

ANNUAL REPORT  
AND CSR  
2014



MELIÃ HOTELS  
INTERNATIONAL

HOTELS & RESORTS  
REAL ESTATE  
CLUB MELIÃ

[MELIAHOTELSINTERNATIONAL.COM](http://MELIAHOTELSINTERNATIONAL.COM)

MELIÄ HOTELS  
INTERNATIONAL

# 01

## Presentation

- 1.1 Message from the Chairman
- 1.2 Message from the CEO and Executive Vice Chairman
- 1.3 Corporate Information
- 1.4 About this report
- 1.5 Main figures

# 02

## About Meliá Hotels International

- 2.1 History of Meliá Hotels International
- 2.2 Portfolio of Meliá Hotels International
- 2.3 Brand Architecture
- 2.4 The Tourism Industry
- 2.5 The Business of Meliá Hotels International
- 2.6 Reputation and Leadership

# 03

## Strategic Targets and Milestones

- 3.1 The Strategy of Meliá Hotels International
- 3.2 Strengthening the Global Management Model
- 3.3 Developing growth
- 3.4 Personalised experiences
- 3.5 Innovating Brands and Products
- 3.6 Property management
- 3.7 Strategic Performance Indicators

# 04

## Business Performance

- 4.1 Business Performance

# 05

## Risk Management

- 5.1 Risk Management Model
- 5.2 Roles and Responsibilities
- 5.3 Group Risks

# 06

## Impacts of Meliá Hotels International

- 6.1 Model of Dialogue (Materiality)
- 6.2 Economic Impact
- 6.3 Environmental Impact
- 6.4 Suppliers Impact
- 6.5 Relevant initiatives
- 6.7 Strategic alliances

# 07

## Corporate Governance

- 7.1 Corporate Governance

# 08

## Appendix

- 8.1 Tables and Glossary



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

## REPORT ON THE INDEPENDENT REVIEW OF THE ANNUAL REPORT AND CSR 2014

To the Management of Melia Hotels International S.A.:

We have reviewed the Corporate Social Responsibility (hereinafter CSR) indicators contained in the "G4 GRI Index" Appendix of the Annual Report and CSR 2014 of Melia Hotels International S.A. and subsidiaries (hereinafter Melia Hotels International) for the year starting on the 1<sup>st</sup> January 2014 and ending on 31<sup>st</sup> December 2014, with regard to the specific standard disclosures proposed in the Guidelines for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI) version G4 (hereinafter referred to as G4 GRI Guidelines).

### Responsibility of the Management of Melia Hotels International

The management of Melia Hotels International is responsible for the preparation, content and presentation of the Annual Report and CSR 2014 in accordance with G4 GRI Guidelines and according to the "In-accordance" option indicated in point G4-32 of the "GRI Index".

Management is also responsible for establishing, implementing, adapting and maintaining the management and internal control systems from which information is obtained.

### Our responsibility

Our responsibility is to issue an independent review report to give limited assurance conclusion based on the procedures applied in our review in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines on reviews of Corporate Social Responsibility Reports issued by the Spanish Institute of Certified Accountants.

### Procedures carried out

To issue this report, we have applied analytical procedures and tests, which have generally been as follows:

- Meetings with Melia Hotels International staff from various departments involved in the preparation of the Annual Report and CSR 2014, to ascertain the procedures for collecting and validating the information on the indicators presented in the "GRI Index" of the Annual Report and CSR 2014 and obtain the information required for external review.
- Review of the actions taken in relation to the identification and consideration of interested parties during the financial year and the boundaries, materiality and integrity of information on the Corporate Social Responsibility indicators included in the Annual Report and CSR 2014, based on the understanding of Melia Hotels International of the requirements of stakeholders.
- Analysis of the adaptation of the indicators of the Annual Report and CSR 2014 to the GRI G4 Guidelines on the preparation of the reports.



- Verification, by review tests applied to a selected sample of quantitative and qualitative information for 2014, of the indicators included in the general and specific basic contents proposed in the G4 GRI Guidelines and included in the G4 GRI Index Appendix of the Annual Report and CSR 2014. We have also verified that the information has been adequately compiled from the data provided by sources of information of Melia Hotels International.

The scope of a limited review is substantially less than that of a reasonable assurance review. Accordingly, such reviews provide less assurance. In no event may this report be understood to be an audit report.

### Independence and Quality Control

We have complied with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), which includes the requirement of independence and other requirements based on the main principles of integrity, objectivity, professional competence and due care, confidentiality and professional standards.

PwC applies the International Standard on Quality Control 1 (ISQC 1), and, consequently, the firm has a global quality control system which includes documented policies and procedures on compliance of ethical requirements, professional standards and applicable statutory requirements.

### Conclusion

During our review, nothing has come to our attention that causes us to believe that the Corporate Responsibility Indicators contained in the G4 GRI Index Appendix of the Annual Report and CSR 2014 of Melia Hotels International contain significant errors or have not been prepared, in all significant aspects, in accordance with GRI G4 Guidelines.

PricewaterhouseCoopers Auditores S.L.

M<sup>a</sup> Luz Castilla

30th June 2015



Meliá Hotels International is tasked with offering global accommodation experiences and services focused on excellence, responsibility and sustainability, and as a family-run business, helping to achieve a better world.

In recent years, the worldwide context has seen us evolve from the crisis and commence a period of gradual recovery. We at Meliá have maintained an ongoing effort to continue with sustainable growth at major destinations, generating wealth, jobs and opportunities for people and society, in a high potential sector such as is tourism.

The 2014 report reflects the final year of our 2012-2014 Strategic Plan, the road map that has guided our Group throughout this difficult period, in which our sights have been set on international growth, improved revenue streams, knowledge of our customers, improved property assets and an orientation that prioritises management and rental formulas on growth based on ownership of hotels.

In this context, for the second year running our Annual Report takes into account the principles and criteria that govern the Integrated Report, presenting our Company's activity from a holistic approach, from the strategy towards results and impacts on different stakeholders, mainly our teams, customers, shareholders and investors, society as a whole, and considering those risks that need to be addressed.

As regards people, our first and most important asset, the Report shows how once again we have made progress in attracting and developing talent, whilst at the same time we have moved forward in fostering a competitive organisation and driving measures of reconciliation to promote a better working environment. Our Company, which now employs more than 41,000 people in 32 countries, has once again been voted one of the most attractive companies to work for in Spain. And for the second year running we head the tourism sector rankings in Corporate Reputation.

Following on from our teams, I must undoubtedly mention our customers, the pivotal and focal point of our work. In 2014 we welcomed more than 28 million customers. In order to know our customers and anticipate their expectations, enhancing their level of satisfaction, we continue to strengthen our relationships with all of them, whether as the end client or intermediary client. We have also optimised our MeliáRewards Loyalty Programme, targeted at our different stakeholders. In addition, we have launched the "Meliá Digital" project, which in the years to come will make unprecedented progress in digitalisation and customer relations.

Innovation has also enabled us to improve the attributes and competitiveness of our brands. In 2014 we relaunched Sol Hotels, our holiday hotel brand par excellence, creating four different concepts adapted to different customers profiles and their expectations for their holidays. Yet we have not limited ourselves to new products and services; we have also reconverted and repositioned a mature destination such as Magaluf, with a "Calviá Beach" project, in which we have invested close to 100 million Euros together with our partners, and which continues to grow and incorporate new investors and a group of already refurbished hotels.

As regards our shareholders, I should mention that during the three years of our Strategic Plan we have managed to increase our share price by 127.5%. In December, the 200 million euro convertible bond swap confirmed our shareholders' unconditional support, and reveals that the market backs our excellent management following years of high volatility.

I shall conclude this introduction by recalling that within the framework of our responsible undertaking we have managed to create value for society through partnerships such as the one we have with UNICEF for childhood protection, or for the integration of people at risk of marginalisation with the Fundación ONCE or the Fundación Pinardi, and many other local initiatives introduced under the premise of responsibility.

This focus of action and the fostering of professional training and qualification in tourism, which we support through the Meliá Chair of Tourism Studies in collaboration with the University of the Balearic Islands, or the Degree in Science, Management and Engineering of Services created by the Rey Juan Carlos University to introduce a degree focused on the services sector, or the Agreement with the Fundación Príncipe de Girona to "mentor" young persons with talent, as well as more than 300 agreements with universities and centres for training work-experience students, represent our priorities in social issues.

Lastly, I should point out that every year Meliá, through its emission reduction policies, helps to minimise the company's environmental impact. During the Strategic Plan period this reduction was -9.5%. These policies are corroborated through our progress in the Carbon Disclosure Project (CDP) Ranking, as well as by TripAdvisor through certification of 85 hotels that form part of the "Eco-leaders" programme.

Dear friends, I am proud to say that Meliá Hotels International has successfully overcome some years of uncertainty, in which it has been able to deal with a strategic, organisational and cultural change and create a more solid and committed Company. Today we look forward to the future with a renewed strategy and with the best people and teams to continue to build this company and leading growth of a sector which is vital for international social and economic development.

#### **Gabriel Escarrer Julia**

Chairman and Founder of Meliá Hotels International

MESSAGE FROM  
THE CEO AND  
EXECUTIVE VICE  
CHAIRMAN



2014 is a year of balance, given that last year Meliá Hotels International concluded its Strategic Plan that had been in force since 2012, overcoming a complex stage in which it has managed to balance the slowdown of the economy in Spain with intense growth in the most dynamic regions and markets. The consolidation of our leadership over these years has been made possible thanks to the sweeping cultural and organisational change that we have managed in accordance with the road map of our strategic plan.

In harmony with this, we present an Annual Report in which we highlight our achievements, the actions carried out to obtain these and the supporting strategy. By the same token, the Company's performance figures will be analysed in accordance with their impact on society and on the different stakeholders.

At the close of the 2014 financial year, Meliá had posted 15 consecutive quarters of RevPAR improvements (average revenue per room) with sustained growth above the market average since 2010. All this is a consequence of a strategy based on increasing revenue, reinforcing competitive and differentiated brands and fostering a more asset-light business model, based on management for growth while escaping the vicissitudes of the real-estate cycle, where in fact we have been able to take advantage of certain opportunities.

The 2014 income statement showed a 7% increase in revenue, a 12% increase in EBITDA of the hotel business (151.3 million euros) and a Net Profit of 31.9 million euros, figures that put the finishing touch to a Strategic Plan that places us in an ideal position for the future.

At a financial level, Meliá has been able to optimise management, cutting debt by almost 200 million in 2014, reducing the average financial cost and improving the income statement by 105.7 million euros. During these turbulent years, market confidence has not wavered, our share price rising by an excellent 127.5% over the three years of our Strategic Plan, while our bond issues have been very well received on the markets.

As regards our growth, during the enforceability of our Strategic Plan Meliá experienced years of intense international growth, in which our portfolio incorporated 100 hotels. In 2014 alone, Meliá added 22 new establishments, most of which are outside Spain and in the upscale or luxury categories, in all cases under management or lease formulas that require little capital. Today we have 370 hotels and close to 100,000 rooms, with 99% of our room pipeline outside Spain, and 71% in what are considered emerging markets.

Although our group continues to consolidate itself in Spain, the third-largest worldwide destination in international arrivals and where 49% of our hotels are located, the globalisation process of Meliá is, as you can see, unstoppable, and the contribution of the international portfolio to our operating profits already totals 72%. So, we continue to open up new markets and consolidate our presence in these markets, such as the case of the Anglo-Saxon Caribbean – where we already have a presence in Jamaica and the Bahamas – or the Middle East, with deals already in place for four hotels in Dubai and Qatar.

In this increasingly global context, melia.com, the Group's main direct sales channel, has consolidated itself as a fundamental lever in improving the bottom line, as well as bringing us closer to our customers. Proof of this can be seen in the fact that its sales already account for 38%

of the Group's overall revenue. Also, I can assure you that in coming years the growth rate of sales through this channel, currently an annual 25%, will continue to increase, thanks to the natural evolution of demand and greater accessibility features that we will offer with our Meliá Digital project.

Meliá Hotels International bases its actions on a series of strengths and values, unique and verified throughout our almost six decades of existence, and which we shall continue to foster through our workforce of more than 41,000 employees, who represent the core of our organisation. With this in mind, our new Strategic Plan sets out an international strategy to attract and develop the best talent, with the creation of online knowledge and learning environment where we can provide our professionals from anywhere in the world with the spaces and tools that enable ongoing learning, the exchange of knowledge, the transfer of the values and principles that make us unique and excellent, and access to the Company's know-how.

Today, Meliá is a professionalised and diversified Group, able to compete on the international stage with major competitive advantages but one which also faces huge challenges. To this end, our Strategic Plan until 2018 has already defined some clear priorities, such as driving the growth of holiday hotels and the concept of urban resorts; to continue strengthening our brands for different client profiles; to achieve greater operational and financial margins; the ongoing improvement in revenue lines and the contribution of value; and to be a more competitive organisation.

At the same time we will redouble our efforts towards continuing to strengthen our international positioning and representation, where Meliá is already the leader in corporate reputation in Spain, the third largest hotelier in Brazil and recognised as one of the international leaders in the resorts segment.

This is our balance and this is our commitment.

**Gabriel Escarrer Jaume**

Vice chairman and CEO



G4-5 > **Corporate Headquarters and Regional Offices Spain and EMEA**  
Gremio Toneleros, 24  
Polígono Industrial Son Castelló  
07009 Palma de Mallorca - Spain  
Tel. +34 971 22 44 00

**Regional Office USA and Latin America**  
800 Brickell Avenue 10th floor  
33131 Miami - Florida - USA  
Tel. (1) 305 350 98 28

**Regional Office Brazil**  
Av. Nações Unidas, 12551  
04578-903 Sao Paulo SP - Brazil  
Tel. (5511) 3043 8484

G4-31 > **Corporate Social Responsibility Department**  
5ª Avenida e/ 20 y 22, No. 2008,  
Playa, La Habana, Cuba  
Tel. (53-7) 204 0910

**Asia Regional Office**  
Suite 13-101, 13th floor  
Hang Seng Bank Tower  
1000 Lujiazui Ring Road  
Pudong New Area  
Shanghai 200120 - China  
Tel. (86) 21 33 820 800

**Club Meliá Office**  
800 Brickell Avenue  
Suite 1000  
33131 Miami - Florida - USA  
Tel: (1) 305 350 9960  
[www.clubmelia.com](http://www.clubmelia.com)

**Investor Relations Department**  
+34 971 22 45 70  
[investors.relations@melia.com](mailto:investors.relations@melia.com)  
<http://inversores.melia.com>

**Communication and Press Department**  
+34 971 22 44 64  
[comunicacion@melia.com](mailto:comunicacion@melia.com)  
<http://prensa.melia.com>

**Shareholder services**  
+34 971 22 45 54  
[club.accionista@melia.com](mailto:club.accionista@melia.com)

G4-29 > Preliminary Annual Report 2013  
Signature of the PwC Audit Report  
on the Consolidated Annual Accounts  
Signature of the Independent Review of the PwC 2013 Report

[www.meli-hotels-international.com](http://www.meli-hotels-international.com)  
[info@melia.com](mailto:info@melia.com)

**Access Codes to Meliá Hotels International through GDSs**  
AMADEUS: SM  
GALILEO: SM  
SABRE: ME  
WORLDSPAN: SM

## COMPILATION STANDARDS < G4-18

Meliá Hotels International seeks to be a benchmark company for all its stakeholders. One of the basic principles to achieve this objective is the Company's reporting model, which is defined on the basis of maximum transparency and truthfulness.

For this reason and for the second consecutive year, Meliá Hotels International follows the <IR> (Integrated Reporting) standards set out by the IIRC (International Integrated Reporting Council) and within the GRI-G4 framework.

The key improvement in the compilation process of 2014 has been the progress made in analysing materiality, which is for the purpose of knowing what Company information is relevant for each stakeholder and thus be able to determine what information should be included in the Company's Annual Report. (see a breakdown in the Dialogue Model section).

## SCOPE OF THE INFORMATION

The scope of the information of this report includes hotels owned and leased as well as those that are managed by Meliá Hotels International (276 hotels and 76,922 rooms, excluding franchises).

At the level of GRI indicators reported, the following are excluded from the scope: Cuba, Egypt and Bulgaria, as well as particular exclusions in specific indicators.

## VERIFICATION OF THE INFORMATION, AUDITS AND STAMPS

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. After their verification process, PwC sent us their Verification Report, which revises the adaptation of the content of the 2014 Annual 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.  
Corporate Social Responsibility Department: [csr@melia.com](mailto:csr@melia.com)  
Communication Department: [comunicacion@melia.com](mailto:comunicacion@melia.com)

MAIN FIGURES



CONSOLIDATED DATA

Revenue*	€1,463.3M (+6.9%)
EBITDA	€354.0 M (+2.2%)
EBITDA	€228.3 M (-5.1%)
NET PROFIT	€31.9 €M (143.2%)

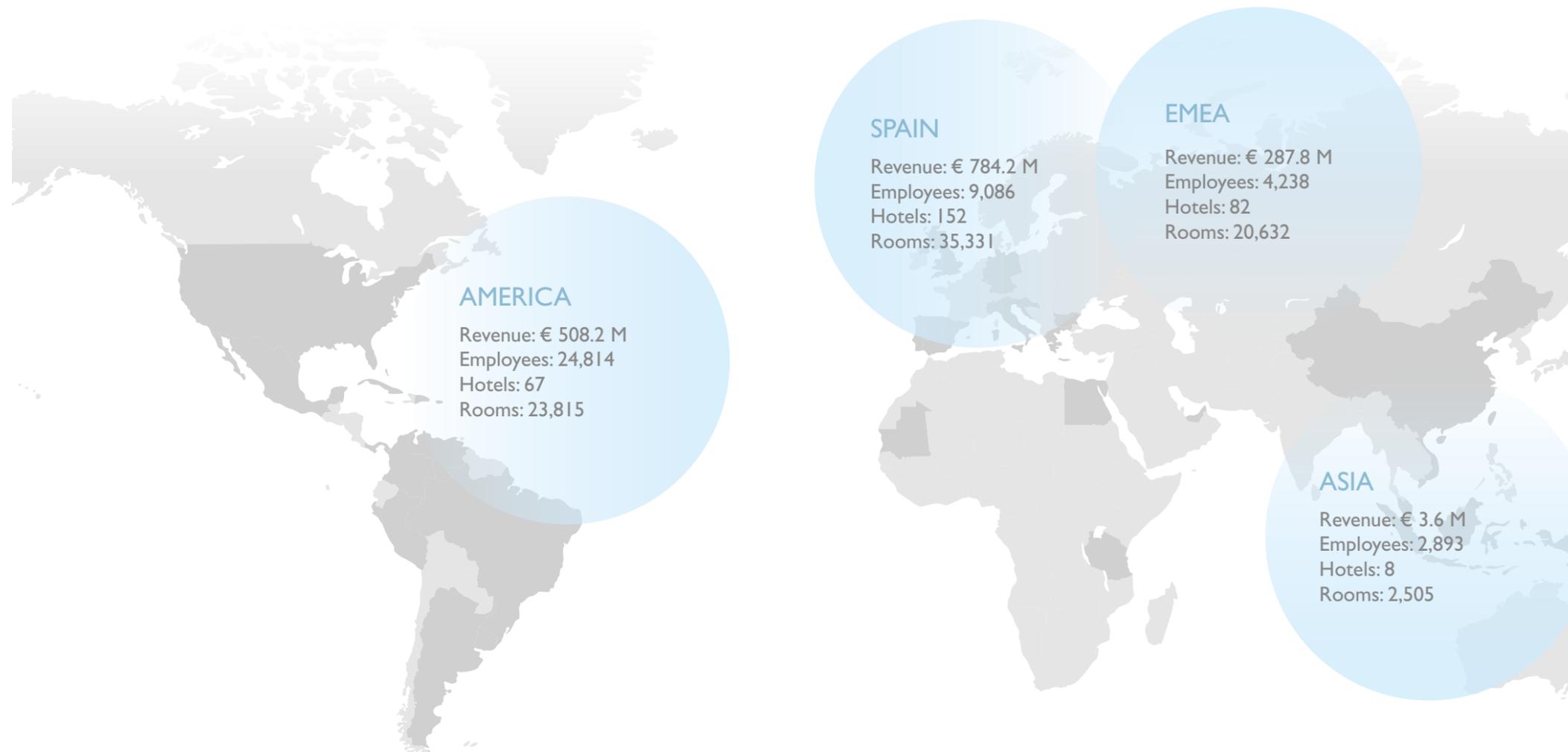
OPERATION FIGURES

REVPAr	€ 67.1 (+12.6%)
ARR	€ 92.72 (+5.1%)
OCCUPATION	69.7% (+3.1%)

MANAGEMENT FIGURES

Employees	41,031
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\* Included - €119.5 million in intragroup eliminations.

