot be reported for suppliers as it has not been possible to make a full analysis of the list of suppliers.
Child Labour					
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour.	129	Yes	Part-time	There is no such risk in the Company's business units.This cannot be reported for suppliers as it has not been possible to make a full analysis of the list of suppliers.
Forced labour					
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour and measures taken to contribute to the elimination of all forms of forced or compulsory labour.	129	Yes	Part-time	There is no such risk in the Company's business units.This cannot be reported for suppliers as it has not been possible to make a full analysis of the list of suppliers.
Security practices					
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.	75	Yes	Completed	
Indigenous Rights					
G4-HR8	Number of incidents of violations involving rights of indigenous peoples and actions taken.	129	Yes	Completed	There have been no violations of indigenous rights in the reporting period.
Assessment					
G4-HR9	Number and percentage of operations that have been subject to human rights reviews or impact assessments.	129	No	Not reported	There has not yet been an internal assessment process for centres in this area.
Supplier human rights assessment					
G4-HR10	Percentage of new suppliers that were screened for human rights criteria.	48	Yes	Completed	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	129	No	Not reported	This cannot be reported for suppliers as it has not been possible to make a full analysis of the list of suppliers.
Human rights grievance mechanisms					
G4-HR12	Number of grievances about human rights filed, addressed and resolved through formal grievance mechanisms.	129	Yes	Completed	Eight complaints for unethical behaviour were addressed and resolved through the company's grievance mechanism.
Society					
DMA-HR	Management Focus - Society	CE 9,10; 76			
Local communities					
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes.	70, 71, 129	Yes	Completed	Hotels in Magaluf, 3.5% of operations.
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	129	No	Not reported	At present the Company does not have a systematic impact assessment (negative or positive) process. We expect to be able to report this indicator in 2015.
Anti-corruption					
G4-SO3	Number and percentage of operations assessed for risks related to corruption and the significant risks identified.	124	Yes	Part-time	Not reported as a percentage.
G4-SO4	Communication and training on anti-corruption policies and procedures.	74	Yes	Part-time	Information is not provided on the training of governing bodies nor are percentages of employees or business partners reported.
G4-SO5	Corruption cases confirmed and measures taken.	130	Yes	Completed	There was not a single case of corruption in the reporting period.
Public Policy					
G4-SO6	Value of political contributions by country and beneficiary.	130	Yes	Completed	No political contributions were made in the reporting period.
Anti-competitive behaviour					
G4-SO7	Number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	130	Yes	Completed	There were no legal actions for monopoly practices during the reporting period.

*The External Assurance Report can be found on pages 4 and 5 of this document.

GRI Code	GRI Description	Page	Verified*	Degree of reporting	Comments
Compliance					
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	130	Yes	Completed	There were no significant fines received in the reporting period.
Supplier assessment for impacts on society					
G4-SO9	Percentage of new suppliers that were screened for criteria for impacts on society.	48	Yes	Completed	
G4-SO10	Significant, actual and potential negative impacts on society in the chain of supply and actions taken.	130	No	Not reported	The company has no system for measuring such impacts in the supply chain but it intends to implement a system at the end of 2015.
Grievance mechanisms for impacts on society					
G4-SO11	Number of grievances regarding impacts on society filed, addressed and resolved through formal grievance mechanisms.	130	Yes	Completed	No grievances regarding impacts on society were made in the reporting period.
RESPONSIBILITY FOR PRODUCTS					
Customer Health and Safety					
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	123	Yes	Part-time	Reported as a number of operations, not a percentage.
G4-PR2	Number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, broken down by type of outcomes.	130	Yes	Completed	No incidents of non-compliance with regulations in regard to the impacts of products and services on health and safety were reported during the reporting period.
Product and service labelling					
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and percentage of significant product and service categories subject to such information requirements.	130	No	Not reported	Non material
G4-PR4	Number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, broken down by type of outcomes.	130	Yes	Completed	No regulation or voluntary code was breached in regard to information and labelling in the reporting period.
G4-PR5	Results of surveys measuring customer satisfaction.	11, 63, 100	Yes	Completed	
Marketing Communications					
G4-PR6	Sale of banned or disputed products.	131	Yes	Completed	The Company does not sell any products that are banned or disputed.
G4-PR7	Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications including advertising, promotions and sponsorship, broken down by type of outcomes from said incidents.	130	Yes	Completed	There have been no cases of breach of regulations or voluntary codes concerning marketing communications or advertising in the reporting period.
Customer privacy					
G4-PR8	Number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	130	Yes	Completed	There have been no complaints regarding breaches of privacy or customer data leaks in the reporting period.
Regulatory compliance					
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	130	Yes	Completed	No significant fines were received for non-compliance with laws and regulations concerning the provision and use of products and services in the reporting period.

FR: Financial Report CE: Code of Ethics

Note 1:

Regarding initiatives to reduce the impact of our activities and to address the precautionary principle, the pre-opening system includes a series of environmental criteria to be reviewed prior to 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 discharge into drains or directly into the natural environment
- > Energy and water efficiency
- > Control of atmospheric emissions
- > Existence of flora

Note 2:

The data was recalculated using the Environmental Management section from 2012 as the number of hotels in the SAVE programme decreased by three in 2013.

*The External Assurance Report can be found on pages 4 and 5 of this document.

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