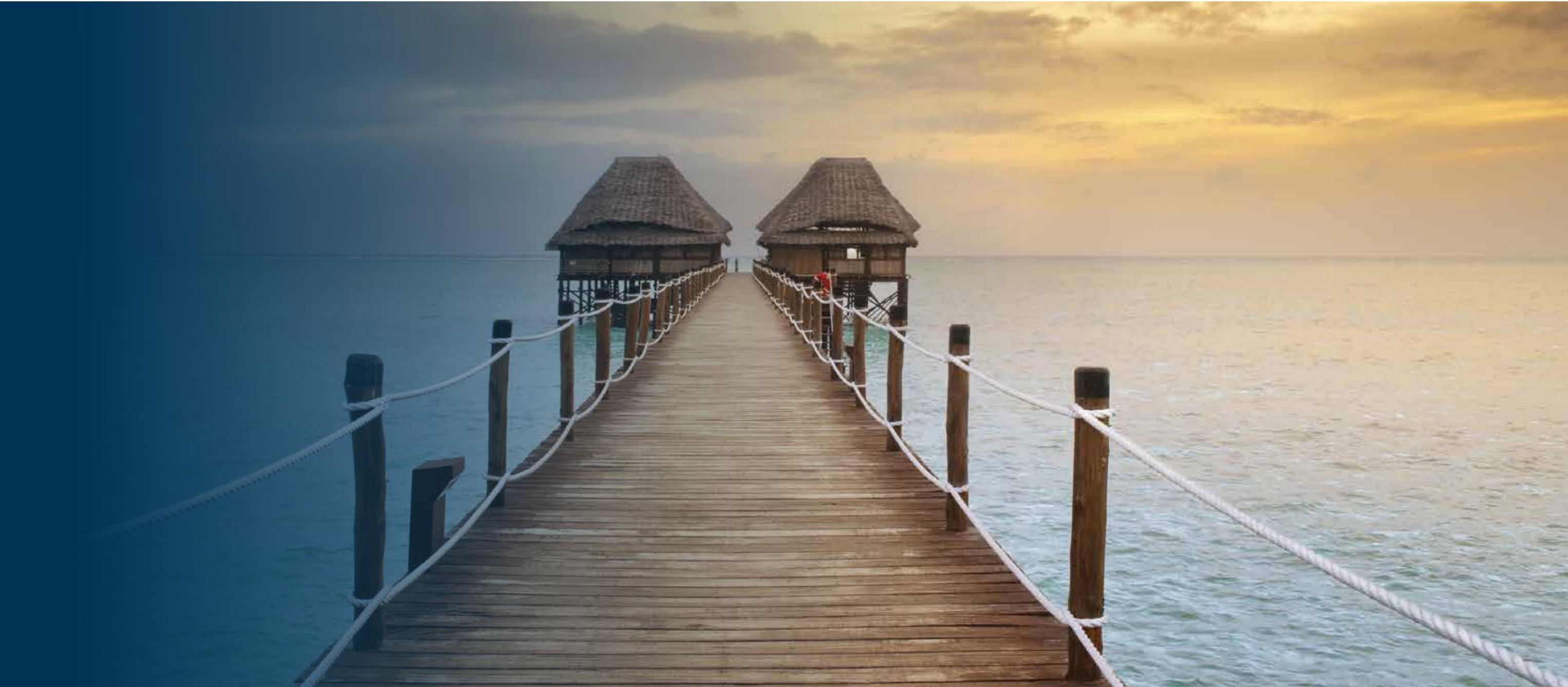


<b>OWNED PROPERTY</b>	
Hotels	58
Rooms	18,257
<b>LEASED</b>	
Hotels	99
Rooms	19,248
<b>MANAGEMENT</b>	
Hotels	119
Rooms	39,417
<b>FRANCHISE</b>	
Hotels	33
Rooms	5,361
<b>CLUB MELIÁ</b>	
Units	718
Hotels	14

	ME BY MELIÁ	GRAN MELIÁ HOTELS & RESORTS	Paradiseus RESORTS	MELIÁ HOTELS & RESORTS	INNSIDE BY MELIÁ	TRYP BY WYTHAM	Sol hotels & resorts	TOTAL
Hotels	6	11	9	101	14	87	81	309
Rooms	1,378	3,390	4,452	31,039	1,864	13,908	26,252	82,283
Hotels in Pipeline	5	3	1	25	20	5	2	61
Rooms in Pipeline	731	705	381	7,667	3,707	897	219	14,307



ABOUT MELIÁ  
HOTELS  
INTERNATIONAL



MELIÁ ZANZIBAR TANZANIA

HISTORY OF  
MELIÁ HOTELS  
INTERNATIONAL

<p>First Company hotel (Palma de Mallorca, Spain)</p> 	<p>First international hotel (Bali, Indonesia)</p>	<p>Acquisition of the Meliá hotel chain. The Company changes its name to <b>Sol Meliá</b></p>	<p>First European hotel group to be quoted on the stock exchange</p>	<p>Acquisition of the <b>TRYP Hotel chain</b></p>	<p>Launch of <b>ME by Meliá</b>, the most innovative brand in the portfolio</p>	<p>Relaunch of the Gran Meliá brand</p> 	<p>The Company becomes <b>Meliá Hotels International</b> Birth of the Asia-Pacific division and two important alliances with Jin Jiang and Greenland Group</p>	<p>Rebranding of the new Sol brand "Meliá Digital" project for the Company's digital transformation Finalisation of the 2012- 2014 Strategic Plan</p>								
1956	1984	1985	1986	1987	1995	1996	1999	2000	2004	2006	2007	2008	2010	2011	2012	2014
	 <p>Acquisition of the hotel chain <b>HOTASA</b>. It becomes the largest hotel group in Spain</p>	<p>Purchase of CHM, 11 hotels</p>	 <p>The birth of <b>Paradisus Resorts</b>, specialising in the luxury sector in the Caribbean</p>	<p>Acquisition of nine hotels in Paris, kickstarting developments in Europe</p>	<p>The launch of <b>Club Meliá</b>, Holiday Club</p>	 <p>Acquisition of the German brand <b>INNSIDE</b></p>	<p>Global alliance with Wyndham, giving rise to the birth of <b>TRYP by Wyndham</b></p>	<p>Launch of the Calvià Beach project for the restoration of the destination (Magaluf, Mallorca)</p>								

PORTFOLIO OF MELIÁ HOTELS INTERNATIONAL

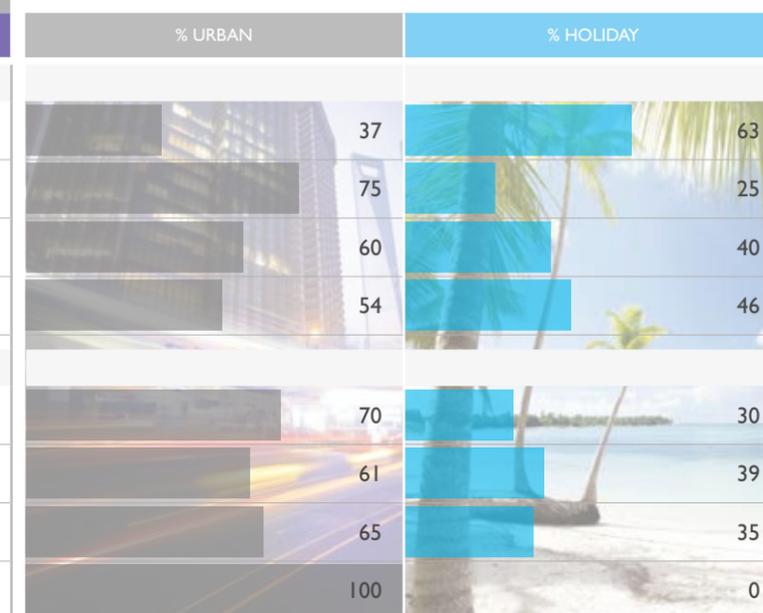
As a result of its strategic focus on international growth, in 2014 Meliá Hotels International achieved a footprint in 40 countries for the very first time, a consequence of the new markets in which the Company has grown.

With a balanced portfolio of urban and holiday hotels, the group has a firm presence in traditional markets and clear leadership in the Mediterranean and Caribbean holiday destinations. Furthermore, it is the leading Spanish hotelier with a presence in key markets such as China, the Middle East and the USA.

Elsewhere, as a consequence of its asset-light growth model, the portfolio of hotels under lease, franchise and, mainly, under management, now account for more than 80% of all of the Company's rooms.

	OWNED PROPERTY		MANAGEMENT	
	HOTEL	ROOMS	HOTEL	ROOMS
<b>OPERATIVE</b>				
America	14	5,903	52	17,772
Asia	-	-	8	2,505
EMEA	5	950	29	11,407
Spain	39	11,404	30	7,733
<b>PIPELINE</b>				
America	-	-	19	4,606
Asia	-	-	13	2,991
EMEA	-	-	13	3,719
Spain	-	-	-	-

	LEASED		FRANCHISE	
	HOTEL	ROOMS	HOTEL	ROOMS
	-	-	1	140
	-	-	-	-
	33	5,364	15	2,911
	66	13,884	17	2,310
	1	312	-	-
	-	-	-	-
	13	2,428	-	-
	1	173	1	78



G4-13 > OPENINGS

IN 2014 THE COMPANY OPENED 11 NEW HOTELS WITH A TOTAL OF 4,941 ROOMS, 86% UNDER MANAGEMENT AND 14% UNDER LEASE

DISAFFILIATIONS

IN 2014, SEVEN HOTELS WERE DISAFFILIATED, WITH A TOTAL OF 1,640 ROOMS



BRAND ARCHITECTURE



CORPORATE BRAND

In 2011, the Company commenced a stage to consolidated its strengths in management in response to new strategic challenges, which was accompanied by the launch of its new corporate brand "Meliá Hotels International". Through this revamp, the hotelier has since managed to strengthen its international recognition through its best-known and largest flagship, Meliá, which symbolises the Group's leadership and the global service vocation.

Meliá Hotels International is therefore the institutional brand that represents the Company with its stakeholders, shoring up the Group's solidity and future and conferring it with an identity based on certain attributes:

- Family company
- Financial solvency
- Internationalism
- Social and environmental commitment
- Diversity and attractive to work for
- Leadership and innovation

COMMERCIAL BRANDS

The brand strategy of Meliá Hotels International seeks to support balanced, selective and sustained growth for the Company worldwide. So, its seven hotel brands join forces to address the diversity of markets and to respond to the challenges and opportunities these present, as one of the Group's major strengths as an international manager and one of the key attractions for its partners and investors.

With its diversified portfolio of brands, the hotelier offers different products and experiences for the different demand profiles - midscale, upscale and luxury - both in the urban and holiday segments. The positioning of its brands is established through its attributes and its culture of service, the consistency and vision of which are guaranteed through an assessment of performance indicators. Each of these are targeted at clearly defined psychographic profiles and therefore complement each other in response to the needs of today's traveller, adapting to changes and new trends as a result of constant evolution and innovation.



PREMIUM		<b>GRAN MELIÁ</b> HOTELS & RESORTS  11 hotels 3,390 rooms	<b>ME</b> BY MELIÁ  6 hotels 1,378 rooms	<b>Paradise</b> RESORTS  9 hotels 4,452 rooms
		<b>MELIÁ</b> HOTELS & RESORTS  101 hotels 31,039 rooms	<b>INSIDE</b> BY MELIÁ  14 hotels 1,864 rooms	
		<b>TRYP</b> BY MELIÁ  87 hotels 13,908 rooms	<b>Sol</b> HOTELS & RESORTS  81 hotels 26,252 rooms	



**GRAN MELIÁ**  
HOTELS & RESORTS

Gran Meliá Hotels & Resorts is the selection of luxury hotels of Meliá Hotels International, and reflects the company's 50+ years of experience in the hotel sector. Architecturally distinctive, these top-class hotels and resorts are designed to fully captivate the expert and multi-cultural traveller. Its distinctive RedGlove Service concept combines the powers of traditional standards of luxury with cutting-edge touches, creating breakthrough experiences. Sophisticated accommodation envelops the client in luxury and glamour, backed by latest generation technology. At Gran Meliá, the gastronomic experiences are unforgettable and add a touch of local culture to a perfect fusion of setting and flavour.

MILESTONES 2014

The brand opened its first hotel in China, Gran Meliá Xián, and strengthened the international reputation of its portfolio with the inclusion of Gran Meliá Rome in the prestigious "American Express Fine Hotels of the World" and more recently in the "Leading Hotels of the World", to which the Gran Meliá Fénix (Madrid) and Gran Meliá Colón (Seville) also belong. Moreover, it has broadened its relationship with Clarins, the top-end cosmetics brand, for the development of new Spas.

FUTURE DEVELOPMENT

The brand's main focus is on increasing its presence in the main urban and holiday destinations of the USA and Middle East, and on continuing its development in Europe, Asia and Latin America.

In 2015 the brand will open a new hotel in the centre of Madrid, the Gran Meliá Palacio de los Duques, after the emblematic TRYP Ambassador was totally refurbished.

MAIN FIGURES

 Number of hotels	 Number of rooms	 Countries	 Pipeline	 Customers
11	3,390	6	3	1,336,625
Customer satisfaction: 82.2%				



**Paradisus**  
RESORTS

Through the Paradisus luxury brand, Meliá Hotels International is completely reinterpreting the "all-inclusive" concept by establishing LUXExclusive® as a benchmark at luxury resorts. LUXExclusive® provides an unprecedented level of quality and service, more than in any other brand of this category. Clients seek experiences that enrich their lives in a paradise that is tailored to their desires. Always in elegant beachfront settings, an oasis of architectural richness, incredible landscapes and exuberant details, and a perfectly organised and discreet service that exceeds all expectations.

The Paradisus Resorts are at one with nature. As unique as their location, these hotels create close ties with the local community and its environs.

MILESTONES 2014

Paradisus has moved forward in its F&B strategy as the distinguishing element of its All Inclusive offer. Having signed a partnership agreement with Martin Berasategui to create signature restaurants at the brand's hotels, in 2014 Paradisus signed a new agreement with the prestigious mixologist Miguel Lancha to achieve the utmost level of quality at its bars and lounges.

FUTURE DEVELOPMENT

The development vision of Paradisus involves continuous expansion of the brand in the regions of the Caribbean, Mexico and Central America, and we are looking for prime beachfront locations to this end. The operating model and associated costs make it easier for the brand to be exportable to different regions of Asia, thus establishing this region as a new frontier for growth.

MAIN FIGURES

 Number of hotels	 Number of rooms	 Countries	 Pipeline	 Customers
9	4,452	3	1	2,197,230
Customer satisfaction: 83.2%				





ME by Meliá are hotels with their own personality located in world capitals of fashion and culture, and are based on design and the client's experience. The market is not uniform; there is not just a single client, but rather a melting pot of clients. This is why the ME hotels have been meticulously created to satisfy a very well defined psychographic profile.

MILESTONES 2014

The new openings of ME Ibiza and ME Mallorca represent the brand's major advances in the holiday segment in Europe. With Nikki Beach and Compañía de Lobos as priority hostelry partners, both hotels satisfy the brand promise of turning themselves into social epicentres at their respective destinations. Furthermore, ME by Meliá has formed a partnership with SkinC as a brand for its Spas.

FUTURE DEVELOPMENT

The development vision of the ME brand entails exponential growth in its current footprint over the next five years. Focusing on major cities that offer a rich cultural setting is essential in complying with the brand's key premise as a dynamic social epicentre.

Moreover, the rate of openings will continue in 2015, with the inauguration of ME Miami and ME Milan, two key cities for the brand.

MAIN FIGURES

				
Number of hotels	Number of rooms	Countries	Pipeline	Customers
6	1,378	3	5	502,800
Customer satisfaction: 80.9%				



Meliá Hotels & Resorts is the brand that represents the passion of Meliá Hotels International worldwide. Meliá offers the experienced traveller a successful trip, whether for business or pleasure, turning it into an unforgettable experience. The brand culture consists in offering a warm welcome, a connection and a surprise focused on the five senses. Meliá Hotels & Resorts is an example of the merger of design and technology coupled with innovation, to enable each hotel to be integrated into local culture, respecting the environment and the community itself.

MILESTONES 2014

In 2014, Meliá opened its first hotel in China, the modern Meliá Jinan, while in Europe the Company inaugurated its first hotel in Austria, the Meliá Vienna, designed by the famous architect Dominique Perrault. In Sao Paulo, Brazil, it opened the Meliá Paulista, and in Africa it inaugurated its second hotel at Cape Verde, the Meliá Dunas Beach & Resort. At the end of 2014 the Company opened its largest hotel, the Meliá Jardines del Rey, in Cuba, along with its first hotel in Qatar; with Meliá Doha as the new Spanish benchmark in the Middle East. It also opened the Meliá Paris La Défense, its sixth hotel in the French capital.

In addition, as a consequence of its constant innovation, Meliá launched new concepts in 2014, such as the healthy food programme "Balance by Meliá" or the sustainable Meetings & Events proposal "Eco Touch by Meliá".

FUTURE DEVELOPMENT

The brand's development will focus on opening hotels in key destinations and on the search for opportunities in emerging markets.

Throughout 2015, the Meliá brand will open new establishments in Brazil, Jamaica, the USA and Italy.

MAIN FIGURES

				
Number of hotels	Number of rooms	Countries	Pipeline	Customers
101	31,039	28	25	10,897,788
Customer satisfaction: 78.8%				





## INNSIDE BY MELIÁ

Characterised by its design and German origin, each hotel of this brand has its own architectural personality, elegant rooms and bars and restaurants with their own style and which are highly popular in the city. This is all for the purpose of satisfying the needs of young business travellers. Relationships with guests are based on an informal and efficient service coupled with smart technology. Commencing with the international growth of its portfolio, the Inside brand continues to offer new, fresh and sustainable interpretation of value to business clients worldwide.

### MILESTONES 2014

Inside enjoyed impressive growth in 2014 with the signing of new establishments in China, Brazil, Venezuela, Chile, Italy and the UK. The UK is considered a key market for the Company, and three future Inside hotels are currently scheduled to be opened there. In the brand strategy section, the main focus has been on developing innovative concepts in Food and Beverage, with the special hallmark of mixology (mixing drinks). One example of this is the positioning achieved by The Rooftop at the Inside Suecia (Madrid) just one year after opening.

### FUTURE DEVELOPMENT

The development strategy of INNSIDE by Meliá lies in increasing brand equity through the opening of new establishments outside Germany. Thanks to its differentiated and highly profitable approach, it has great potential to attract investors and hotel owners worldwide, and in fact is the Company's biggest growth brand.

### MAIN FIGURES

 Number of hotels	 Number of rooms	 Countries	 Pipeline	 Customers
14	1,864	2	20	551,759
Customer satisfaction: 82.6%				



TRYP by Wyndham welcomes globetrotters to its hotels to explore some of the most attractive and cultural cities of the world, such as Barcelona, Berlin, New York, Buenos Aires, Frankfurt, Lisbon, Madrid, Paris, São Paulo and many more. This brand offers everything to ensure that its clients enjoy successful trips, such as an excellent free-of-charge high-speed Wi-Fi connection and an excellent buffet breakfast, with a wide range of healthy and energy-boosting products.

### MILESTONES 2014

With the assistance of Meliá Hotels International, in 2014 TRYP by Wyndham opened two new hotels in Spain (TRYP Valle Romano, in Malaga and TRYP Rincón de Pepe, in Murcia), and one in Portugal (TRYP Lisbon Airport), while it continues with its international growth in new destinations such as Australia and Holland, through the Wyndham Hotel Group.

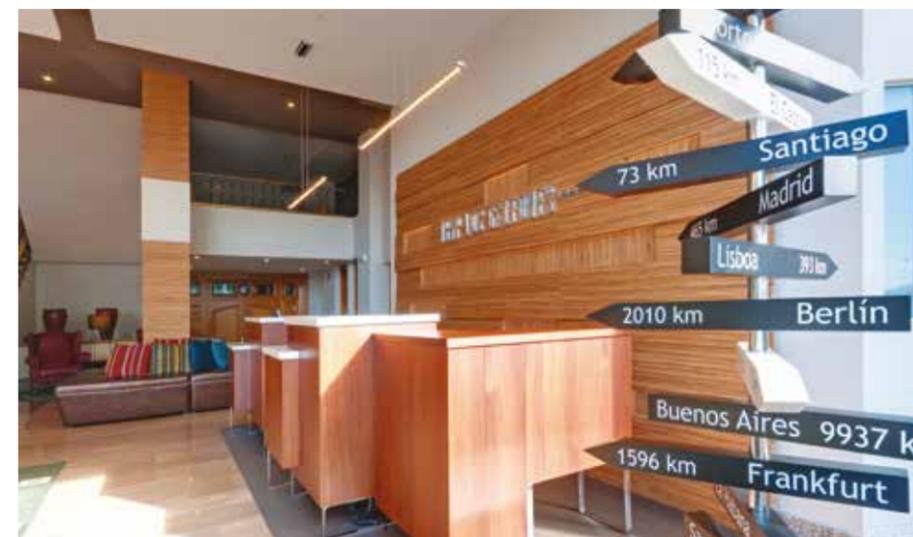
Since 2014, clients of TRYP hotels have been able to benefit from both the Meliá Rewards and Wyndham Rewards loyalty programmes, as a consequence of the partnership between both companies.

### FUTURE DEVELOPMENT

Continuing with the consolidation strategy of the new brand attributes, we have undertaken refurbishment processes at many hotels and have incorporated the new "Own the City" service culture, where brand collaborators become "experts" on the city and are able to pass on their knowledge to clients.

### MAIN FIGURES

 Number of hotels	 Number of rooms	 Countries	 Pipeline	 Customers
87	13,908	9	5	4,094,160
Customer satisfaction: 78.2%				





Sol Hotels & Resorts has managed to reinterpret the traditional concept of a holiday hotel to improve the client's experience through the creation of four concepts that address the changing expectations of today's travellers with regard to leisure time. Each one shares the brand's character, a sense of *élan*, and a determination to ensure clients enjoy their holidays exactly as they want. Families, couples or small groups of friends. Sol Hotels & Resorts offers a simple and modern style with refreshing sensory experiences.

**SOL HOTELS. Real Holidays**

The best definition of real Sun and Beach Holidays, with a universal and special vocation for families.

**SOL KATMANDU PARK & RESORT. Free to Play**

A unique experience that integrates a resort and a theme park with a mythical experience.

**SOL HOUSE. The New Cool**

Targeted at a young public (the so-called Generation Y) with a major element of design, energy and affordable lifestyle experiences.

**SOL BEACH HOUSE. Feel the Mood**

"Your beach house"; beachfront hotels for those over the age of 16 looking for hippie-chic holidays with a vintage touch.

**MILESTONES 2014**

The repositioning of the Sol brand was the Company's largest brand project in 2014, reflecting the undertaking and commitment of Meliá Hotels International towards the growth of this brand and its differentiation in the holiday segment. As a consequence of this renewal, in 2014 Sol added new hotels in Egypt and Indonesia, as well as boosting the Calviá Beach tourist reconversion project in Mallorca, with the adaptation of local hotels to the new concepts of the Sol brand.

**FUTURE DEVELOPMENT**

Sol's aim is to increase its presence in the Mediterranean, to continue its growth in new areas of the Caribbean and to look for new opportunities in the Asia-Pacific and other emerging markets.

**MAIN FIGURES**

 Number of hotels	 Number of rooms	 Countries	 Pipeline	 Customers
81	26,252	6	2	8,325,632
Customer satisfaction: 79.0%				

**CLUB MELIÁ**

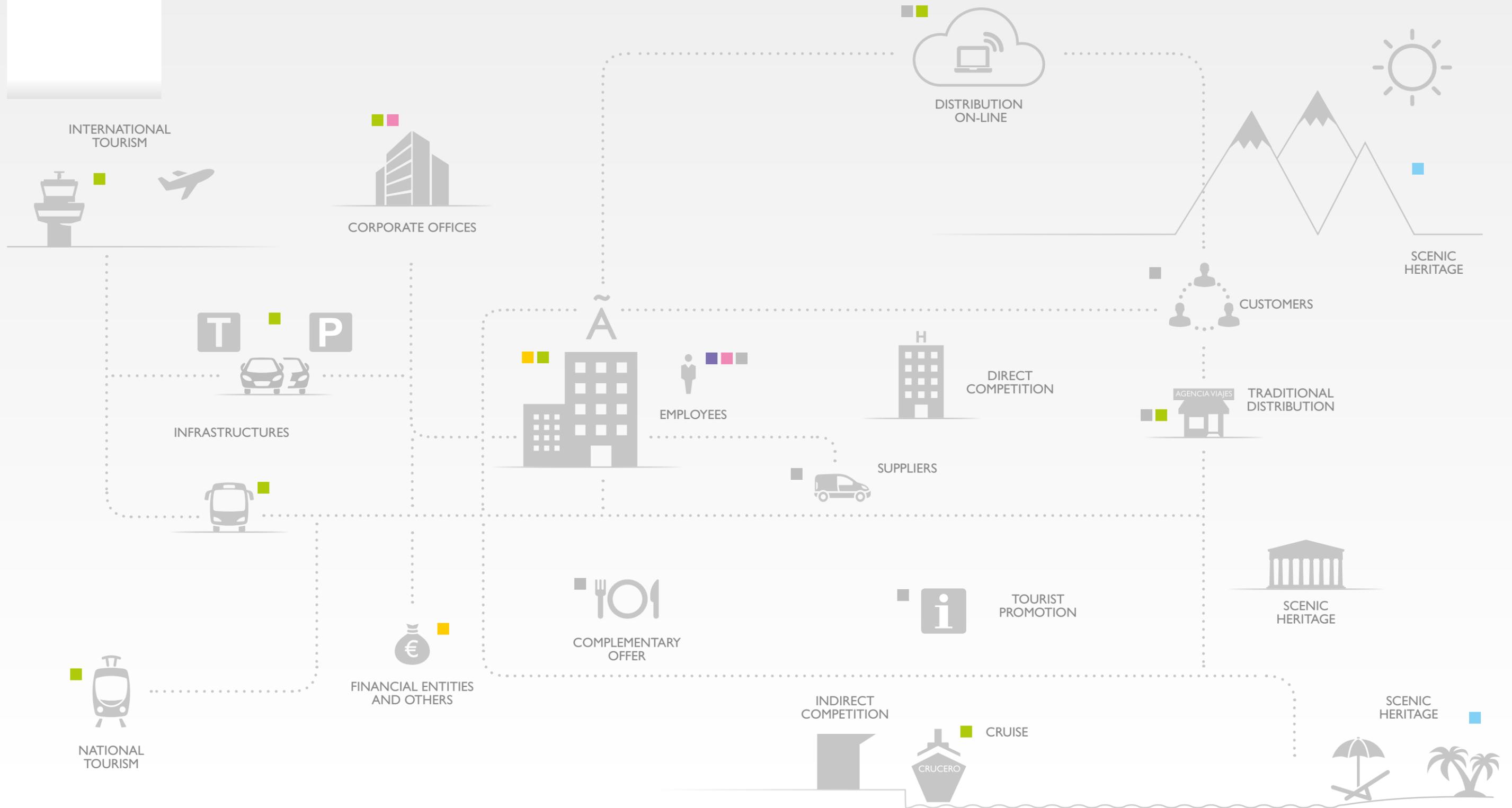
Club Meliá has 718 units distributed over 14 hotels operated by leading brands such as Gran Meliá, Paradisus and Meliá.

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:



# THE TOURISM INDUSTRY



■ FINANCIAL RESOURCES	■ HUMAN CAPITAL	■ INDUSTRIAL CAPITAL	■ INTELLECTUAL CAPITAL	■ NATURAL RESOURCES	■ SOCIAL RELATIONSHIP CAPITAL
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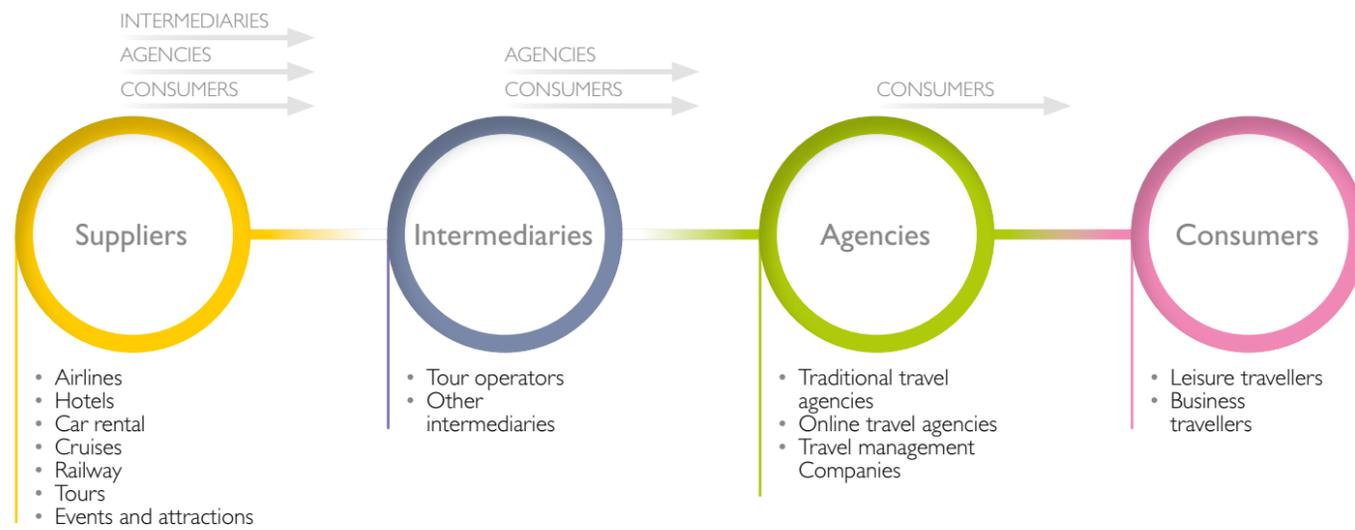
### THE TOURISM INDUSTRY AND ITS SETTING

According to the WTO, Tourism is a social, cultural and economic phenomenon related to the movement of people to places outside their usual place of residence for personal or business reasons.

As such, Tourism has effects on the economy and the environment. For decades, it has been one of the fastest-growing sectors worldwide, becoming a driving force of socioeconomic development.

Today, its business volume is equal to or perhaps greater than exports of oil or food products. It is also one of the main sources of revenue for many developing countries. As a whole, it accounts for 9% of worldwide GDP (direct and indirect) and 6% of worldwide exports.

Many agents intervene in the production of tourist goods and services, either as parties involved or directly affected by this industry. The main interacting players are:



In addition to these players, there are other public and private agents who, without directly shaping supply or demand, take part as facilitators, promoters or regulators of the tourism market.

Within this setting, the main business activity 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, it also offers hospitality and entertainment services to its clients, thus providing a complete experience during their stay in the establishment.

### RESOURCES USED BY MELIÁ HOTELS INTERNATIONAL

To run its business activities Meliá deploys a set 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, inter alia

In 2014, overall net borrowing decreased by almost €200 million compared with figures reported in December 2013, thanks to an improved performance in hotel activity.

The Company's financial focus is on deleveraging 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.

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

#### HUMAN CAPITAL

In an industry focused on providing services, human capital is a key factor for success, and also one that sets some companies apart from others.

Currently, the staff of Meliá Hotels International is made up of 41,031 people.

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 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.

**STAFF MELIÁ**  
41,031  
PERSONS

**DEBT REDUCTION 2014**  
€198M

**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 upkeep of infrastructure such as airports, ports and motorways are key factors that determine the attractiveness and potential of regions.

**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 (48% of the portfolio) hand over the management of their business to Meliá Hotels International in exchange for management fees. The Company has an excellent reputation and commands a strong positioning as a manager in markets that are already consolidated or have a notable presence such as Spain, Cuba, Brazil and Asia.

A large part of this knowledge and experience is embedded in the Company's System, through policies, regulations, processes and procedures. Currently it is internally re-launching a Knowledge Management project in order to review, update and innovate the way this *know how* is disseminated and to adapt it to cultural diversity.

**NATURAL RESOURCES**

The tourism industry needs to preserve destinations and keep sites attractive, as this is also an element that complements 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 refers to the capacity to share information with stakeholder groups. It includes:

- The values and behaviour of Meliá Hotels International
- Relationships with key stakeholder groups, and the trust and willingness to collaborate
- An organisation's social licence to operate



ME LONDON | UK



THE BUSINESS OF MELIÁ HOTELS INTERNATIONAL

**VALUE GENERATION OF MELIÁ HOTELS INTERNATIONAL**

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

Business Management	Expansion	Marketing	Operations	Support
<p>Activities aimed at defining the Company's global strategy, the planning and management and monitoring of the business as a whole</p> <ul style="list-style-type: none"> <li>• Strategy</li> <li>• Financial management</li> <li>• Performance management</li> <li>• Risk</li> <li>• Regulatory compliance</li> <li>• Relations with stakeholders</li> <li>• Asset management</li> <li>• Communication</li> </ul>	<p>Activities that afford flexibility and allow the provision of availability of a hotel or business for subsequent operations</p> <ul style="list-style-type: none"> <li>• Expansion</li> <li>• Construction and refurbishment of hotels</li> <li>• Pre-opening</li> <li>• Disaffiliations</li> </ul>	<p>Activities that facilitate and allow for the marketing of the products and services of our business activities (hotels, holiday clubs, spaces, etc.)</p> <ul style="list-style-type: none"> <li>• Market intelligence</li> <li>• Marketing</li> <li>• Sales and Distribution</li> <li>• CRM and Loyalty</li> </ul>	<p>Activities related to hotel operations. Everything we do to provide a service to the end client</p> <ul style="list-style-type: none"> <li>• Rooms</li> <li>• Food and Beverages</li> <li>• Sales</li> <li>• Administration</li> <li>• Maintenance</li> </ul>	<p>Activities that support operations</p> <ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Financial</li> <li>• IT</li> <li>• Purchasing</li> <li>• Legal</li> <li>• Internal audit</li> </ul>



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

G4-4 > HOTEL MANAGEMENT MODEL

Among the possible alternatives to hotel management, Meliá mainly operates through management, leased and owned property contracts, 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. This differs from those hotels run under management and franchise agreements.

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	<b>ALL Hotel Management Services</b> <ul style="list-style-type: none"> <li>• Brands</li> <li>• Marketing &amp; Distribution/Booking Systems</li> <li>• Staff Management/Human Resources</li> <li>• Procurement network</li> <li>• Others: Maintenance, Administration, etc.</li> </ul>		<ul style="list-style-type: none"> <li>• Brands</li> <li>• Marketing &amp; Distribution</li> <li>• Booking Systems</li> </ul>	
MELIÁ REVENUE	All hotel revenue		<b>Fees</b> <ul style="list-style-type: none"> <li>• On Revenue</li> <li>• On profits</li> <li>• Marketing &amp; Booking</li> </ul>	<b>Royalties</b> <ul style="list-style-type: none"> <li>• On Revenue</li> <li>• Marketing &amp; Booking</li> </ul>
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	

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

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

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, so in order to reduce this risk 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, clientèle with inappropriate behaviour and little public investment, which can make the destination less appealing.

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 spending power available for both 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 slowdown in internal demand.

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

EXTERNAL RISK FACTORS

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

- Natural disasters or catastrophes. These refer to risks such as: 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.
- Adverse effects of climate change.
- Trade embargoes, governmental interventions. Political and legal uncertainty.

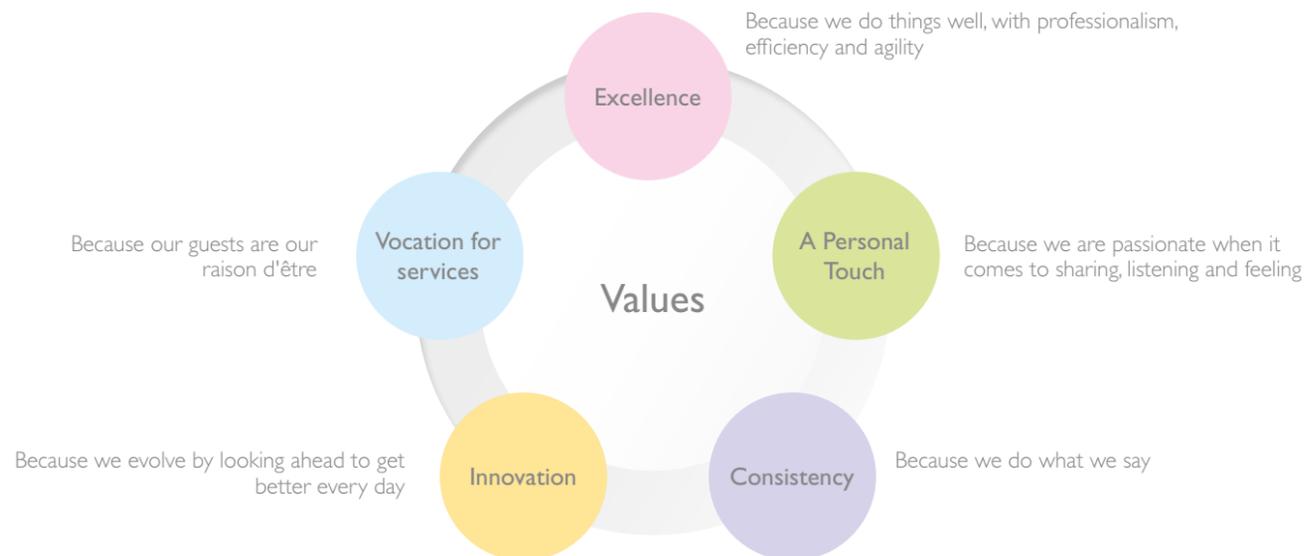
Daily operations require definition of the corresponding protocols for action aimed at safeguarding the health and safety of customers and employees and ensuring normal functioning of operations.

With the launch of its latest Strategic Plan, Meliá Hotels International has reinforced its commitment to consolidating itself as a leading global company, more excellent in management and closer to its stakeholders, its growth underpinned by the integration and consolidation of culture and corporate values in its business model. This will enable it to maintain the essence of the Group's family origin, which has been the mainstay of its success over time and one of the most representative elements of differentiation and reputation.

Today, the hotelier is the out-and-out leader in Spain, a worldwide leader in holiday accommodation and the third largest hotel group in Europe. In recent years, Meliá Hotels International has demonstrated its capability to generate solid and sustainable results, and major strength in the key management levers. The Company has positioned itself in high-growth segments, spearheading holiday accommodation and placing itself at the cutting edge of innovation of hotel brands and experiences, supported by key partnerships with strategic partners and committed to responsible tourism. Its pool of talent and its undertaking with employees has also become a critical factor in the Company's growth, and all this has reinforced its positioning as a benchmark manager in the international hotel sector.

As a result of these strengths, Meliá Hotels International is the Spanish tourism company with the leading corporate reputation (Merco Ranking) and one of the best companies to work for on the international stage, as well as a benchmark in Corporate Responsibility and Sustainability.

G4-56 > VALUES OF MELIÁ HOTELS INTERNATIONAL



COMPANY AWARDS

MERCO Corporate Reputation	Position 31
MERCO Leaders Ranking (Gabriel Escarrer Juliá)	Position 52
MERCO People Ranking	Position 31
CEO of the Year (Gabriel Escarrer Jaume)	European Hospitality Awards
Business leader of the Year (Gabriel Escarrer Jaume)	Condé Nast
Ruban d'Honour (Customer Focus category)	European Business Awards
3rd Most Admired Company in Brazil	Carta Capital Ranking
Best international hotel chain in Brazil	Top Aviesp
Attractive company to work for	Randstad Employer Branding
1st Spanish hotel company with Best Online Reputation	Social Vane

MOST OUTSTANDING AWARDS AT BUSINESS UNITS

	AWARDING BODY	AWARD
<b>EMPLOYMENT</b>	Ministry of Manpower and Transmigration	Best company for female employment & empowerment (Meliá Purosani) Zero Accident Award (Meliá Purosani, Meliá Bali)
	CAEB - Confederation of Business Associations of the Balearic Isles	1st Prize IV Edition of the Awards for Good Health & Safety Practices (Meliá Hotels International)
<b>CSR</b>	Worldwide Hospitality Awards	Best initiative in Social Responsibility (Meliá Roma Aurelia Antica)
	Anima Award	Award for the growth of an ethical conscience (Meliá Roma Aurelia Antica)
	State of Luxembourg	State of Luxembourg, Ecolabel (Meliá Luxembourg)
	ITTA Foundation	Leading GreenHotel (Meliá Bali)
<b>PRODUCT / SERVICE</b>	European Hospitality Awards	Best Opening of the Year (Meliá Vienna)
	International Hotel Awards	Best Hotel Renovation / Refurbishment Spain & Europe (ME Ibiza), Best Hotel in UK (ME London)
	Globus Award	Best Service to Travel Agents in Germany (Meliá Hotels International)
	Michelin guide of Spain and Portugal	Michelin star - Restaurante Aizaan (Meliá Bilbao)
	Agenttravel	XXII Edition of the Travelranking Awards (Meliá Castilla)
	Kuoni	Bronze Prize in the 4**** category of Sta. Cruz de Tenerife (Meliá Jardines del Teide)
	Magazine	Best Holiday Hotel in Spain (Gran Meliá Palacio de Isora)
	Travel & Leisure Magazine	IT list' Best Hotels in London (ME London)
	Orbitz Worldwide	Best in Stay Award (Paradisus Palma Real & Paradisus Playa del Carmen)
	The Leading Hotels of the World	Gran Meliá Colón, Gran Meliá Fénix, Gran Meliá Rome, ME Ibiza, y Gran Meliá Palacio de Los Duques
	Preferred Hotel Group	ME London
	AAA, Five Diamonds	Paradisus Palma Real & Punta Cana - Restaurante Passion by Martin Berasategui
	TripAdvisor	130 Certificates of Excellence and 15 Travelers' Choice
	HolidayCheck	4 Hotels Awarded, 13 Quality Selection, 24 Recommended Hotel, 6 TopHotel
	Booking	17 Certificates of Excellence
	Expedia	4 Insiders' Select List, 2 Top Producer of the Year, 1st Jakarta Partnership
Conde Nast Traveler	3 Gold List	
Zoover	8 Recommended Hotels	
Hotel.de	18 Top Rated Hotels	



STRATEGIC  
TARGETS  
AND MILESTONES

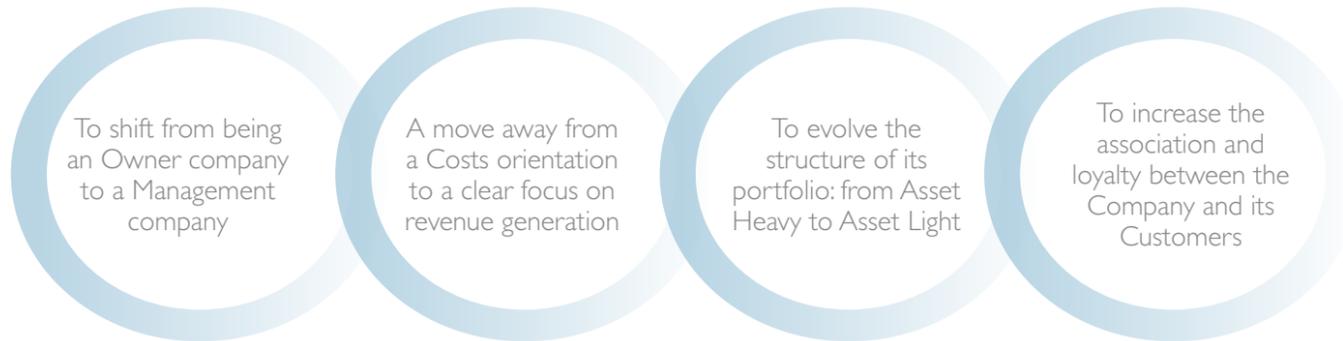


MELIÁ DOHA QATAR

STRATEGY OF MELIÁ HOTELS INTERNATIONAL

THE STRATEGY OF MELIÁ HOTELS INTERNATIONAL COMES ABOUT IN RESPONSE TO THE COMPANY'S MISSION AND VISION

The strategic focus seeks to transform and reposition the Company in specific aspects.



To monitor progress in the Company's strategy, we defined a set of indicators that allow us to monitor the evolution and results of the initiatives introduced. In addition to the economic-financial performance indicators of the business, we have monitored the previous areas on which the Company focuses its 2012-2014 Strategic Plan. (See the Strategic Indicators section on each aspect).

Similarly, the Company has identified the main risks associated to development of the strategy, on which it performs specific monitoring to ensure this is integrated into the Company's risk management model. (See Risk Management section).

To manage progress of the strategy and to monitor the associated risks, the Company has introduced a Strategic Planning Committee comprising the Executive Committee of the Company and a selection of key executives from the most relevant business areas. This Committee meets three times a year and reviews progress in the strategy, proposing changes and new approaches depending on the results achieved and changes within the competitive context. (See Corporate Governance section).



MELIÁ PARIS LA DÉFENSE | FRANCE

To introduce these changes and to achieve the desired positioning, Meliá Hotels International has finalised its 2012-2014 Strategic Plan in which the main aspects of 2014 were:



... ALLOWING US TO STRENGTHEN THE VALUE PROPOSAL OF MELIÁ HOTELS INTERNATIONAL AS A HOTEL MANAGEMENT COMPANY WITH CUSTOMERS AND OWNERS

In line with the commitment of Meliá Hotels International to change from an owner company with hotels under management to a management company with its own assets, we are consolidating initiatives that enable us to strengthen the value proposal of Meliá Hotels International as a hotel management Company.

The key premises of the target model are:

- An international scope
- Localisation - Capacity for local adaptation
- Scalability
- Operations Efficiency
- Responsible Undertaking

The experience of Meliá Hotels International is a purely management model, as it stems from consolidated and recognised experience in countries such as Cuba, Brazil and the Asia region, where the entire portfolio managed by these geographic areas is exclusively performed with a management model.

The hotels under management of the operations portfolio total 119 hotels, with 39,417 rooms.

The development initiatives encompass actions in different areas that cover the services and value-added that Meliá Hotels International offers owners in return for fees.

1. TO GUARANTEE BUSINESS PROFITABILITY
2. TO IMPROVE THE EXCELLENCE OF ITS MODEL
3. TO INNOVATE IN ITS MANAGEMENT MODEL
4. TO DRIVE CULTURAL CHANGE
5. TO BE PROACTIVE
6. TO ENSURE CLOSE RELATIONS WITH EACH STAKEHOLDER



BRAND DEVELOPMENT AND MANAGEMENT

Management of the seven hotel brands belonging to Meliá Hotels International, as well as the Holiday Club.

Including the architecture and definition of the attributes by brand and their ongoing innovation to adapt to markets, proper promotion and introduction of business units. This involves monitoring and control of brand standards and customer satisfaction, including reputation control.

SEE THE OUR BRANDS SECTION

SALES AND DISTRIBUTION

This involves business promotion actions, securing of global accounts, revenue management.

It encompasses customer loyalty, management of sales channels with a particular focus on those of Meliá Hotels International, social media management; it is the full circle of management of all customers at sales level.

SEE THE FOCUS ON REVENUE AND OFFERING CUSTOMISED EXPERIENCES TO OUR CUSTOMERS SECTION

TECHNOLOGY AND SYSTEMS

Management of technology and applying this to the business to improve both the customer's experience as well as the key processes of the hotel and of the Company in overseeing the efficiency and profitability of operations. We focus heavily on the area of mobile technology and virtual or cloud solutions.

One of our current priorities is to adapt, evolve and improve front office systems and sales and customer relations tools to support our revenue-focused strategy. Similarly, we are developing improvements to our internal systems for management of people, reporting and business intelligence.

SEE THE SECTION ON OFFERING CUSTOMISED EXPERIENCES TO OUR CUSTOMERS

ORGANISATION AND HUMAN RESOURCES

This includes management of the entire life cycle for hotel partners and corporate centres, from recruitment, selection, remuneration, personnel management, development, training and performance monitoring.

Adaptation and evolution of the organisational model, focused on strengthening close ties with customers and the business, setting out both the Company's values as well as the model of Leadership.

SEE THE TALENT MANAGEMENT SECTION

TECHNICAL AND MAINTENANCE

The Technical Services team has the experience to adapt the design and construction of each hotel to the attributes and standards of each of our brands and to the specifications required for each location, incorporating operational and environmental sustainability criteria.

Meliá has in-depth experience in providing consultancy services both during the design as well as the construction stages, to guarantee an optimum quality/cost ratio per square metre, which also helps to optimise operating costs and increase efficiency. It also seeks to cut operational costs associated to maintenance and to optimise energy and water costs.

SERVICES

PURCHASING

Offering a purchasing service in which the hotels can benefit from economies of scale and blanket agreements negotiated by Meliá Hotels International for different categories of products and services.

This is currently undergoing a stage of structural consolidation by regions, enabling the hotel to benefit from access to both global as well as local suppliers.

INTERNAL AUDIT

The internal audit ensures that the internal controls put in place are appropriate for mitigating risks, that the checking procedures are proper and efficient, and that established rules and procedures are complied with.

To this end, there are regular audits in the following areas: Operations, financial-accounting, IT, ICFR (internal control system for financial reporting) and other more specific ones of the business.

RELATIONS WITH OWNERS

Meliá Hotels International offers owners a range of customer relations and communication channels to ensure closer ties and communications with them.

The Owner Relations and Regional teams have a fluid relationship with owners. In turn, this relationship is assisted with tools such as the Owner's portal which can be accessed online. The purpose is to make Corporate information available to them and to ensure they are aware of the company's advances.

CORPORATE RESPONSIBILITY

Meliá's commitment to the transversal integration of CSR and Sustainability allows access to responsible business and strategic approaches based on ethical undertakings as well as differentiation tools.

This approach includes the Sustainability Certifications strategy in accordance with the brand strategy and that of Meliá Hotels International, as well as profiting from strategic partnerships in CSR issues.

SEE THE CSR SECTION

DMA-LA > STRATEGY ALIGNED WITH GROWTH

AND TALENT DEVELOPMENT

In 2014, Meliá has continued with its firm commitment towards comprehensive talent management to support the Company's strategy in a global setting. To drive consolidation of our human resources strategy, we have worked on adapting the organisational structure and on optimising critical processes, achieving greater proximity between corporate departments and successfully introducing this at regional level and business unit level. We have also continued to push through the process of change in which leaders become the drivers for change, focal points of motivation, constant impetus for innovation, maximising the commitment of its teams and guaranteeing corporate values.

These elements have to some extent become the essence of a cultural model that faces major challenges in the management of diversity in global settings. The constant international growth of Meliá requires the hotelier to have a personnel management model that satisfies the demands of the internal client who requires mobility, an international career path and an ongoing culture of professional development. Meliá sees these challenges as excellent opportunities to showcase and make use of its global presence by adapting the personnel management model to the demands and needs of the Company and its international growth and to employees in their professional development.

Furthermore, Meliá continues to drive new methods that enable it to draw the best talent, strengthening employer branding and fostering its corporate reputation as a magnet for the leading professionals worldwide.

CORPORATE AND BRAND REPUTATION

AS ELEMENTS TO ATTRACT TALENT

With almost 60 years' history, recognised leadership in the sector; a presence in more than 40 countries, seven benchmark brands and its social commitment doubtless help to reinforce an appealing brand capable of attracting the best national and international talent.

Meliá's committed presence on social media is not exclusively focused on loyalty and attracting customers. Meliá has introduced Social Media as channels to identify and draw talent.

CULTURE, VALUES AND THE LEADERSHIP MODEL

Our employees are Ambassadors in representing Meliá in the talent market. Their commitment and motivation are therefore key aspects in guaranteeing the success of the transformation process in which leaders help create a new setting.

Thus, the progress made in the cultural transformation during 2014 has been carried out with regard to collaborative settings that strengthen teamwork and cross-learning, focused on the creation of value for Meliá with innovation as one of the main drivers.



DEVELOPMENT OF INTERNAL TALENT < G4-LA10

In 2014 the Company has clearly been committed to strengthening internal know-how and the drive for continuous learning, reinforcing development actions focused on creating high-value professionals through the different corporate Talent Pools and strengthening talent identification procedures for all groups. These initiatives have enabled us not only to foster multidisciplinary and coordinated teamwork, but have also been an opportunity to identify high value potential projects and initiatives to be introduced by the Company.

From a perspective focused on daily operations, Meliá has gone to great lengths to create a healthy and motivating environment that promotes worker loyalty through the search for the right life/work balance, adapting itself to a new social reality that also provides a better quality of living, productivity and time optimisation.

ORGANISATIONAL STRUCTURE < G4-LA10

Throughout 2014 we have continued to search for operational efficiency through ongoing improvement of those critical processes. This has enabled Meliá to gain in efficiency and optimisation in global areas, regions and business units, with a clear focus on a decentralised model of management that maintains global control and vision. Only in this way will Meliá be ready to foster an efficient model in operations that works alongside the ambitious international growth planned.

DEVELOPMENT OF SKILLS AND ABILITIES < G4-LA10

The Skills Model has taken on greater importance and impetus in all areas. Tools such as "It's Your Say" are revealing their effectiveness in the continuous improvement of the work setting, consolidating Meliá's culture and maintaining very high levels of commitment from employees. Elsewhere, the Performance Review has consolidated itself as a tool that assists leaders at Meliá in their people management, to better understand their expectations and needs. It is also a tool that provides relevant information for talent management by providing key results in the planning of training, in the identification of internal talent and the development of our staff members.

**A CONSOLIDATED MODEL IN SPAIN. INTERNATIONALISATION AS A CHALLENGE**

Since 2008, with its first Master Plan Meliá has been developing its Corporate Responsibility strategy as the backbone throughout its business.

The evolution of Corporate Responsibility throughout the 2012-2014 Strategic Plan has enabled Meliá to achieve a major level of maturity, above all in Spain. This model has gained in consistency and in a strategic overview, allowing a global model to be defined.

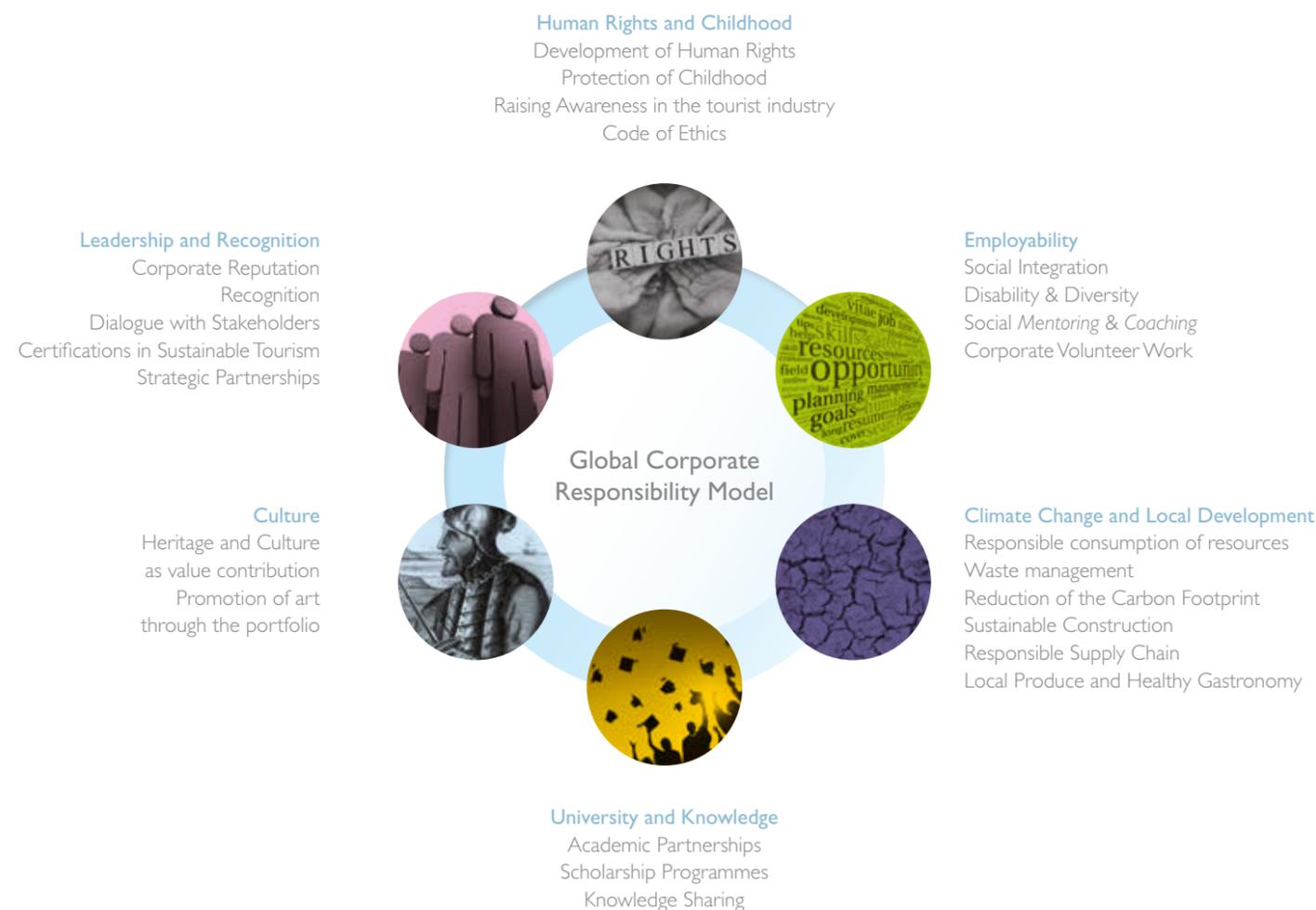
Throughout 2014 this commitment has reinforced Meliá's leadership as a hotel chain that is moving forward in its approaches to responsibility and which lays down the challenge of internationalising the model in alignment with the future growth in different markets.

Meliá's challenge is to introduce its Global Corporate Responsibility Model in those countries where it operates and in a manner adapted to each cultural reality, to the setting, to its needs and to business priorities.

The internationalisation of Meliá's Global Model brings with it the need to share a long-term overview without this preventing each region from developing this in accordance with their own priorities and needs, including business needs.

The Global Model enables us to align the Corporate Responsibility strategy at international level with the adaptability and flexibility needed to ensure the implementation of actions in each region or country, given that Meliá seeks to have a positive impact on the environment and respond to local needs.

**GLOBAL CORPORATE RESPONSIBILITY MODEL**



... STRENGTHENING THE LEADERSHIP OF MELIÁ HOTELS INTERNATIONAL, FOCUSING ON EMERGING MARKETS AS WELL AS THE MAIN EUROPEAN AND LATIN AMERICAN CITIES AND CONSOLIDATING LEADERSHIP IN THE HOLIDAY SEGMENT

Over the last year, and pursuing the Company's commitment for international growth, Meliá Hotels International has reinforced its portfolio with 22 new hotels. This is in response to the organisation's clear international vocation and has been constructed on two main action lines:

- INCREASING THE NETWORK OF HOTELS IN MARKETS WHERE THE COMPANY IS ALREADY PRESENT
- ENTERING NEW KEY MARKETS

Clear examples of the former can be seen in the extension of the portfolio in Indonesia, doubling the current number of assets in the country; the deal to open three new hotels in Italy under the ME and Meliá brands, and even two new Inside hotels in the UK, to name a few

In the latter case, the Company has penetrated new markets such as Austria, China and Qatar:

During 2014, Meliá Hotels International has also managed to achieve some of the most important milestones in the Company's growth in recent years, with hotels as relevant as: Inside Manhattan, the first hotel in New York, or the ME Milan Il Duca, welcoming the portfolio's most lifestyle brand in the Italian fashion capital.

Even with these new incorporations into the urban segment, the Company seeks to maintain its leadership in the holiday sector. The new incorporation of the Meliá Jardines del Rey (Cuba) increases our presence in the country to more than 1,000 rooms and continues to strengthen the Caribbean portfolio, whether this is the Spanish-speaking Caribbean, where the company has operated since the 1990s, or the English-speaking Caribbean, where the company already has more than 900 rooms.

Growth in 2014 has been based on the growth strategy with non highly capital-intensive formulae, whereby 62% of the deals have been management and franchises.

#### MAJOR MILESTONES 2014

- 22 FIRMS IN 15 COUNTRIES
- FIRST HOTEL IN NEW YORK
- ENTRY INTO THE SECOND MIDDLE EAST COUNTRY, QATAR
- ME BY MELIÁ IN THE FASHION CAPITAL MILAN

#### PIPELINE



#### AMERICA

- To consolidate Meliá's presence in the main tourist destinations, in particular in Mexico, Brazil, Colombia and Chile
- To diversify and increase in the non-Spanish-speaking Caribbean islands, including the Bahamas, Jamaica, Antigua and the Dutch Antilles
- To expand our footprint in the main cities of the USA, including New York and Miami
- To strengthen our presence in the Spanish-speaking Caribbean

#### EUROPE

- To strengthen our footprint in the main strategic cities
- Growth in the main markets: UK, Germany, France and Italy
- To consolidate our presence in Spain

#### MIDDLE EAST & AFRICA

- To extend the network in the Arab Gulf States, Middle East and North Africa countries

#### ASIA

- To drive growth in China and Southeast Asia
- To drive growth in the main business and leisure destinations, mainly focused on: Indonesia, Thailand, Singapore and Vietnam
- Development in the main Chinese cities

## ... CONSOLIDATING THE COMPANY'S CAPABILITIES TARGETED AT GENERATION AND MAXIMISATION OF REVENUE IN ALL BUSINESS UNITS

The commitment of Meliá Hotels International is to consolidate and strengthen its capabilities as a company focused on the generation and maximisation of revenue at its hotels, focusing itself on several lines of action, with different dimensions.

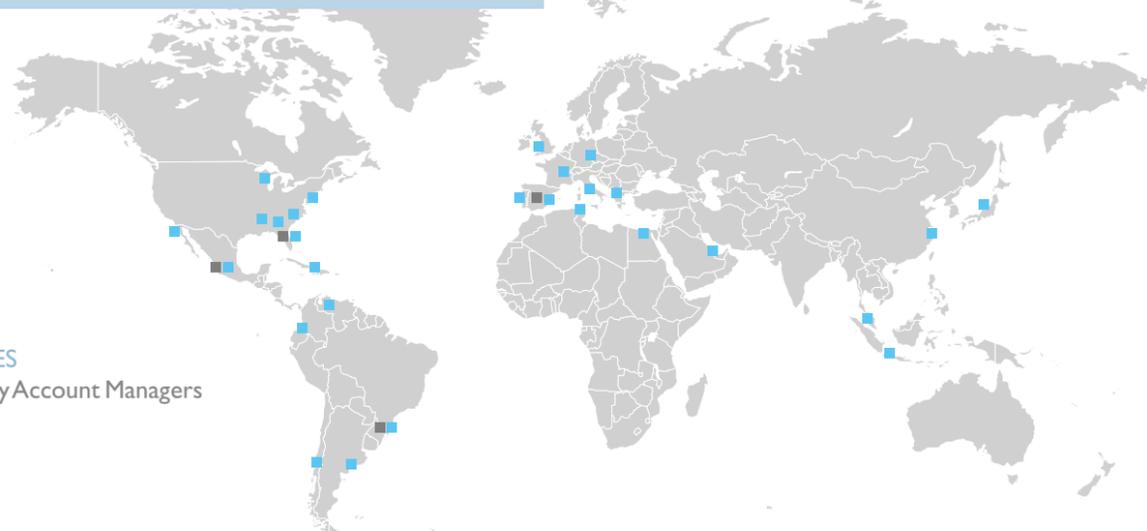
### ORGANISATIONAL ALIGNMENT

A new organisational model has been defined and introduced to drive the alignment of the Company's strategy. The sales teams of the different regional units have appropriate sales force and management resources, and we are also strengthening the distribution strategy through direct channels and close relations with the customer and the business.

Each regional has sales targets for its own inbound market and outbound business generation targets, thus reinforcing joint responsibility in the maximisation of revenue and global management of the customer portfolio. During 2014, Meliá has continued adapting its Revenue Management model to the needs of the hotels, destinations and markets. We have centralised and decentralised teams responsible for handling the demand to achieve the hotel's financial results, pursuing the strategy set out by the Global Revenue Management Division.

The Global Revenue Management team engages in maximising room revenue through the development of tools, processes, procedures and customer behaviour analysis techniques, price evolution knowledge and comparing these with market trends.

### LOCALISATION OF SALES AND GROUP OFFICES



**37 SALES OFFICES**  
More than 162 Key Account Managers

### REGIONAL SALES TEAMS WITH A GLOBAL SCOPE

The sales model of Meliá Hotels International uses a globally coordinated strategy for each segment, supported by a regional structure. The Group has an extensive commercial network in the main issuing markets of the Company, with more than 270 professionals and 37 sales offices in the principal worldwide markets.

The Company has specialised sales teams for the main segments:

- Leisure**  
Leisure is responsible for planning, negotiating, signing up and monitoring more than 680 tour operators with whom they sign around 10,000 contracts every year. At the same time, to achieve revenue targets there are joint marketing plans with the leaders of each source market: TUI Group, Thomas Cook, Kuoni, Settemari, Viajes El Corte Inglés, etc.
- Business Travel**  
This manages the global accounts of more than 500 companies around the world. It also includes the contracting of Consortia to arrange preferential agreements with a global scope, as well as arrangements with airline crews. Meliá also has specialised teams for the procurement of specific programmes for the corporate segment, including SMEs, official organisations and associations.
- Meetings & Events**  
Specialised sales teams in the groups, conventions, congresses, incentives and events segment work with a Key Account Management system that guarantees customers a single contact point to organise any kind of event at any hotel worldwide. Meliá has preferential agreements with the main specialist agencies in each of the countries where it has a commercial presence, in particular in Spain and, at a global level, American Express, Carlson Wagonlit Travel, HelmsBriscoe and MCI.
- OTAs:**  
Meliá has strategic partnership agreements with the leading online agencies at a global and regional level, which enables us to manage the company's presence in these sales channels in an optimum way and at the lowest possible cost.

### SALES PLATFORMS AND

#### REVENUE MANAGEMENT TOOLS

Due to the rapid technological changes sweeping through the tourism industry, the Company is addressing different projects to improve the quality of information, standardisation and reporting to help us to take decisions at a commercial level and to analyse results. The initiatives encompass actions in a range of areas, such as standardisation of rate structures, types of rooms and interconnections with booking systems.

One clear example of the technological adaptation that Meliá has introduced in 2014 is the Meliá Digital project (see Offering Customised Experiences to Customers)

The Company's process of commercialisation and internationalisation requires us to remain at the cutting edge of technology in issues of commercialisation and distribution. We do this with the support of IDISO, a leading company in global solutions for electronic distribution, sale and promotion of hotels online. This company has a hotel distribution platform that connects the hotels' booking systems with all distribution channels.

## ... FOSTERING CUSTOMER LOYALTY THANKS TO BETTER KNOWLEDGE, GENERATION OF VALUE-ADDED PROPOSALS AT MELIA.COM AND OBTAINING HIGH LEVELS OF SATISFACTION

As part of its 2012-2014 Strategic plan, one of Meliá's key strategies is the transformation of the bond that exists between the Company and the Customer. This lever encompasses the actions carried out by Meliá within this sphere of transformation and strategic positioning.

### MELIÁ DIGITAL

The digital challenge is changing the way companies relate with their customers, in particular in the tourism and hotel business where the new digital model plays a greater role. Meliá has spent years spearheading online development in the sector, addressing a technological evolution to optimise customer relations, increase customer satisfaction and thus improve the profitability of hotels.

Meliá.com has become an essential lever in improving the bottom line of Meliá. It is the main sales channel of the Company and helps offset the current crisis, including Average Revenue per Available Room (RevPAR) and over the last three years has recorded annual sales growth of 25% in this channel.

In 2014 Meliá has transformed its business to customer interaction model (B2C), for the purpose of customising the value proposition. These transformations have been instrumented using multidevice technology, mobile apps, customisation and forecast engines to make it possible to offer real customisation of the customer's experience at all moments of the so-called Customer Journey (travel preparation, booking, stay and post-trip).

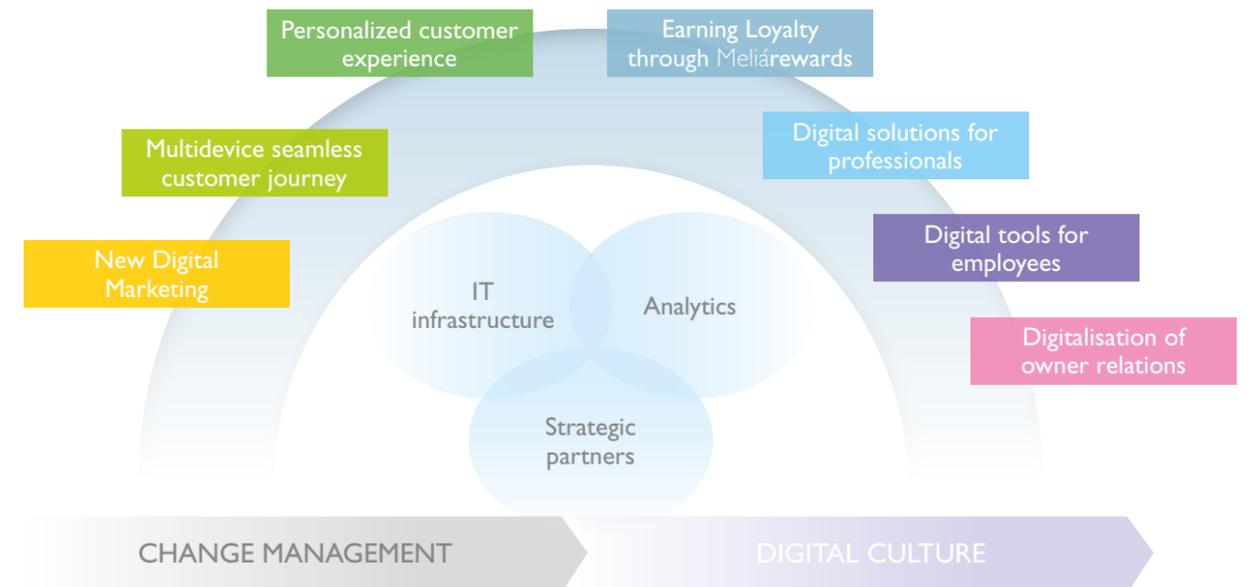
Elsewhere, Meliá has continued to develop its digital marketing strategy, based on greater awareness of the differential behaviour of customers according to their business source and focusing communication under the umbrella of the **MeliáRewards** loyalty programme.

By the same token, the multinational group Accenture, leader in digital transformation and consultancy, joined the project in 2014, providing capabilities, technology and experience in digital transformation in the hotel sector worldwide.

On a more tactical level, we should highlight the inclusion of innovative attribution models that have enabled us to find out the contribution to sales of each of the traffic sources used by the customer in the different stages of the purchase process.

Another distinguishing aspect has been the incorporation of scheduled resource procurement strategies that have enabled us, either directly or through our partners, to reach the target customer in a far more accurate way.

The transformation has also been introduced to the Professional Customer (B2B) through the new MeliaPro online tool and for Business Trips, through development of Business Travel by Meliá, which currently has 125,000 companies registered.



### Launch of My Stay on the MeliaReward App

Our customers can enjoy a complete experience during their stay at our hotels. Accessing all information about the services offered by the hotel and making bookings at those hotels that allow this feature. The App is particularly designed to provide service not only in areas of low coverage, but also off-line.

### Launch of MeliaPRO

Simple, efficient and complete, the MELIÁ PRO portal allows travel agents to get the best guaranteed rates available. As well as the traditional option of commission-based rates, one of the major benefits available on the new portal is the option of working with net rates, which enables them to collect full payment from customers, sending the remittance and thus allowing agents to manage their commission immediately.

### Comprehensive presentation change of product at Melia.com

Finalising the change of image process of the Company's entire portfolio of hotels that appreciably improves their attractiveness and presentation, with a customised image in accordance with each brand and in the most relevant idiomatic versions at a commercial level, also including a new section with information about the hotel's specific sustainability initiatives.

### Analytics Premium

The need to take decisions based on data has forced us to evolve our web analytic tools through the introduction of Google Analytics Premium. Melia.com is a site that processes numerous data and which has complex needs. Through this tool we have greater data capacity and support from the Google team to enable us to use these data more efficiently.

### Checkin Online

With the aim of improving the customer's experience and guaranteeing their satisfaction, we are piloting this feature which enables the customer to check-in online four days prior to their arrival at the hotel (and up to 24 hours beforehand) conveniently from their home, on their computer or mobile device. The customer thus avoids queues on arrival at the hotel, informing the front desk that they checked in online and obtaining their room key immediately.

Direct Sale 2014 vs. 2013	+25%
Direct Sale vs. Total Centralised Sales	+23%
Sales via Mobile Devices vs. Direct Sale	10%
Annual Average Traffic / Hotel	120K hits
% Customer Sales MeliáRewards	32%
% Premium Customers	5.7%
% Partner Customers	16%
Ratio of Opening Campaigns	11%

# MELIÁ Rewards

## MELIÁ REWARDS

The **Meliá**Rewards loyalty programme is one of the Company's fundamental pillars, with almost 4,000,000 members. **Meliá**Rewards has four levels: **Meliá**Rewards, Silver, Gold and Platinum.

Members obtain points for each stay and can exchange these for free nights at hotels and other kinds of benefits. The programme has more than 35 partners worldwide from different sectors, where **Meliá**Rewards members can transfer and exchange their points.

In addition, the programme has its own website, Meliarewards.com, where **Meliá**Rewards members can exchange their points in a more flexible way, using the points + money formula. This innovative system, a pioneer in the sector, implies a unique competitive advantage.

The primary aim of the **Meliá**Rewards loyalty programme is to attract, get to know and satisfy every customer of Meliá Hotels International through:

- Attracting new Customers
- Promoting internal consumption in our hotels
- Improving customer satisfaction
- Reinforcing revenue and value of the customer
- Increasing repetition in our direct channels and profitability
- Generating intra-brand and cross-brand demand

The consolidation of loyalty can only be achieved through personalised treatment and the offer of exclusive services for members of the **Meliá**Rewards programme. Differentiation is a lever that enables us to build and reinforce Customer loyalty.

## MELIÁ CUSTOMER

The Guest Experience Strategy defined by Meliá places the customer at the forefront of the organisation and seeks ongoing improvement of its products and services in all brands. This process of ongoing improvement is a requisite condition to meet the high level of demand and satisfaction required by our guests.

As a leading hotel in online positioning, Meliá develops its customer relations strategy in a manner that is complementary to the management it already performs through other points of contact.

### CUSTOMER SATISFACTION < G4-PR5

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

AVERAGE CUSTOMER SATISFACTION  
**78.7%**

### ONLINE REPUTATION

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

Meliá has a high-profile presence on the Internet and on social media 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.

	GRAN MELIÁ HOTELS & RESORTS	ME BY MELIÁ	Paradisus RESORTS	MELIÁ HOTELS & RESORTS	INNSIDE BY MELIÁ	Sol hotels & resorts	TRYP BY MELIÁ	CLUB MELIÁ
Customer Satisfaction	82.2%	80.9%	83.2%	78.8%	82.6%	79.0%	78.2%	83.7%
Quality Penetration Index	99.1%	96.5%	101.3%	99.9%	101.8%	98.7%	99.7%	NA
Global Review Index™	85.3%	84.5%	89.6%	83.6%	82.6%	80.6%	79.7%	NA

### CUSTOMER SERVICE

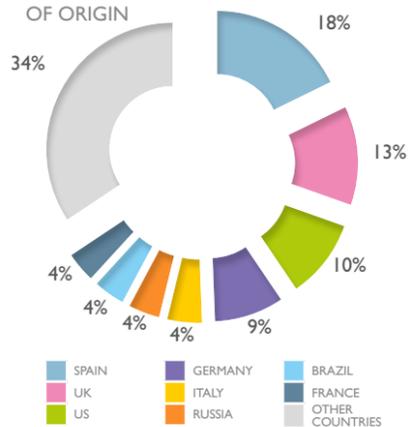
In a global, two-way and personalised customer relations management model, managing incidents is a key point.

In this regard, Meliá's Guest Experience manages incidents, comments and suggestions that its customers make by e-mail to (calidad@melia.com) or via social media.

This is, without a doubt, a model that allows Meliá to manage incidents through the responsible areas swiftly, providing responses within a period of no longer than 48 hours from the time they are received, thus helping to reinforce customer relations and trust in the Company.

- ALMOST 4 MILLION MELIÁREWARDS MEMBERS WORLDWIDE
- GENERATING ANNUAL REVENUE OF MORE THAN €400 MILLION
- 31% OF HOTEL OCCUPATION IS GENERATED BY MELIÁREWARDS CUSTOMERS
- MELIÁREWARDS CUSTOMERS GENERATE 67% OF SALES IN THE COMPANY'S DIRECT CHANNELS
- 72% OF MELIÁREWARDS CUSTOMERS ARE OF INTERNATIONAL ORIGIN (NON-SPANIARDS)
- A LOYALTY CUSTOMER SPENDS MORE THAN 13% PER STAY COMPARED WITH A NON-LOYALTY CUSTOMER

G4-8 > TOP CUSTOMERS BY COUNTRY OF ORIGIN



... GENERATING A PORTFOLIO OF SOLID AND CONSISTENT BRANDS THAT GENERATES MAJOR VALUE FOR CUSTOMERS AND HOTEL OWNERS

Meliá Hotels International continues to make progress in the revaluation and repositioning of its brands and products, as one of the main action lines of its 2012-2014 Strategic Plan. In this regard, actions have focused on rebranding of the Sol brand and on an initial stage of refocusing the Food&Beverage product.

REBRANDING OF THE SOL BRAND

Meliá has committed itself to the relaunch of its family holiday brand Sol Hotels & Resorts, which currently has 81 hotels and 26,252 rooms. The company intends to create innovative concepts that reinvent the traditional "sun & beach" experience, offering the customer greater value and adapting itself to new demand profiles which are increasingly more demanding and segmented.

Following an in-depth review and appraisal, Sol Hotels & Resorts now offers four different concepts, each with their own attributes:

 <p><b>Sol Hotels</b> This remains our primary focus for the public at large, with a revamp of the traditional sun &amp; beach concept and with a high family element</p>	<p><b>Sol Katmandu Park &amp; Resort</b> Fun and the innovative play &amp; stay experience, which combines a resort and a theme park</p> 
 <p><b>Sol House</b> Targeted at a young public (the so-called Generation Y) with a major element of design, energy and affordable lifestyle experiences.</p>	<p><b>Sol Beach House</b> "Your beach house" concept for customers over the age of 16 looking for relaxing holidays, with a hippie-chic style that combines modernity with a vintage touch</p> 

This makeover will enable greater growth in key holiday destinations, generating new opportunities with investors and partners, thus promoting the incorporation of hotels under management. It will also improve the brand's positioning in the midscale segment, the average price and the RevPAR in contrast to our rivals' dangerous policy of offers and discounts.

Throughout 2014 and the first half of 2015 we have carried out complete refurbishment at the Sol Barbados, Sol Guadalupe and Sol Mirlos Tordos hotels and have completed rebranding of the Sol House Trinidad hotel.

REFOCUS OF THE F&B STRATEGY

Cuisine, the restaurant industry and the F&B concepts represent an essential part of the customer's experience and provide value-added to our hotel offer. Such is its importance that the revenue generated through the sale of F&B at our hotels represents roughly 25% of the Company's overall revenue (at Premium brands this contribution is even greater).

Given the importance of this business unit, Meliá has decided to refocus the F&B strategy of all of its brands to bring it into line with new demands and trends of customers, improving their experience and satisfaction and increasing the Company's revenue. Food & Beverage, as a strategic concept of the Company, aims to position Meliá Hotels International as a business that integrates innovation and management of the competitive offer among its brand values and strengths, adapting to the need of each brand and region. Together with the international company StreetSenses, Meliá has carried out the rebranding of F&B, creating a unique food and beverages experience at the Sol House and Sol Beach House hotels.

Meliá has been the pioneer and aims to continue spearheading developments with this new strategy, in the development of innovative concepts to make up its food and beverage offer, with the help of professional and qualified teams. The results can be seen in the creation of successful products, such as healthy food programmes (Balance by Meliá), menus adapted to our range of different customers or own brands such as El Burladero, Grille and Gabi Beach.

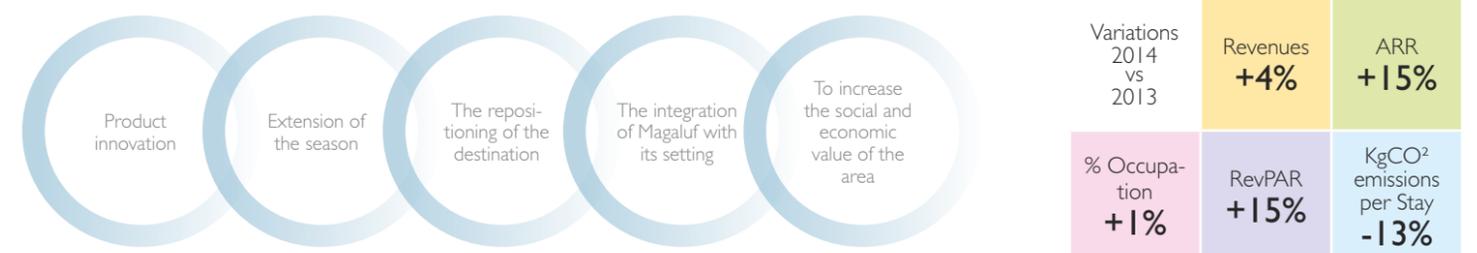
In addition, the Company has surrounded itself with partners of renowned international prestige in the gastronomy area that provide complementary value to the hotels, such as award-winning chefs Martín Berasategui or the Torres brothers, Javier de las Muelas, Cappuccino Group, Compañía de Lobos, Café del Mar, etc. This strategic focus commenced in 2014 with the creation of a Global F&B area to spearhead the project, but its real impact will be seen during the next Strategic Plan.

CALVIÀ BEACH < G4-EC7 < G4-EC8

The Calvià Beach Project is in its third stage, a strategic project to reposition the destination that the Company has been developing since 2012 and which will serve as a launchpad for the new concepts of the SOL brand and F&B.



TARGETS



## ... DEVELOPING THE PROPERTY FUNCTION AS OWNER, CREATING AND REALISING VALUE FOR THE GROUP

The Company continues to consolidate the property function as owner of its own assets, creating and increasing value for the Group, with the following objectives:

- Rotation and management of assets based on their sustainable profitability
- Using the Group's assets as a lever of growth for the different brands and the development of their standards and attributes
- Reinforcing mixed models to facilitate the Company's growth
- Optimise the performance value of a m2 of real estate

In 2014 the Company made significant progress in the consolidation of its partnership strategy with investors, with a more professional, sophisticated profile focused on the reconversion of assets and future growth.

### 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 ASSET VALUE GENERATION ARE:

- ECONOMIC VALUE IN THE SHORT, MEDIUM AND LONG-TERM
- HOTEL BRAND EQUITY AND OTHER BUSINESSES SUCH AS CLUB MELIÁ
- SECURITY AND RISKS
- SUSTAINABILITY

In 2014 a series of asset sales took place which allowed the diversification of risk and helped the Company's debt levels. Profits of €14.8 million were generated in 2014 through the sale of assets, mainly from the sale of the Sol Aloha Puerto hotel.

Throughout 2014 the company made significant progress in negotiations with a Private Investment Firm for the sale of six holiday hotels in Spain to a Joint Venture. In line with the Company's assets sales strategy, the agreement considers continued management of the properties by Meliá Hotels International, mainly under the Sol Hotels brand.

This agreement helps underpin Meliá's commitment to reduce its borrowing and to lighten the weight of owned assets.

## REAL ESTATE AS A LEVER FOR GROWTH THROUGH MIXED MODELS

For some years now, the Company's real estate efforts have focused on driving the transformation of some holiday hotels positioned in mature environments through integrated projects with strategic partners and with the collaboration and assistance of public corporations, as another line of work.

In 2014 work continued on the project to reposition a mature destination in Magaluf (Mallorca, Spain). It is worth pointing out that Meliá has incorporated a major North American fund, Avenue Capital, as partner (Calviá Beach). In 2014, Avenue joined the Joint Venture that Meliá has for the refurbishment of its hotels in Magaluf, having acquired ownership of the shares from the previous partner, allowing the company to carry out, between 2015 and 2016, one of the most important undertakings for the transformation of Magaluf: the demolition and reconstruction of the former Sol Jamaica hotel into a superior category hotel.

The action plan of the Company and its partners in Magaluf has become a benchmark of the feasibility of private projects in Spain that seek to reinvent the obsolete tourist offer and drive economic and social sustainability of a destination in partnership with the public sector.

The partnership with major international funds with the highest solvency rating (AAA) to facilitate rotation and enhancement of top quality holiday assets is not a new practice for Meliá - several years ago it agreed the sale (while continuing with management) of the former Sol S'Argamassa in Ibiza, currently reconverted as ME Ibiza, to the British fund London Regional.

Negotiations for the joint sale of six holiday hotels in Spain also falls within this partnership strategy with investors.

The formula for the introduction of major international funds into ownership of the chain's assets, turning them into prime financial partners, has thus far been very successful for Meliá, as it favours an enhanced product and the revaluation of hotel brands to foster their expansion. Furthermore, the projects to improve obsolete destinations have proved to be a channel to attract major foreign investment that would otherwise not reach these communities.

In the future, the Company will continue to identify strategic assets for our Joint Venture projects and the search for investment partners.

## LONG-TERM ECONOMIC VALUE OPTIMISE THE PERFORMANCE VALUE PER M2 OF REAL ESTATE

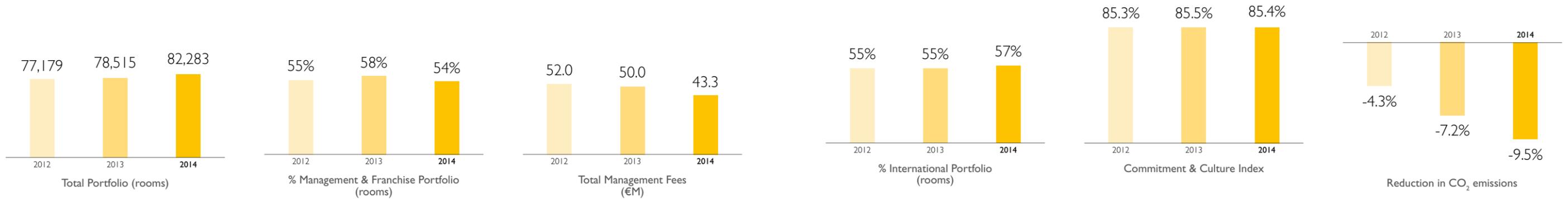
Meliá Hotels International runs a strategy of performance optimisation of the value of real estate per square metre, generating new sources of revenue for the hotel. To this end it follows different lines:

- Innovation in the concept of Food and Beverage with the incorporation of renowned professionals with development 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, car parks, terraces, etc.
- Increase alliances with leading brands and groups to other hotels and establish relations with other brands





GLOBAL MANAGEMENT MODEL



Meliá is present in 32 countries with an operating portfolio of 82,283 rooms. Throughout the year we have opened a total of 11 hotels, representing an increase of 4,941 rooms.

Some openings have been located in new markets such as Austria and the Bahamas, or in highly consolidated markets such as Germany, Brazil, Cuba and Portugal.

Under a management or franchise model, the hotel portfolio of Meliá accounts for almost 50% in terms of the number of hotels.

During the Strategic Plan, the Company focused its growth strategy on the variable lease model.

Under these premises, 98% of the room portfolio falls within this strategic approach.

The fees that Meliá receives from its hotels under management or franchise vary in accordance with the Group's portfolio. The additions and disposals of hotels or possible changes in the management model generate differences between one year and another.

Meliá Hotels International has focused its growth strategy on the international arena, with selective growth in Spain.

As a consequence of this strategy Meliá boasts a presence in a total of 40 countries and has an international portfolio of 57%. In 2014, 96% of open rooms were located outside Spain and the Company's pipeline has an internationalisation ratio of 99%.

The Commitment & Culture index that is valued every year among all employees of Meliá Hotels International on a global basis, shows highly satisfactory results that have remained above 85% year-on-year.

The company is very proud to announce that the opening of 30 new hotels during the 2012-2014 period and the integration of employees into the philosophy and values of Meliá made no difference to the staff's engagement results.

The 2012-2014 Strategic Plan has focused on a strategy to reduce emissions and a commitment to climate change at most of the Company's hotels. The SAVE project introduced at business units managed to reduce the emissions both in absolute terms as well as per stay and to approach the 10% target set for the 2012-2014 period. The 2014 CDP Ranking supports these achievements, where Meliá scored a result of 91B, up eight points with regard to the previous year.

We can also highlight the 735% increase with regard to investments made in this area, with measures such as the changeover from diesel to gas, standardisation of efficient lighting, investments in installations, as well as initiatives to raise awareness of employees and customers in these issues.

## GROWTH STRATEGY

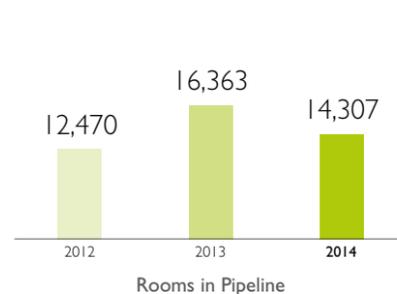


The Company has signed up a total of 100 hotels in 33 countries, during the Strategic Plan period.

The pipeline portfolio currently stands at 61 hotels with a total of 14,307 rooms, increasing at a rate of one hotel every three weeks.



73% of the hotel deals carried out during the Strategic Plan period have been carried out under a management or franchise model, in line with the Asset Light strategy of Meliá Hotels International.



The Company has a pipeline of 61 hotels and 14,307 rooms scheduled to open in the next few years.

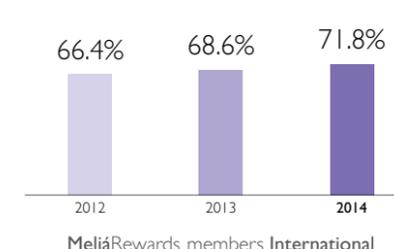
Meliá Hotels International has made progress in its internationalisation target with 99% of rooms located outside Spain and 71% in emerging markets, increasing its presence in eight new countries.

## CUSTOMISED EXPERIENCE FOR CUSTOMERS

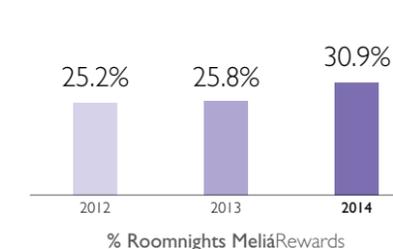


The Group's Loyalty programme –MeliáRewards - already has more than 4 million members worldwide and represents one of the levers in the generation of corporate revenue.

In 2014, customers of MeliáRewards generated revenue of more than €400 million and accounted for 67% of the sales carried out through melia.com.



The Company's internationalisation and its presence on the four continents is also reflected in the MeliáRewards programme with a number of loyal international customers that represents 71.8% of the four million programme members.



The contribution by the Meliá Hotels International Loyalty Programme represents 31% of hotel occupancy and the average expenditure of members per stay is 13% higher than a non-loyal customer.

## ORGANISATION FOCUSED ON REVENUE



The hotel business reported an improved performance with a 12% increase on 2013, thanks to the strategic focus on optimisation of revenue and ongoing improvement of the positioning of product and brands, as well as constant improvement in RevPar in all quarters of the year and in all Corporate Divisions.



The strategic focus included in the Strategic Plan of Meliá Hotels International to position the distribution channels has led to a 6.7 percentage point increase in sales through melia.com.

From 2015 onwards "Meliá Digital" will be the "launchpad" of a comprehensive overhaul of the Company, which will also revolutionise the life of employees and relations with investors and hotel owners.

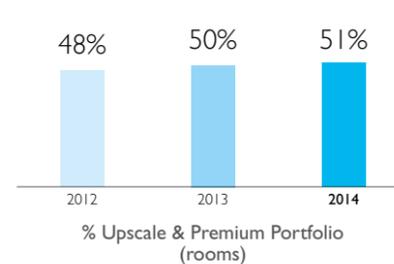
The group is extending its structure and will invest more than €100 million over the next three years in technology, expertise and digital marketing, all of this in collaboration with Accenture Digital.



The 13% increase of the hotel par excellence ratio (average revenue per room) is above the market in every quarter of 2014, and for the first time the urban segment in Spain has increased by 7.7%.

Of major note is the 22% growth in the America Division, with certain hotels achieving 25% improvements.

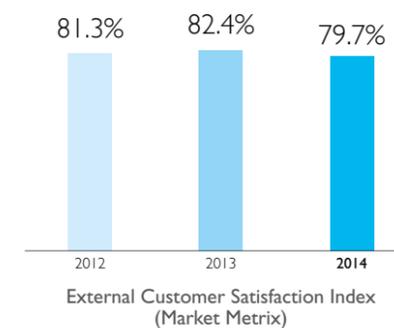
## CULTURE OF INNOVATION



The Group's growth focused on a midscale and upscale segment has improved the quality of our portfolio, and now accounts for half of the room numbers.

This impact will increase once all the existing hotels in the pipeline are added to the Company's operating portfolio, as this currently reveals 92% of rooms in the Upscale & Premium brands.

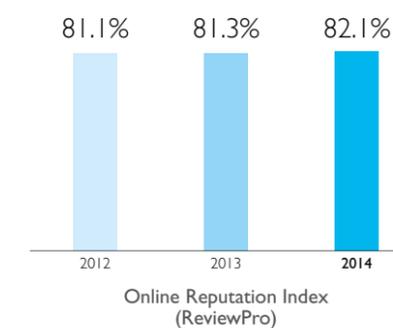
Meliá is in the process of brand transformation and repositioning, and it has redefined its traditional holiday brand - Sol- located mainly in Spain.



As a consequence of a process of continuous improvement and in order to make comparison with international leaders in the sector, in 2014 Meliá renewed its survey focused on finding out customers' perception of all the revamped products and services.

The 2014 results cannot therefore be compared with the results of previous years.

Today, the survey has a very brief format focused on finding out the level of customer satisfaction through the perception of their hotel experience.



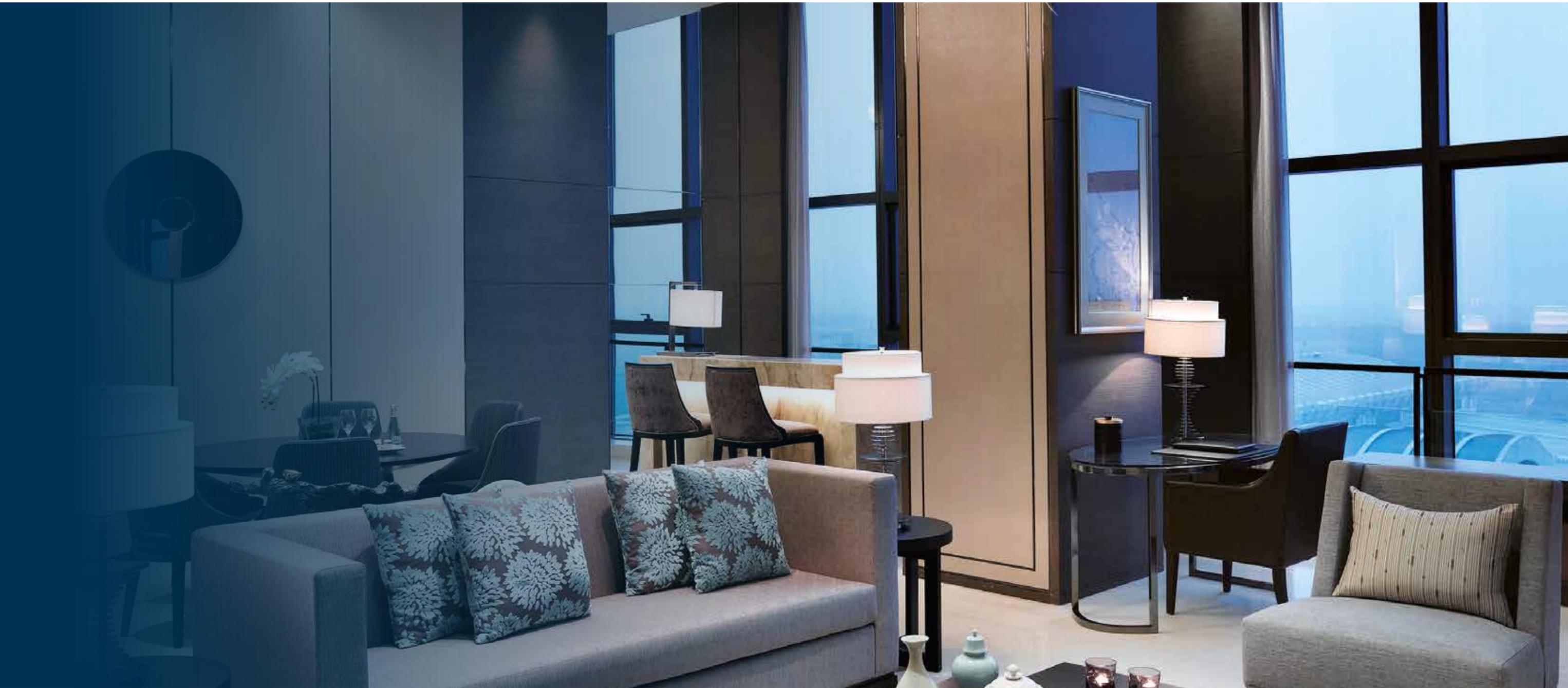
The online reputation of our brands on opinion pages reveals a very significant evolution with regard to previous years.

The Company continues to spearhead the ranking of Spanish hotel groups with most followers, consolidating its reputation in these channels.

Furthermore, in the QPI (Quality Penetration Index), Meliá achieved a 96% result in 2014 compared to its rivals, with a positive evolution with regard to the previous year.



BUSINESS  
PERFORMANCE



MELIÁ JINAN CHINA

## HOTEL BUSINESS

All hotel business areas reported a positive performance in 2014. Of particular importance was the increase of revenue per available room (RevPAR) which, without taking Venezuela into account, was 12.6% with an average room rate (ARR) of 5.1%.

This positive evolution of the RevPAR is due to a strategy focused on a culture of maximising revenue, where the main drivers are:

- Customer segmentation, in which the Company's efforts in making sales through its own channels are of particular note. More specifically, Melia.com has increased its sales this year by 25%, up to €265 million.
- The improvement of the Group's portfolio, where the new inclusions are providing a higher RevPAR.
- The commitment to introducing our attributes, the repositioning of the Sol brand and the *rebranding* of some hotel products.

## MANAGEMENT MODEL

The management fees on sales, therefore including both hotels that are owned as well as those that are managed, are up almost €7 million on 2013.

Third-party management fees generated €43.3 million, down €5 million on 2013, above all due to the impact of integrating the Gran Meliá Palacio de Isora and Gran Meliá Colón hotels, as well as the fall in management costs in Cuba, Bulgaria and Croatia, partially offset by the better performance of Brazil and Spain, as well as the excellent performance of the Nassau Beach Meliá hotel.

## OTHER BUSINESSES

This segment mainly includes the contribution of casinos, golf courses and Sol Caribe Tours, the Latin America tour operator.

Compared with 2013, the most significant change is due to the larger contribution from casinos and airport VIP lounges managed by Meliá, mainly the airports of Paris-Orly, Madrid and Mexico, as well as a greater contribution from Sol Caribe Tours.

## ASSET MANAGEMENT

In 2014, overall profits totalled €14.8 million, mainly from the sale of the Sol Aloha Puerto hotel (Spain). Total profits in 2013 were €50.9 million.

The remaining businesses included under Real Estate generated profits of €10.7 million. In 2013, profits totalled €8.3 million.

## CLUB MELIÁ

In 2014, Club Meliá recorded an increase in sales. The contributing factors are as follows: An improved global economy, the contribution from the two Paradisus resorts of Playa del Carmen (Mexico), better performance from the results in the Dominican Republic and the excellent contribution from Gran Meliá Palacio de Isora.

Overall revenue at Club Meliá has increased by €34.1 million against 2013. Of particular importance in this regard are the following:

- Greater contribution from the Meliá Puerto Vallarta and Meliá Cozumel hotels, included in the results of Club Meliá, which generated around €19 million in revenue.
- The decrease in the number of weeks sold as a consequence of closing the sales office of the Meliá México Reforma hotel and the fall in sales in Puerto Rico, related to the process of selling the hotel as a consequence of a drop in Club sales, offset by increased sales in the Dominican Republic and Playa del Carmen.
- Higher prices, mainly due to sales focused on top quality products.

	2014	2013	Chg. %
<b>TOTAL REVENUE (€M)</b>			
Consolidated	1,463.3	1,368.7	7.0%
Aggregated	1,691.6	1,536.2	10.1%
<b>HOTELS REVENUE</b>	<b>1,464.1</b>	<b>1,314.7</b>	<b>11.4%</b>
Owned and Leased	1,202.2	1,077.9	11.5%
Management Model	213.5	189.9	12.4%
Others	48.4	46.9	3.2%
<b>REAL ESTATE REVENUES</b>	<b>37.0</b>	<b>72.8</b>	<b>-49.2%</b>
<b>CLUB MELIÁ REVENUES</b>	<b>106.5</b>	<b>72.4</b>	<b>47.1%</b>
<b>OVERHEADS REVENUES</b>	<b>84.0</b>	<b>76.3</b>	<b>10.1%</b>
<b>EBITDA TOTAL (€M)</b>			
HOTELS	209.3	196.4	6.6%
REAL ESTATE	25.5	59.2	-56.9%
CLUB MELIÁ	16.6	14.6	13.7%
OVERHEADS	-23.0	-29.4	21.8%
<b>EBITDA TOTAL</b>	<b>228.3</b>	<b>240.7</b>	<b>-5.2%</b>

## AMERICA

The RevPAR of hotels in America, excluding Venezuela, was up 22.2%, mainly due to a 14.1% price hike.

Key performers here were the Paradisus brand hotels in Mexico and the Dominican Republic resorts. The Paradisus de Playa del Carmen hotels continue to improve, with 2014 EBITDA up more than US\$6 million year-on-year, at US\$30 million. Also of major importance is the positioning of the two Paradisus resorts in Cancun in the second year following the brand changeover, which has improved their RevPAR by 24.8%, as well as The Reserve at Paradisus Punta Cana, with an improved RevPAR of 25.26%, solely as a result of price increases.

At customer segmentation level, we can highlight the importance in recent years of the business tourism segment (MICE "Meetings, Incentives, Conventions and Exhibitions") with an increase in 2014 of 7.7% with regard to 2013, as well as the evolution of sales through direct channels (melia.com) which account for growth of 37%, and 24% of all room sales of the America division.

The number of available rooms fell by 14.5%, mainly due to the disaffiliation of the México Reforma hotel (Mexico) in December 2013 and the transfer of the Meliá Puerto Vallarta and Meliá Cozumel hotels to the Club Meliá business.

## PIPELINE (20 HOTELS / 4,918 ROOMS)

The region has 20 hotels and 4,918 rooms, of which only one will be operated under a lease contract: The Inside New York (312 rooms). The remaining hotels were all signed under management agreements.

Openings scheduled for 2015 include seven hotels with 1,557 rooms; Meliá Jamaica will strengthen our position in the English-speaking Caribbean, the ME Miami and Meliá Costa Hollywood Beach Resort in the USA, the ME Caracas in Venezuela and Meliá Paiva, Meliá Ibirapuera and the TRYP Belo Horizonte, in Brazil.



	2014	2013	Chg. %
<b>REVENUE (€M)</b>	<b>303.9</b>	<b>327.0</b>	<b>-7.1%</b>
Rooms	124.1	143.5	-13.5%
A&B and others	179.8	183.5	-2.0%
<b>EBITDA (€M)</b>	<b>81.3</b>	<b>80.6</b>	<b>0.9%</b>
<b>PERFORMANCE</b>			
RevPar (€)	84.0	67.9	23.7%
ARR (€)	116.9	98.8	18.3%
% Occup.	71.9	68.8	4.5%

	Hotels	Rooms
<b>OPERATING PORTFOLIO</b>	<b>67</b>	<b>23,815</b>
Owned property	14	5,903
Leased	0	0
Management and Franchise	53	17,912

## EMEA

In 2014 overall, the RevPAR of owned and leased hotels of the EMEA division increased by 5.2%, where the average price increase was 3.1%. By regions, the key players in 2014 were:

**Germany:** The year closed with major growth of 11% in room revenue, with growth in virtually all cities. Of particular note is the excellent performance of recent openings in the country: Inside Düsseldorf Hafen and Inside Wolfsburg, which exceeded the expectations set out in the feasibility studies.

**Paris:** Continues with an extremely positive performance, showing the strength of the consolidated market. The 3.5% growth can be put down to the excellent refurbishment of all the hotels, but in particular the Meliá Vendôme and Meliá Paris Champs Elysees. The latter, which has had its product revamped in recent months, generated RevPAR increases of more than 6%. Elsewhere, the online strategy in France has been reinforced, and now accounts for 52% of revenue from the region.

**Italy:** Over the year, the hotels in this area have reported different performances. In general, revenue per available room has fallen slightly by 0.25% with regard to the previous year.

**United Kingdom:** The positive figures posted are largely explained by the 11% increase in overall revenue of the year with regard to the 2013 figures. Attracting high-value accounts within the corporate market, as well as the direct customer strategy that already provides the hotel with more than 20% of its revenue, have been key factors.

	2014	2013	Chg. %
REVENUE (€M)	382.7	296.7	29.0%
Rooms	270.9	220.9	22.6%
A&B and others	111.8	75.7	47.7%
EBITDA (€M)	51.5	36.8	39.9%
PERFORMANCE			
RevPar (€)	90.9	86.3	5.2%
ARR (€)	124.8	121.0	3.1%
% Occup.	72.8	71.3	2.1%

	Hotels	Rooms
PORTFOLIO	65	11,851
Owned property	12	2,765
Leased	34	5,740
Management and Franchise	19	3,346

**Spain:** The year closed with 10% growth of the RevPAR, where the Company's strategy in the luxury sector has been a key factor. This growth is fundamentally due to pricing (by more than 50%). Of particular note has been the excellent evolution of the Group's major commitments, the Gran Meliá Palacio de Isora and Gran Meliá Colón hotels, which have generated RevPAR growth of more than 15%. We must also highlight the positive performance of hotels as emblematic as the Gran Meliá Fenix or the Gran Meliá Don Pepe, with growth close to double figures.

The number of available rooms has increased by around 16.5%, due to the new incorporations over this year of the Inside Düsseldorf Hafen and Inside Wolfsburg (Germany), the Meliá Vienna (Austria) and re-branding of the Meliá Barcelona Sky (Spain), as well as the integration of the Gran Meliá Palacio de Isora hotel (Spain).

### PIPELINE (22 HOTELS / 4,485 ROOMS)

This includes 22 hotels with 4,485 rooms, 45% of which will be under management and the remaining 55% under lease contracts.

The Company has already opened two hotels in 2015: Meliá Doha, the first five-star Spanish hotel in Qatar, located in the prestigious West Bay area of Doha, and the Meliá La Défense, located in the heart of the vibrant financial district of Paris and the largest four-star hotel opened in the French capital in the last decade.

## ME EUROPE

RevPAR has increased by 27.6% versus 2013, with an average price increase of 20%. These improvements are due to consolidation of the ME brand in European markets. We should also mention the successful openings of the ME Mallorca and ME Ibiza hotels, which in their first year of operation have reached the targets set, with a price-based strategy and highly focused on the end consumer, using online channels that account for more than 80% of sales for these hotels.

As regards Urban hotels, we can highlight the performance of the ME London hotel, which closed the year with a 28% growth in RevPAR, largely on the back of a price increase of around 15% and recovering the position with regard to its main rivals, who were unable to increase their RevPAR in 2014, according to STR data. The hotel's excellent performance is largely explained by the major impact of online channels, which registered an increase of 63% above the figures obtained in 2013 and where melia.com represents more than 25% of the hotel's revenue.

We can also point to the encouraging performance of the ME Madrid hotel, which achieved RevPAR growth close to double figures, above all with excellent performance in the fourth quarter.

The number of available rooms has increased by 24.6% as a consequence of the addition of the ME Mallorca.

Lastly, we should mention that in January 2014 two of the ME brand hotels received prestigious awards, with the ME London hotel receiving "Best UK hotel" award and the ME Ibiza receiving the "Best hotel re-modelling/refurbishment" award.

### PIPELINE (3 HOTELS / 400 ROOMS)

ME Europe includes three hotels with 400 rooms; ME Dubai, which is expected to become an emblematic building for the ME brand in the Middle East, the ME Milan Il Duca, a project designed by the prestigious architect Aldo Rossi and scheduled to open in 2015 under a management contract, and the ME Barcelona in Spain.



	2014	2013	Chg. %
REVENUE (€M)	62.2	42.8	45.3%
Rooms	29.7	18.7	58.8%
A&B and others	32.5	24.1	34.9%
EBITDA (€M)	-0.6	0.2	-400.0%
PERFORMANCE			
RevPar (€)	154.1	120.8	27.6%
ARR (€)	213.9	178.3	20.0%
% Occup.	72.0	67.7	6.4%

	Hotels	Rooms
OPERATING PORTFOLIO	7	1,042
Owned property	0	0
Leased	4	806
Management and Franchise	3	236

## MEDITERRANEAN

During the year, the RevPAR of the Mediterranean division increased by 9.5%, mainly due to average price increase of 80%. This improvement has been a consequence of introducing the Yield Management strategy, as part of the Company's revenue culture.

We should remember that the excellent performance in the fourth quarter was mainly underpinned by the Canary Islands, and that for comparison purposes with the last quarter of 2013 it was a historic year for this region, with results beating expectations. In this last quarter of 2014, we have seen how destinations such as North Africa have recovered, which has a slight effect on the Canary Islands, although the recent terrorist attacks in Paris in January hamper recovery in these areas.

In the fourth quarter, RevPAR fell slightly by 1%, with a drop in occupancy of 6.9%, even though the price per available room was up 6.4%.

The number of available rooms increased by 2.9%, due to the change in management of the Wave House hotel (Spain).

### PIPELINE (2 HOTELS / 1,435 ROOMS)

The region has two hotels in the Pipeline with 1,435 rooms, under management agreements, both of which are located in Cape Verde.

	2014	2013	Chg. %
REVENUE (€M)	227.3	199.0	14.2%
Rooms	142.8	126.8	12.6%
A&B and others	84.4	72.1	17.1%
EBITDA (€M)	25.5	25.2	1.2%
PERFORMANCE			
RevPar (€)	48.1	44.0	9.5%
ARR (€)	67.3	62.6	7.4%
% Occup.	71.5	70.2	1.9%

	Hotels	Rooms
OPERATING PORTFOLIO	81	28,067
Owned property	23	7,131
Leased	18	5,597
Management and Franchise	40	15,339



## URBAN SPAIN

The RevPAR for the Spain Division increased by 7.7% year-on-year. The average price increase per available room was 4.1%.

The fourth quarter confirms the recovery trend that has taken place since the beginning of 2014. This positive evolution of the urban business in Spain is the consequence of the effort made by the Company in previous years, where the revenue culture has enabled us to focus on sales channels and customer segmentation.

In 2014 sales through melia.com for Urban Spain hotels were 11.8%. All segments have posted a positive performance, in both the leisure sector and the business sector. The summer months and weekends have enjoyed higher occupancies, both at key destinations as well as those considered secondary destinations. We can highlight the excellent evolution of the hotels at hybrid destinations, with better segmentation between business and leisure customers, as well as those that have a lower dependence on the Spanish market.

Despite the slight upturn with regard to 2013 concerning the number of passengers at Barajas Airport, the weak evolution of nearby hotels continues, mainly due to an excess of hotel supply in Madrid, with the exception of major events.

	2014	2013	Chg. %
REVENUE (€M)	226.1	212.5	6.4%
Rooms	157.9	148.2	6.5%
A&B and others	68.2	64.3	6.1%
EBITDA (€M)	-6.5	-8.4	22.6%
PERFORMANCE			
RevPar (€)	47.6	44.2	7.7%
ARR (€)	74.5	71.6	4.1%
% Occup.	63.9	61.7	3.6%

	Hotels	Rooms
OPERATING PORTFOLIO	81	15,003
Owned property	9	2,458
Leased	43	7,105
Management and Franchise	29	5,440

2014 has seen the positive trend continue in cities which are especially popular with international customers, such as Seville, which is particularly affected by individual tourism. There has also been a slight improvement in other cities with large Spanish customer bases.

The Community of Valencia has enjoyed excellent evolution, with two-figure growth, in the RevPAR of hotels, as well as with regard to the Meliá Galgos hotel which, once the refurbishment works finalised, has managed to increase RevPAR by 12.2% year-on-year.

In 2014, only three secondary cities posted negative RevPAR, and these were cities with a mainly national clientèle.

The number of available rooms has decreased by 1%, due to the disaffiliations of the Tryp Las Matas and Tryp Diana hotels. This effect has been partially offset with the addition of the Tryp Estepona Valle Romano hotel in June 2014.

### PIPELINE (1 HOTEL / 78 ROOMS)

Includes one hotel, with 78 rooms, the TRYP Castellón, which opened at the beginning of 2015.





RISK  
MANAGEMENT



INSIDE MADRID SWEDEN ESPAÑA

### RISK MANAGEMENT MODEL

Meliá Hotels International is equipped with an Integrated Risk Management Model across all its Groups. This Model is aligned with its "General Policy of Control, Analysis and Assessment of Risks", approved by the Board of Directors in 2011.

The Risk Management Model is based on the international methodological framework COSO II (Committee of Sponsoring Organizations of the Treadway Commission). In preparing the model, the following stages are considered:

- **Risk identification:** risk is understood as any potential event that has a negative effect on the fulfilment of objectives and/or execution of the strategy.
- **Risk assessment:** in each area, following procedures and standards of uniform assessment based on a combination of quantitative and qualitative techniques.
- **Response to risks:** allocating responsibilities and defining the actions that enable us to efficiently manage risks.
- **Control activities:** monitoring risks and the initiatives adopted to mitigate those risks.
- **Information and communication:** periodic reporting and transparency of the results obtained from the Management Committee as well as from the Audit and Compliance Committee and the Board of Directors.



This Model enables the Company to manage risks as efficiently as possible, thus improving its capability to generate sustained value and offering guarantees to the different stakeholders.

Risk management and control is one of the internal control tools that contributes to ensuring that the Company's strategic and business objectives are reached, reducing unforeseen events and costs or losses that potential risks could bring. The different types of risks which Meliá Hotels International faces in the performance of its activities are as follows:



### ROLES AND RESPONSIBILITIES

	Promoting a risk management culture	Defining / approval of the risk profile	Approval of the Group Risk Map	Encouraging the integration of risk management in key processes	Assignment of responsibility for risks	Control and follow-up
<b>Governing Bodies</b> (Board of Directors and Audit and Compliance Committee)		●	●			●
<b>Management Committee</b> (Senior Executive Team, SET)	●	●	●	●	●	●
<b>Risk Control Division</b>	●		●	●	●	●
<b>Responsibilities of each Division</b>				●		●

For further information on Risk management at Meliá, please read chapters "E" and "F" of the Annual Corporate Governance Report.

### MAIN RISKS ASSOCIATED WITH THE STRATEGY < G4-EC2

As an international business, Meliá's activities are performed in different countries, with different socio-economic settings and regulatory frameworks. To this end, the company is exposed to different types of risks inherent both to the industry itself as well as its setting.

Having allocated the responsibilities for the main risks, the different teams work on identifying and defining the actions and initiatives to mitigate those risks that have been identified.

Below we set out the main risks, as well as (in outline format) the mitigating controls and actions that the organisation has put in place to mitigate them.

Risk	Description	Trend	Mitigating controls and actions
<b>ASSET MANAGEMENT</b>	Difficulty in the rotation of assets and/or the effect of real estate cycles	▲	<ul style="list-style-type: none"> <li>Meliá's Strategic Plan includes an Asset Rotation Plan.</li> </ul>
<b>Partnerships and relations with third parties: partners</b>	Risks associated to the management of joint businesses and relations with partners	▲	<ul style="list-style-type: none"> <li>Processes introduced for analysis, follow-up and control of existing Joint Ventures.</li> <li>Screening of partners with a strategic focus to address long-term relations.</li> <li>Analysis tools to assess the appropriate nature of partners in accordance with the standards established by Meliá.</li> </ul>
<b>Investment, wear and tear, obsolescence of buildings or equipment</b>	Risks related to the process of investments, return on the investment as well as wear and tear affecting facilities and equipment	▲	<ul style="list-style-type: none"> <li>Update and review of the Policy, investment rules and processes.</li> <li>Investments Committee, as the body that proposes, approves and follows up the Annual Investments Plan which includes specific Risks heading.</li> <li>The Annual Preventive Maintenance Plan is integrated into the annual budgetary process.</li> </ul>

Risk	Description	Trend	Mitigating controls and actions
Risk of expansion and growth.	Concerning the feasibility and profitability of the project, deadlines, availability of funds, etc.		
Relationship with external owners	Risks concerning relationships with external owners (hotels under lease, management or franchise)		<ul style="list-style-type: none"> <li>Expansion Committee, the body responsible for the Strategic Expansion Plan, and for approval and follow-up of projects.</li> <li>Risk Analysis Process generated in each of the projects in accordance with the requirements laid down by Meliá.</li> </ul>
Risks through contracts	Contracts that involve contractual obligations that are excessively long lasting		
Talent management	Unable to attract, develop and retain talent.		<ul style="list-style-type: none"> <li>The existence of an ongoing programme for the identification and development of talent and of high potential, at all levels of the organisation.</li> <li>Specific ongoing programmes to guarantee future Hotel Managers.</li> <li>Specific departmental programmes to guarantee the resources required for growth.</li> <li>Introductions of reconciliation measures and social benefits for employees.</li> <li>Participation in the ranking and recognition in issues of talent management (Merco Personas 2014).</li> </ul>
Emerging technological risks	Data protection and security, intellectual property, cybercrime, cloud computing, etc. Improper management of users, access and profiles.		<ul style="list-style-type: none"> <li>Biannual audits in issues of Personal Data Protection.</li> <li>Adapting access to the IT tools available.</li> <li>Improving configuration of Internet browsing proxies for better protection and auditing of the browser traffic both at hotels as well as corporate offices.</li> <li>Updates of the operating system of servers and workstations</li> </ul>
Client dissatisfaction with the product or service	Non-adaptation of supply to demand or not in line with the brand and quality standards.		<ul style="list-style-type: none"> <li>Performance of quality surveys.</li> <li>Linking remuneration targets to online assessments of customers (TripAdvisor).</li> <li>Periodic review and analysis of trends.</li> </ul>
Inappropriate customer management	Concerning inappropriate knowledge, customer relationship, contact and loyalty		
Changes in market/customer trends	Modification in consumers' preferences and habits through the appearance of new demographic patterns, globalisation, low-cost phenomenon, Internet, etc.		<ul style="list-style-type: none"> <li>Launch of the Meliá Digital Project, as an essential part of the customer relations strategy</li> <li>A project in which technology and the development of new capabilities will drive the digital transformation worldwide.</li> <li>Reinforcement and development of own channels and mobile apps.</li> <li>Development of tools to foster relations and the marketing of our products and experiences.</li> <li>Driving a model of digital transformation to the Meliá salesforce.</li> <li>Encouraging the Meliá Rewards Loyalty Programme.</li> <li>Collaboration with external Partners.</li> </ul>
Risks from competitors	Loss of leadership More numerous, aggressive, renewed competition, with strong customer relations, etc.		
Reputation and/or corporate brand or product risks	Loss or impairment of reputation/brand image caused by internal or external factors. Lack of brand valuation and recognition.		
Economic - Financial Risks	Related to the difficulty of accessing finance, the cost of financing, volume of borrowing, exchange rates, etc.		<ul style="list-style-type: none"> <li>Reduction of the debt volume.</li> <li>Reduction of the debt cost.</li> </ul>
Legal or regulatory risks	Legislative or regulatory changes (of any kind, tax, accounting, employment, environmental etc.) Existence of an excessive complexity and regulatory dispersion that could lead to breaches.		<ul style="list-style-type: none"> <li>Existence of a Code of Ethics and Whistleblower Channel.</li> <li>Policies on the conduct of directors.</li> <li>Control and follow-up of the main regulatory changes that affect the Company.</li> <li>Outsourced collaboration and advisory services from prestigious firms when required.</li> </ul>
Geopolitical Risks	Crisis or political insecurity in countries with a presence, wars, civil unrest or military uprisings, etc.		<ul style="list-style-type: none"> <li>Defined Emergency Plans for situations of crisis or contingencies for the purpose of safeguarding customers and employees.</li> <li>Rerouting of customer flows to other Meliá destinations.</li> </ul>

NB: The identification of these risks does not mean that they have materialised. However, Meliá tries to put in place the mechanisms it deems appropriate to reduce the likelihood of occurrence or the impact they would have if they did arise.

## OCCUPATIONAL HEALTH AND SAFETY

The Company considers the value of persons, customers and employees as the pivotal point of preventive activity, driving and ensuring a high level of health, safety and well-being at business units and corporate offices.

To this end, the company has a management system based on the OHSAS 18001 Standard, which sets out all the preventive procedures and strategies with levels of quality and requirements that are very often higher than those required under applicable legislation.

This model has been introduced and consolidated in Spain and Latin America. The process has commenced in the Asia-Pacific region.

To facilitate knowledge and training, we have developed a special Prevention of Occupational Risks section on the Company's intranet.

This intranet includes aspects as important as health surveillance, safety at work, industrial hygiene, ergonomics and applied psychosociology. There are also technical sheets on all of the personal protection equipment, safety data sheets, prevention handbook and plans, as well as information on training for the different jobs.

This undertaking also extends to those workers of outsourced companies that perform activities in partnership with Meliá.

The Group not only supervises compliance with the regulations governing prevention, but also actively collaborates with Public Administrations in this regard.

## FUTURE COMMITMENTS

### RISK MAP BY REGIONAL MANAGEMENT

As part of the cultural shift towards a more proactive risk management that is adapted to the specific needs in each case, we aim to enrich the process by including a risk assessment by all areas that make up the main Regional Management Areas, and in some cases even the business units.

This will enable us to obtain a risk assessment and consequently a Risks Map of the Regional Management Areas that is far more specific and adapted to the realities and needs of each geographic zone.

### RISK MAP AND NEW STRATEGIC PLAN

In 2015 the New Strategic Plan of Meliá Hotels will be prepared, and will come into force in 2016.

During the process of defining this plan, the results of the Risk Map and the evolution of the main risks in recent years will be taken into consideration, so that the next strategic objectives are designed with these in mind, and are also used as the basis to establish the accepted level of risk.

### IMPROVEMENTS IN THE RISK MANAGEMENT TOOL

Throughout 2015 we will commence a process to improve risk management tools. Without doubt this will enable us to make progress in the ongoing improvement of risk management, seeking to improve reporting and effective measurement of regulatory compliance.

The introduction of the new IT application seeks to gradually extend the corporate platform for risk management and more effective regulatory compliance.



IMPACTS OF  
MELIÁ HOTELS  
INTERNATIONAL



PARADISUS PALMA REAL DOMINICAN REPUBLIC

MANAGEMENT OF THE RELATIONSHIP WITH STAKEHOLDERS

Meliá Hotels International attaches great importance to discovering, listening and integrating the expectations of its different stakeholders, and, as such, it believes that its model of relations and dialogue is a core element in management of social responsibility, and one that enables it to adapt its corporate strategy, focused on continuous improvement, and move forward in its positioning as a benchmark responsible Company in the tourist sector.

The relations model with stakeholders of Meliá Hotels International is based on the Company's own values and culture, and its objective is to build relationships of long-term trust and mutual benefit.

In the current context, stakeholders are demanding greater responsibilities from companies, in particular in their approach to responsible business. For the purpose of transferring these demands to all areas of the Company, in 2008 Meliá Hotels International developed a dialogue area, the "Panels of Experts", in which the hotelier meets every year with a representative of its stakeholders to find out and talk about their expectations and build these into the company's policies and actions.

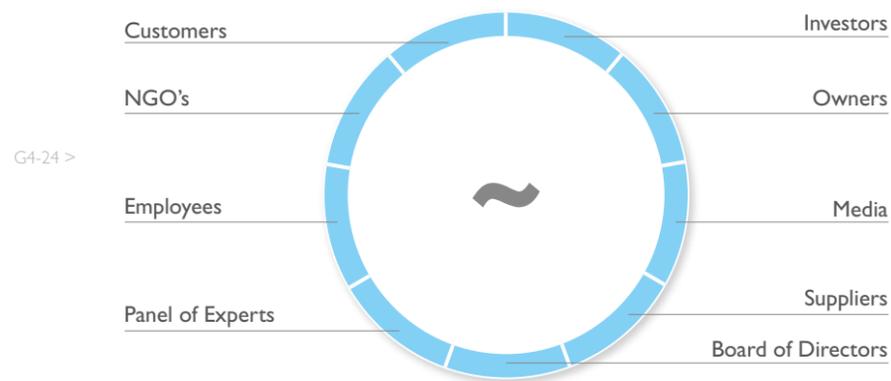
Moreover, through a Materiality Analysis the Company has enabled its stakeholders to take part in identifying relevant issues for the organisation. These results enable us to adapt the communication relations model with each of our stakeholders and improve the quality of the information and transparency of this reporting.

MATERIALITY ANALYSIS < G4-19

G4-25 > The consultation was carried out with a sample of 22,000 members of the main stakeholders, through an online tool that enables us to assess the strategic relevance of 41 predefined issues, segmented into four categories: Business, Setting, Corporate Governance and CSR (See the matrix below with the 20 most relevant issues).

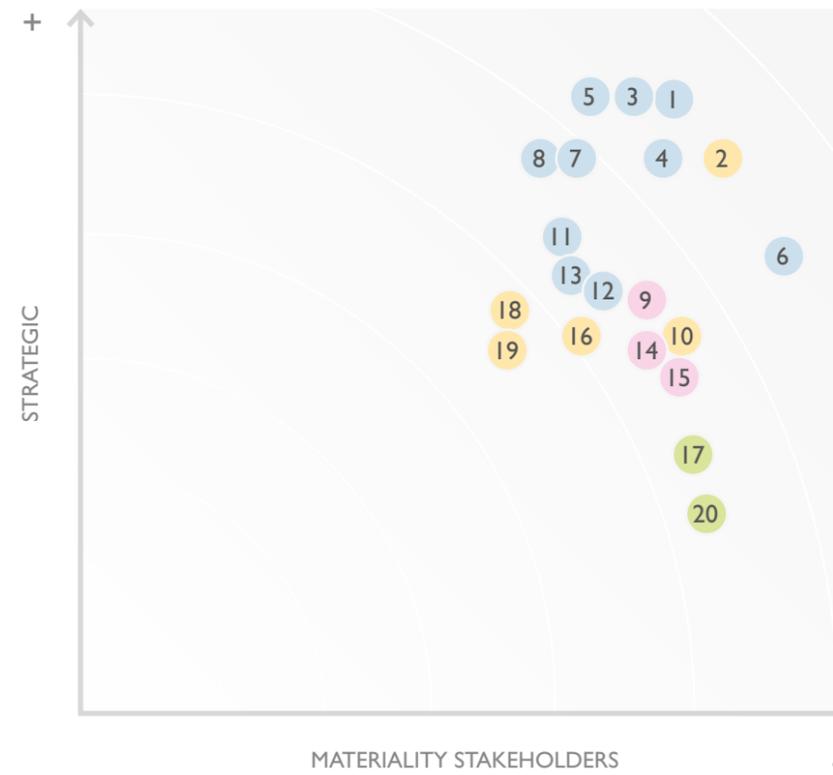
- G4-26 > Other aspects taken into consideration to determine the information set out in this report were:
- The objectives established in the company's 2012-2014 Strategic Plan
  - Meetings with all internal contact persons from the different stakeholders
  - The risks and opportunities reflected in the Company's Risk Map

The direct consultation was sent to the main stakeholders of the Company:



This consultation has permitted the Company to find out the importance of different issues for its stakeholders and thus be able to prepare the Global Materiality Analysis.

MATERIALITY MATRIX < G4-27



- Business
- Environment
- Corporate Governance
- SCR

- |   |  |
|---|--|
| 1 Financial solvency                        | 11 Customer relations. Loyalty programmes                                  |
| 2 New technologies/digitalisation           | 12 Employee satisfaction and engagement                                    |
| 3 Brand and product strategy                | 13 Innovation  |
| 4 Business evolution and results            | 14 Reputation & Values   |
| 5 Current presence and future growth        | 15 Transparency of information   |
| 6 Product quality and customer satisfaction | 16 Economic context  |
| 7 People management                         | 17 Energy, water and carbon footprint management                           |
| 8 Meliá's sales channels                    | 18 New customer segments   |
| 9 Management Team Profile                   | 19 Availability and access to natural, financial and human resources, etc. |
| 10 Tourist sector context                   | 20 Human rights and employment conditions                                  |

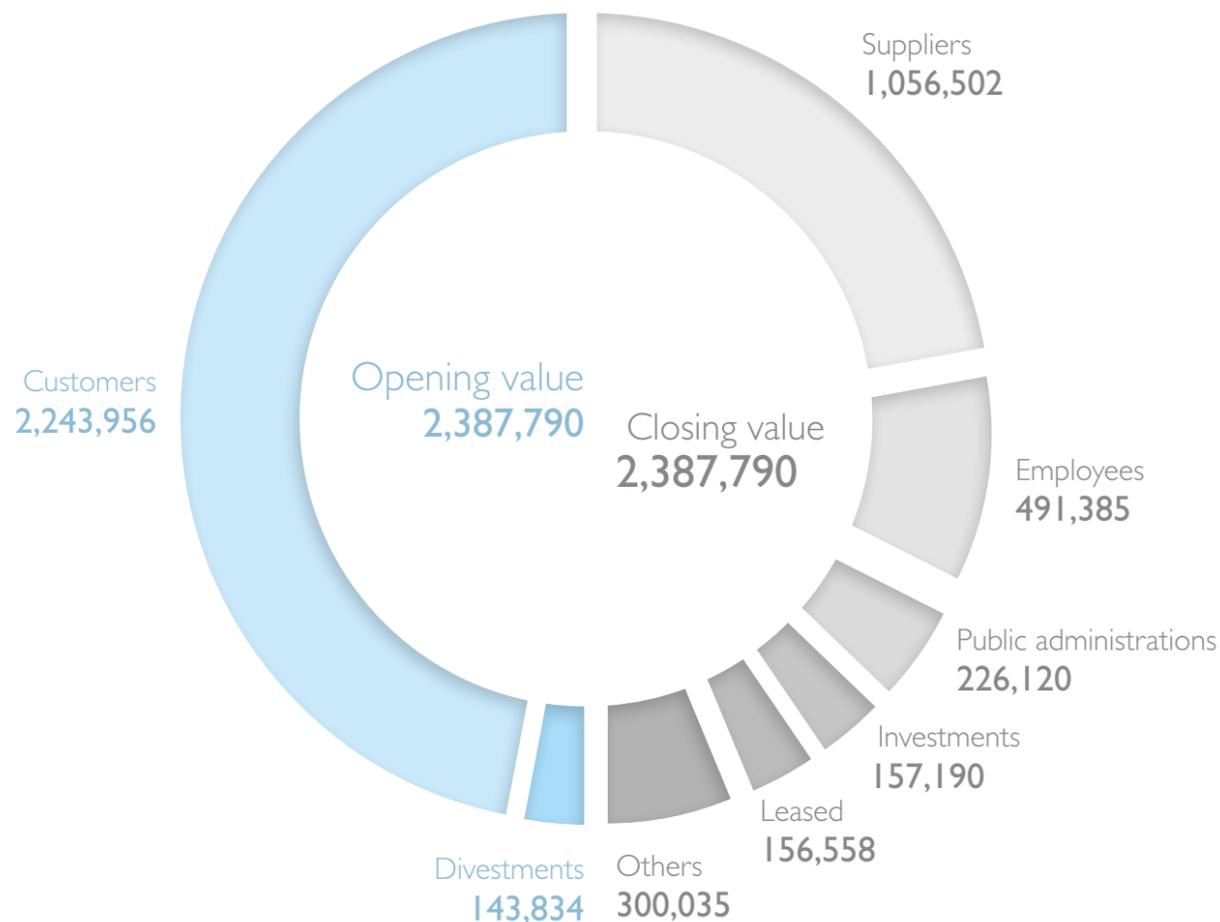
G4-EC1 > WEALTH GENERATION FOR SOCIETY

During its 59-year history, Meliá Hotels International has upheld solid values that have enabled it to fully integrate in those communities where it has a presence and make a positive contribution to their economic and social development. To underpin this commitment, the Company measures the impact that its activity generates on society as a whole through the so-called "Cash Flow Social", which reflects the actual economic value that it provides to its different stakeholders.

In 2014, Meliá Hotels International distributed wealth for a value of over 2.3 billion euros, mainly among its employees, shareholders, suppliers, partners and public administrations. For the first time, the calculation has considered the value contributions generated by hotels under management, whose financial reporting is not included in the Company's consolidated figures.



CASH FLOW SOCIAL (THOUSANDS OF EUROS)



## MELIÁ'S COMMITMENT IN THE FIGHT AGAINST GLOBAL WARMING IS BUILT AROUND A STRATEGY SUPPORTED BY FOUR PILLARS



### 1 RISKS AND OPPORTUNITIES < G4-EC2

### 2 IMPACT MEASUREMENT < G4-EN19 < G4-EN6

#### Carbon Footprint

In 2014, Meliá optimised the calculation of its Carbon Footprint, acquiring greater accuracy based on the efforts made, adjusting the employee conversion factors and following the GHG Protocol standard

### 3 EMISSIONS REDUCTION

#### Projects in 2014

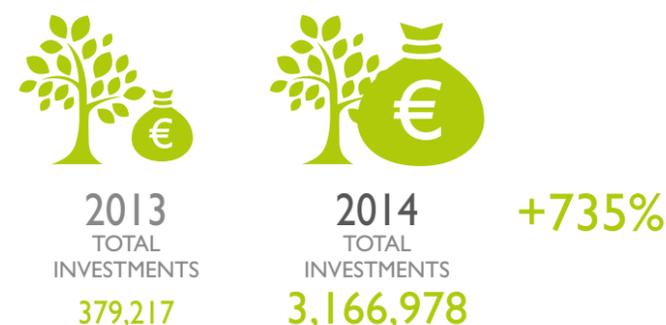
1. Signing an electricity supply contract with the Spanish company ENDESA, so that all of its hotels and offices in Spain operate with 100% renewable energy
2. Replacement of coolers and associated control system at nine hotels. LED lighting and associated control system at two hotels.
3. Installation efficiency at a range of hotels: control system, circulation pumps, automatic control of facilities, etc.
4. Changeover to natural gas at two hotels
5. Optimisation of Demand Management Systems at nine hotels

### 4 REPORTING AND COMMUNICATION

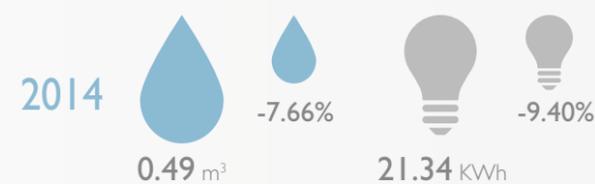
#### Advances in the Carbon Disclosure Project (CDP)

1. Meliá has improved its score in the last CDP Iberia 125 report
2. Scoring 91/100 for disclosure
3. Performance 'B' rating on a scale of A-D, with A being the highest

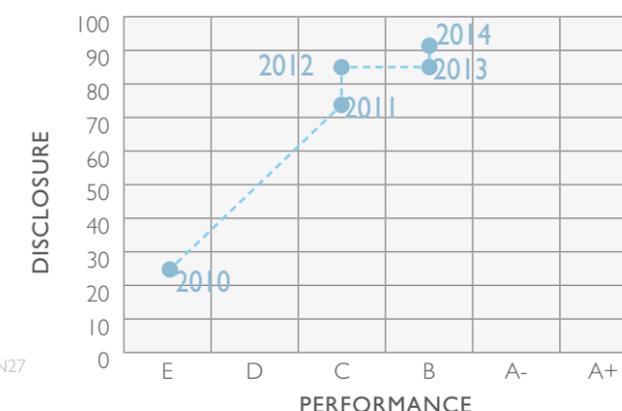
#### INVESTMENTS IN ENVIRONMENTAL MANAGEMENT < G4-EN31



#### PRODUCTION OF ELECTRICITY AND WATER CONSUMPTION < G4-EN27



#### EVOLUTION OF MELIÁ'S RESULTS IN THE CDP RANKING



#### MELIÁ'S CARBON FOOTPRINT

	2013	2014
Scope 1	54,687	49,144
Scope 2	182,305	177,274
Scope 3	42,085	42,022
<b>TOTAL</b>	<b>279,077</b>	<b>268,440</b>

CARBON FOOTPRINT  
**194**  
HOTELS  
(70% PORTFOLIO)

MELIÁ'S FOOTPRINT  
**268,440**  
TCO<sub>2</sub>

**- 9.44%**  
KG CO<sub>2</sub>  
PER STAY

BETTER  
SCORE OBTAINED IN  
THE CDP RANKING

WE ARE MAKING PROGRESS IN OUR STRATEGY FOR THE EFFICIENT AND RESPONSIBLE USE OF NATURAL RESOURCES WITH A CONSOLIDATED MANAGEMENT MODEL

## AND AN ONGOING COMMITMENT TOWARDS INTEGRATION OF SUSTAINABILITY IN THE HOTEL BUILDING PROCESS



Corporate Design and Construction Handbook	Technical Services Agreement	Technical Feasibility Agreement
Criteria and attributes belonging to each brand as well as the energy and water efficiency criteria	Technical review that guarantees the uniformity of brand attributes and the inclusion of the criteria included in the Design and Construction Handbooks	Composition and level of sustainability (suppliers, materials, sustainable attributes), as well as the level of inclusion of CSR in supplier management



### CERTIFICATIONS IN SUSTAINABLE TOURISM

The certificates in sustainable tourism provide Meliá Hotels International with a tool for ongoing improvement at its hotels with regard to its daily activity and the impact exercised on the natural and/or sociocultural environment. By the same token, as these are certified by an independent third party, they lend greater credibility and transparency to the commitment and to the actions that the establishments undertake.

The Global Sustainable Tourism Council is an international enterprise dedicated to the promotion of Sustainable Tourism and which advocates so-called Sustainable Global Tourism Criteria to ensure responsible management of tourist destinations.

On 30 June 2011, the company joined the Global Sustainable Tourism Council, marking out the future strategy of Meliá Hotels International in the issue of certificates in sustainable tourism, and the company believes that the specific certifications and seals linked to tourism, internationally recognised and approved by the Global Sustainable Tourism Council, are a priority.

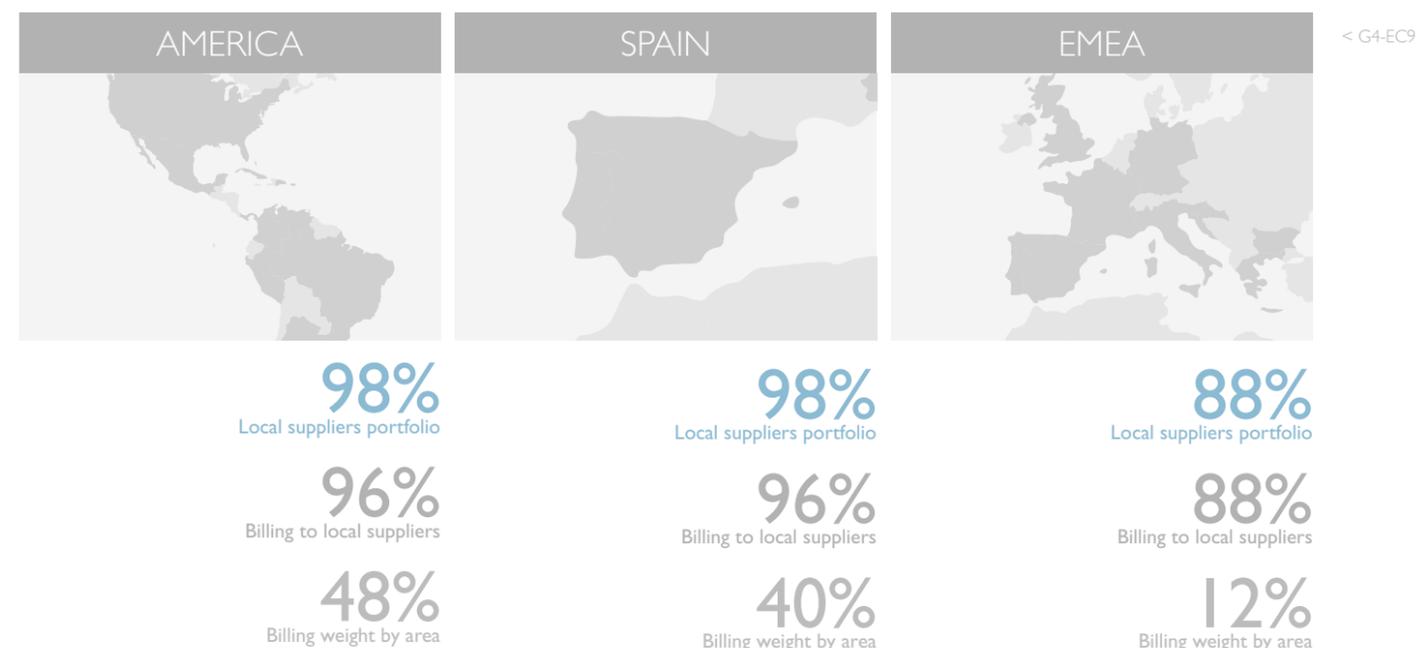
Meliá has 141 certifications in Sustainable Tourism (23 of these are in the process of being obtained) with different seals (Earthcheck, Biosphere, Travelife, LEED, ISO, Green Leaders).



### SUPPLIER MANAGEMENT

The purchasing function of Meliá covers both the operating needs of hotels as well as corporate centres through the acquisition and procurement of products and services.

Meliá applies a methodology, processes and the implantation of purchases that provide major value to owners, guaranteeing profits and the adaptation to each local environment, thus fostering the creation of wealth and jobs wherever the Company operates.



The supplier screening process, based on defined criteria, guarantees access to honest, competitive, fair and transparent procurement, ensuring that the Best Value for Money principle is supplementary to the integration of sustainability.

Meliá, as a business that is progressing in responsible management through the supply chain, passes on its commitment to those companies that hope to collaborate with the company as a supplier. It is therefore essential that these suppliers have an ongoing improvement policy in integrating CSR criteria into their business. Signing Meliá's Sustainability Clause shows their firm commitment towards these values.



“FIRST PROFESSIONAL EXPERIENCE” PROJECT

Meliá has for some time been working on initiatives aimed at developing employability in its broadest sense, more specifically with groups at risk, within the framework of its Corporate Responsibility strategy, to provide an opportunity and better qualifications for people who in the near future could successfully work in the tourist sector.

“ONCE MORE TO EAT”, A PRECURSOR INITIATIVE OF THE INNOVATIVE ASSOCIATIVE AND ON-PLATFORM WORK

Following the success of “ONCE more to eat” Meliá is once again collaborating with the Pinardi Foundation in the development of the “First Professional Experience” initiative. The Strategic Partnership of Meliá and Pinardi in developing the “First Professional Experience” has given young persons in a situation of risk the opportunity to set up an innovative initiative in catering.

STRATEGIC PARTNERS IN THE DEVELOPMENT OF INCLUSIVE INITIATIVES

The initiative, driven by Pinardi and sponsored by JP Morgan, aims to improve the employability of a group of 80 youngsters that did not complete their school studies. So the aim of the joint work of the partners is to foster a model of innovative social work that helps young people gain an opportunity to access a real job experience in a professional environment that gives them experience, personal development, maturity and skills that have a positive impact on improving their possibilities of finding a job.

THE PROFESSIONAL MENTOR FIGURE, A KEY AND DIFFERENTIATING COMPONENT

The incorporation of the Professional Mentor is without doubt the distinguishing and innovative factor, as this is a figure who, as part of the Human Resources team of Meliá, is tasked with the process of professional oversight that enables a more solid and effective development of the young person's skills.

ROLE OF PROFESSIONAL MENTOR IN THE “FIRST PROFESSIONAL EXPERIENCE”

WITH REGARD TO THE PINARDI FOUNDATION...

- It is been the benchmark figure for the partners in the Meliá team
- It has provided ongoing and structured communication about project evolution

WITH REGARD TO YOUNG PEOPLE...

- It has proposed, challenged and technically assessed those young people taking part
- It has contributed to the individual development of each young person, allowing them to improve their job skills
- It has become a cornerstone in ensuring the optimum performance of young people in the programme
- It has enabled these young people to have vision of a future as part of Meliá
- It has managed to develop different group formations and dynamics.
- Monitoring and periodic interviews to check their evolution.

WITH REGARD TO THE MELIÁ HOTELS...

- It has been a major channel for transmitting the corporate values of Meliá to partners and participants
- It has become a benchmark for the hotels involved and represents major assistance in resolving difficulties
- It has actively taken part in the design and organisation of processes
- The global vision has enabled it to identify opportunities for improvement that have provided feedback to the project and brought it to life.

PROJECT DEVELOPMENT

Pinardi made a pre-selection of candidates who, from its standpoint, satisfied the required profile. This group joined a screening process headed by the Human Resources Department of Meliá Spain, which configured the teams, based on hotel sector criteria. Following a period of technical training at Meliá's Hotel Tryp Madrid Alcalá 61 I, and training actions associated to sector knowledge, the group spent four months completing its training at Meliá hotels.

Candidates Presented

44

Candidates Selected

13

Participants in the Programme

Hotels

10

Recruited by Meliá or other companies

50%

What criteria were taken into consideration by the Pinardi Foundation and Meliá in configuring the group?

Attitude, desire and willingness to learn, and their capacity to teamwork, observed in the group dynamics. Technical knowledge was a criterion which improved the skillset of potential candidates, but did not exclude any.

Group configuration

With an age range of between 19 and 25, seven boys and three girls from different nationalities and cultures (Arabic, Spanish, Senegalese ...)

Hotels that offered job training



- Tryp Madrid Gran Vía
- Tryp Madrid Ambassador
- Tryp Madrid Plaza de España
- Tryp Alameda Airport
- Tryp Madrid Airport Suites
- Tryp Madrid Alcalá 61 I
- Tryp Madrid Atocha

- MELIÁ  
HOTELS & RESORTS
- Meliá Galgos
  - Meliá Barajas
  - Meliá Castilla



NB: The remaining 50% are involved in different processes for their recruitment both at Meliá as well as other companies

### "A 6 STAR HOTEL"

#### THE PROJECT. CONCEPT AND TRAINING

"A 6 Star hotel" is a project created at the Meliá Rome Aurelia Antica hotel (Rome, Italy) in partnership with the AIDP (Italian Association for Persons with Down's Syndrome) and supported by Magnolia Filming Company and Rai3. Three men and three women aged between 18 and 31, with Down's Syndrome, took part in this three-month training experiment, in a real working environment with the hotel team in all management areas of the operation, in which we created a splendid setting for employment integration. All the activities were filmed over a month by the Magnolia team, which prepared a documentary that was broadcast by Rai3 (National Italian TV) every Monday at peak viewing times (11:10 PM) following the "Pressa Diretta" show, from 17 February 2014.

The project has highlighted the personal and professional growth of this group, its commitment to work together with the hotel team, which was very supportive to the group on a day-to-day basis. In addition, it showed that real integration is possible and that this generates a growing commitment. "A 6 Star hotel" has been a pioneering experience on Italian TV as it was the first TV series dedicated to the integration of disability into job settings.

The training process was planned together with all of the hotel's areas, so that each participant joined a different professional setting. Each duty was assigned taking into consideration the possibilities of the six participants and allocating a tutor from the hotel team to monitor the evolution of each participant closely, affectionately and encouragingly, providing enthusiasm, knowledge and experience.

#### TARGETS, RESULTS AND SIGNIFICANCE

The main objectives of "A 6 Star hotel" were to create experiences, raise awareness of society and businesses through a real, facilitating and integrating experience.

It involved three months of constant relations, the exchange of experiences and sharing professional knowledge and mutual learning that has enabled all those that took part to develop skills. The personal growth of participants was directly perceived by their parents, relatives and friends, who appreciated very positive cognitive changes both in their personal life as well as in their social relations outside of the family setting, a fact that without doubt contributes to achieving higher levels of independence.

Meliá, as a leading hotel business committed to the integration of disabled persons at the workplace, has experienced an incredibly positive impact in terms of raising the internal awareness of its teams, as they had the opportunity to work directly with a group with as yet untapped employment potential.

The commitment to targets, personal values, affection, proximity and dedication were perceived by our teams who, internally, have passed on their own experience to the rest of the Company. Customers became involved and took part in a direct and natural way through first-hand contact with the participants. They have shown their surprise, support, enthusiasm, understanding and collaboration. This is a key aspect as it enables the reality of Down's Syndrome to be perceived from the normality of working environments. It therefore opens a new way of instrumenting job integration between the business world and disability.

#### DEVELOPMENT AND FUTURE PROSPECTS

This initiative was the first step in the development of future projects with this group. So, together with the AIDP we have drawn up a Performance Assessment Report of their participation in the initiative which, objectively, has measured their involvement. This will be very useful both for participants as well as tutors with a view to future recruitments.

We have also created a Best Practice to improve the integration programme for future application in other settings. The project has served as the basis for a joint European Project with Erasmus and the AIPD for creation of new opportunities at international level that enable promotion of Employment Rights for persons affected by intellectual disability, the development of Guides and Methodologies to disseminate this reality at Meliá, and possible future developments in London, Barcelona, Rome and Lisbon.

As a continuation of "A 6 Star hotel", Meliá will take part in the "OMO, On my Own" Project, the purpose of which is to facilitate the integration into the hotel sector of European citizens affected by an intellectual disability, to foster their employability and the creation of apps and tools that help increase their confidence, independence and development, both personal and professional, for the performance of their day-to-day tasks. The act of raising awareness has enabled us to bring this reality to the business setting of the tourist industry: Confindustria Alberghi, FederTurismo, ADA, MPI, EHMA and FAI. The project has been submitted at the "41st EHMA General Meeting "Hospitality, Sustainability...What's Next?" 28th - 30th March 2014" in Monaco.

MELIÁ HOTELS INTERNATIONAL



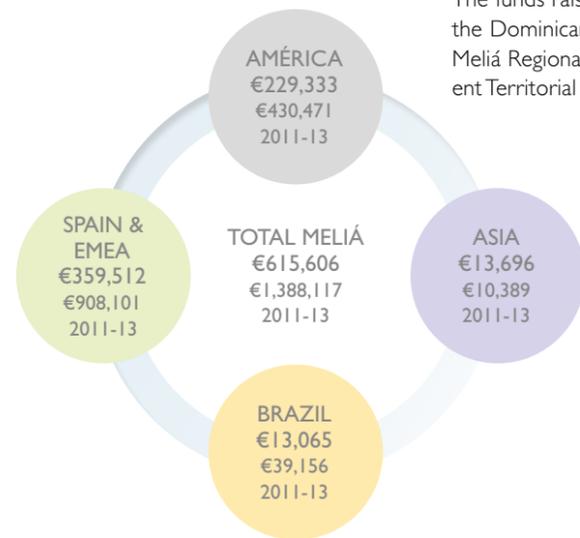
"A 6 STAR HOTEL" WAS AWARDED THE BEST CORPORATE RESPONSIBILITY INITIATIVE AT THE EUROPEAN HOSPITALITY AWARDS 2014

RENEWED STRATEGIC ALLIANCE THAT CONTINUES TO GIVE POSITIVE RESULTS

Meliá's social commitment mainly revolves around the Protection of Children. To this end, since the end of 2010 the hotel has been aligned with UNICEF through an international agreement, renewed in November 2013, to fight against the commercial sexual exploitation of children.

In 2014, Meliá, through its Corporate and Regional Offices, paid more than €615,000 to UNICEF, of which the Spanish Committee received more than €359,000.

The funds raised in Spain and EMEA have been used to reinforce the Children Aid Programmes in the Dominican Republic, to the Administrative Register of New-born Babies in Mexico. The other Meliá Regional Management Areas around the world have reinforced the action plans of the different Territorial Offices of Unicef.



MELIÁ CONTINUES THE FIGHT AGAINST COMMERCIAL SEXUAL EXPLOITATION OF CHILDREN AND HELPS TO ERADICATE THIS IN THOSE DESTINATIONS WHERE IT OPERATES

BRAZIL

Protecting children in Brazil

Meliá joined the campaign of UNICEF Brazil and ECPAT in favour of childhood protection, coinciding with the FIFA World Cup held in June 2014.

The international campaign was spearheaded by ECPAT France and in Spain it was coordinated by the Sustained Development Foundation (FUNDESOC) with support from FAPMI-ECPAT Spain.

Through the campaign, ECPAT, together with the SESI (Brazilian Industrial Social Services), the Brazilian Government and the European Union, set up different actions in both Europe and Brazil targeted at minimising the risk of an increase of Commercial Sexual Exploitation of Children and Adolescents.

Through special training given by CEDECA-BA, Meliá strengthened the workforces of its 14 establishments for the detection of possible cases of childhood exploitation at its facilities. It also informed customers of the need to protect children and adolescents against violence, abuse and exploitation.

Furthermore, as a consequence of special training by its partners, Meliá joined the campaign and strengthened its role of raising awareness through social media, encouraging the download of the smartphone app "Protect Brazil" which can be used to immediately report possible cases of exploitation of violence against children through a direct connection to the police and systems to protect the minor.



**DON'T LOOK AWAY!**  
campana global para la prevencion de la explotacion sexual comercial infantil en los eventos deportivos



DOMINICAN REPUBLIC

Programmes to Combat Commercial Sexual Exploitation

Support in raising awareness of organisations of civil society to prevent the sexual exploitation of children in vulnerable communities of Puerto Plata, Sosúa, Cabarete, Samaná and Boca Chica.

More than 1,800 community leaders and members of neighbourhood associations were informed about this problem and know what to do if they become aware of its existence.

8,000 adolescents have received information on how to protect themselves against sexual exploitation, where to go to seek help and how to report it.

56 journalists in Boca Chica and Puerto Plata have taken part on training courses for the handling of information concerned with the sexual exploitation of children.

Review of functions, composition, procedures and training of members of the Municipal Directorate of Boca Chica (CONANI, CESTUR, Mayor's Office, Attorney General's Office, Travellers and associations of traders and community leaders) to improve institutional response to the protection of children.

This reinforcement of local protection networks has commenced at the remaining tourist destinations and in the border provinces with Haiti.

MEXICO

Promotion of the universal and opportune birth register in Mexico

In Chiapas, the rate of registrations has increased from 63% to 83% in recent years.

Permanent jobs at the Civil Register at hospitals and maternity wards in Chiapas and Oaxaca.

Training health personnel and midwives to encourage registration of births that they attend.

Training of public officers, local organisations, community leaders, officials of the Civil Register in municipalities with vulnerable populations (in rural areas, indigenous communities and migrants) of Chiapas, Chihuahua, Guerrero and Oaxaca.

Introduction of a National Campaign for Universal, Opportune and Free Registration of Births: If you don't register them they don't exist.

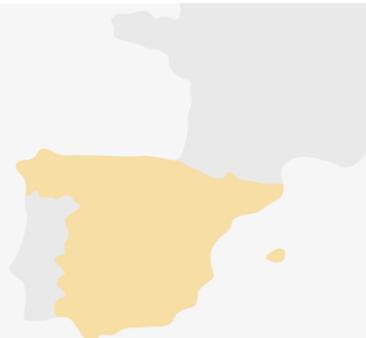
SPAIN

"2014 Childhood in Spain" report

As part of the framework of the Strategic Partnership between Meliá, the funds obtained through the solidarity payroll of employees of Meliá in Spain have co-financed the Study called "The social value of children": towards a State Treaty on Children"

The report analyses the different impacts children have suffered in Spain as a consequence of the crisis, and which are reflected in:

- Increase in childhood poverty
- Reduction of resources targeted at basic services
- Domestic scenarios in which we find or could find many families with children



HAS BEEN RECOGNISED BY THE CODE AS A TOP MEMBER 2014 FOR ITS DEFENCE OF CHILDREN



## INTERVIEW WITH THE MANAGEMENT TEAM OF SERES FOUNDATION

### What is the SERES Foundation?

We create value through social action. We are a foundation that pools together 110 companies to increase and improve their role in bettering society.

### What type of companies?

At SERES there is a place for all businesses, irrespective of their size or sector. The common denominator for all of them is that their objective must be: to be active agents in bettering society. Among the businesses of the foundation, we also have academic partners. We are well aware of the need to incorporate business schools and universities. Because it is the business schools and universities that train future company executives. It is thus essential to include academia from the outset, so that these matters are not purely the companies' responsibility; the idea is that their training will cover this way of managing companies, thus uniting the academic and business worlds.

### What projects do you carry out?

At SERES Foundation we have a huge project to perform. **We represent a revolutionary approach**, we offer firms a new corporate model in which a social problem is resolved by creating economic value.

To achieve this, we work on different focal points. The first is based on helping the business to incorporate the social concept into the Company's strategy. The second is to make the company aware of this social reality, how to enter into dialogue with underprivileged groups and help them to see the needs and opportunities that exist. The third block is working on the group concept. This is where the foundation makes its biggest contribution, because to generate major changes and to transform, everybody has to give the best of themselves and in this regard we need collaborative projects between companies. Lastly, we disclose the actions carried out by businesses and their managers. It is important to recognise their work so that they continue with it, and also get more companies to join. To this end we are trying to demonstrate how the actions of the company generate an impact on society, that these are not just marketing ploys, and that they really do have a vocation for in-depth change.

### Why is CSR important in the strategy of businesses?

It is important in generating social and business value simultaneously for this to be sustainable over time. The first thing we need to incorporate these strategies is to recognise that they have a value. We want there to be business and social transformation across the board, as this cannot depend solely on one area of the Company.

### What challenges are businesses facing to make progress in CSR?

We have a long way to go, but the conviction and the introduction of CSR actions is ever more widespread. We need to keep progressing, doing more and doing it better. CSR and the concern of businesses to build a better society and cater to social needs is one of the keys for business survival, according to Michael Porter of Harvard Business School. In the medium and long term, this will be how companies compete. Furthermore, anticipating future problems generates a positive effect for the company and sets it apart from the others. Without doubt, CSR will be a factor of success for businesses in the future.

### What is our history of collaboration with Meliá Hotels International?

Meliá has formed part of the board of Seres since it was founded in 2010, and is also a member of its operations committee. We have worked closely to imbue the organisation with the importance of working with society to generate value. Meliá formed part of the third wave of the CSR2 project of McKinsey&Company to make progress in measuring the impact of its projects.

In June last year, SERES was present on its Committee to carry out a workshop and to align Meliá's strategy in social matters with all areas of the Company. It was an extremely enriching experience for those that attended, and many lines of work and progress were addressed for the Company's future.

## SHARED VALUE 1ST CORPORATE RESPONSIBILITY WORKSHOP OF MELIÁ AND THE SERES FOUNDATION



On 12 June 2014, the Meliá de Mar hotel hosted the first Corporate Responsibility Workshop of Meliá, given by the SERES Foundation. This Foundation has more than 100 Spanish companies, 60% of which are listed on the IBEX. SERES is looking to transfer business reality to achieve a better society, generating value for business and for society.

The SERES Foundation team shared with Meliá's its vision of how companies can generate shared value in the communities in which they operate.

The Corporate Responsibility team of Meliá, the regional and global areas were tasked with coordinating the event, which featured participation from 24 international managers who were invited to reflect on the creation of shared value, the solution to social problems creating economic value and the transformation of the business reality as a lever for social improvement.

With a simple and didactic methodology, the participants were split into four multidisciplinary groups and were able to share and analyse problems and solutions to four challenges selected for debate and tied to Corporate Responsibility from our perspective as a Company. The groups, invigorated by the SERES Foundation and the Corporate Responsibility team of Meliá, worked on a challenge in which solutions and alternatives were proposed to move forward as a responsible company.

The talks, debates and analyses were extremely positive and constructive. The teams revealed themselves to be highly motivated when it came to taking part and proposing alternatives, identifying problems and opportunities that they could put into practice at Meliá.

Meetings like this one, held on an annual basis, represent an excellent tool to share progress and experiences in Corporate Responsibility in those markets where Meliá operates, as well as laying down new challenges.



TRANSMITTING EXPERIENCES AND KNOWLEDGE TO YOUNG PERSONS, HELPING TO GUIDE THEM FOR THE FUTURE AND HAVING A POSITIVE IMPACT ON IMPROVING THEIR EMPLOYABILITY

“SPONSORING TALENT”

The development of talent is one of Meliá’s strategic priorities. As a socially responsible business, Meliá aims to contribute to training and development of young university students, supporting various different academic and social institutions for this purpose.

Since 2012, Meliá has taken part in this project to increase the employability of young people with higher academic qualifications to guarantee equal opportunities in access to the job market. In 2013 and 2014, Meliá took part in this project with eight mentors. This initiative has innovatively combined internal and external talent in management of human resources.

This Premier’s allows the directors of major companies that are members of the Príncipe de Girona Foundation to come into contact with young persons with a specific profile. The foundation analyses the profiles to couple them with the most suitable mentor and uses networking as a strategy when it comes to finding professional opportunities for these young people. The project aim is not to give them a job, but rather to offer them the tools required to set them on the right road.

The mission of the mentor or sponsor is to uncover the young person’s potential, skills and areas for improvement to enable them to tackle the job seeking process in the right way. The mentor and the mentee have 10 sessions together, either face-to-face or online, over the course of six months.

PROFILES OF PARTICIPANTS

Mentee	Mentor
<ul style="list-style-type: none"> <li>Aged between 18-30</li> <li>Academic studies finished in the last five years</li> <li>To have studied with a 'salary scholarship'</li> <li>Unemployed or with a job that does not fit with their training</li> </ul>	<ul style="list-style-type: none"> <li>Executives or professionals with experience in management of persons and committed to employing young persons</li> <li>Spending 15-20 hours during 6/10 sessions over six months</li> </ul>



MENTORING PROGRAMME METHODOLOGY

- Over six months
- Between six and 10 sessions lasting one and a half hours
- A least two sessions must be face-to-face. New technologies are available to participants for the development of the remaining sessions

Personal Area	Professional Area
<p>Knowledge between the mentor and the mentee to create the appropriate working framework, discovering their capabilities, skills and attitudes</p> <p>Work Blocks</p> <ol style="list-style-type: none"> <li>Presentation</li> <li>Self-assessment</li> <li>Create attitude</li> </ol>	<p>Development of different points that can help the young person find a job</p> <p>Work Blocks</p> <ol style="list-style-type: none"> <li>CV, interviews, image and attitude</li> <li>Objectives and skills</li> <li>Mentor’s experience as an example</li> <li>Preparation of a personal Business Plan</li> <li>Acknowledgements</li> </ol>

TESTIMONIES

**MARÍA ORGAZ, 22 AÑOS**  
**«Debería ser obligatorio tener un mentor»**

«Al acabar Turismo estaba muy perdida. Conocía muy bien la teoría, pero no cómo funcionan los hoteles, las agencias de viajes... -recuerda María Orgaz-. Me apunté al proyecto "Apadrinando el Talento" y la experiencia ha sido muy positiva. Debería ser obligatoria al terminar los estudios», apunta Orgaz.

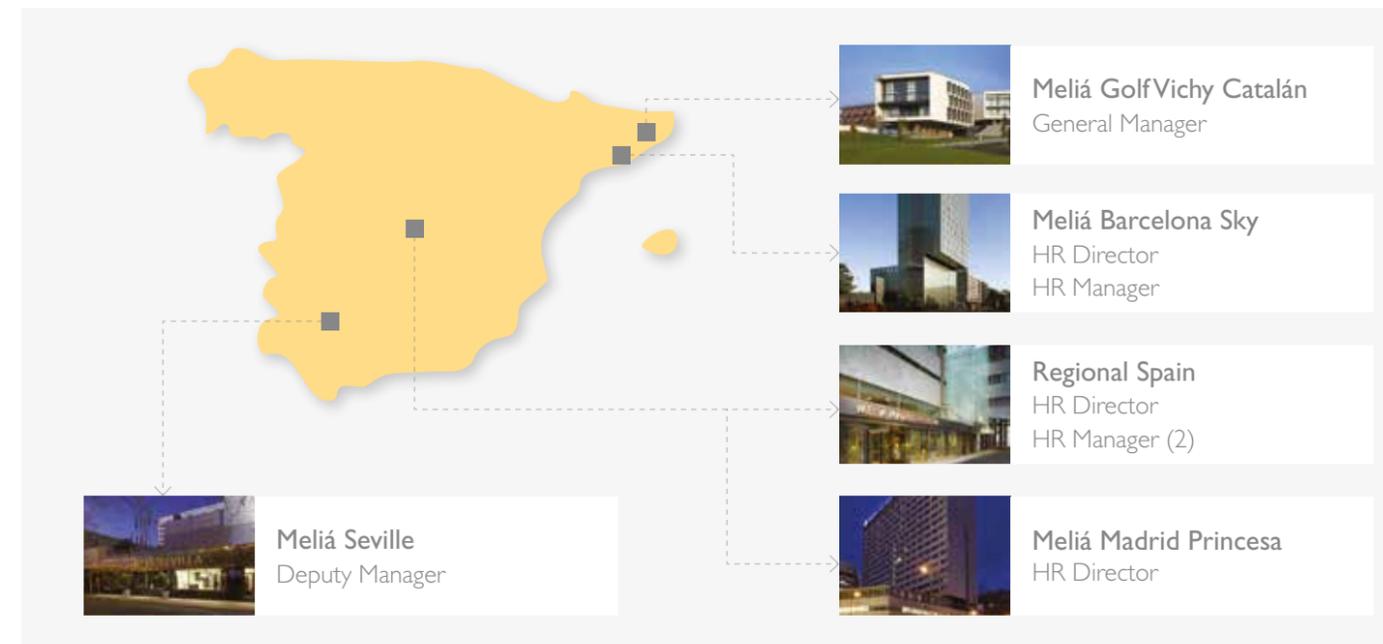
**CELINE REDONNET, JEFA DE RR.HH. DE MELIÁ MADRID PRINCESA**  
**«Me siento responsable de sus éxitos o posibles fracasos»**

Meliá Hotel Internacional colabora desde 2009 con la Fundación Príncipe de Girona. Céline Redonnet, jefa de RR.HH. de Meliá Madrid Princesa, ha orientado a María Orgaz de manera presencial. «Ella tenía lo necesario para tener éxito, pero lo que le hacía falta era creérselo y potenciar sus capacidades»

«Me han ayudado a quitarme la inseguridad y la negatividad»

«Hemos creado un vínculo muy interesante y me tiene para lo que necesite»

HOTELS AND MENTORS OF MELIÁ HOTELS INTERNATIONAL THAT TOOK PART IN 2013 - 2014



G4-56 >  
G4-57 >  
G4-58 >  
G4-504 >

### 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 channelling body which represents all the areas involved in the follow-up, implementation and functioning of the Code.

- Interprets and resolves doubts
- Runs timely updates
- Raises awareness and trains staff on the content
- Provides 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 waiting times for attendance and filters out inappropriate uses
- Define scales of severity, classification of subjects and notifications to the Audit Committee

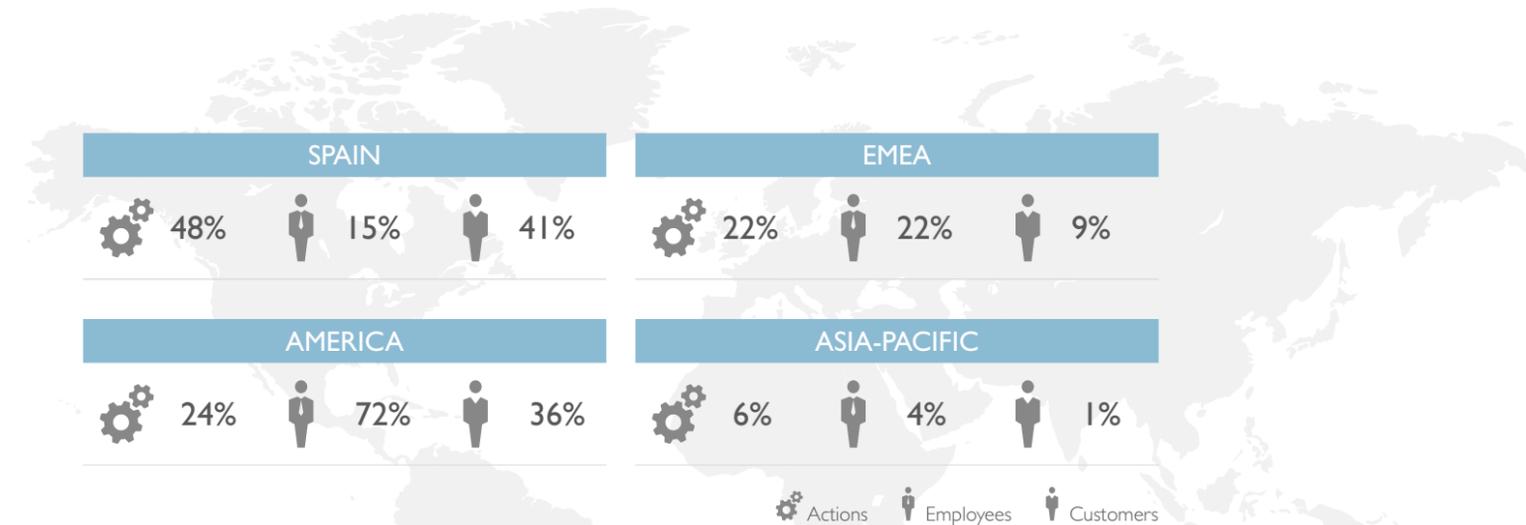
#### COMPLAINTS CHANNEL

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.

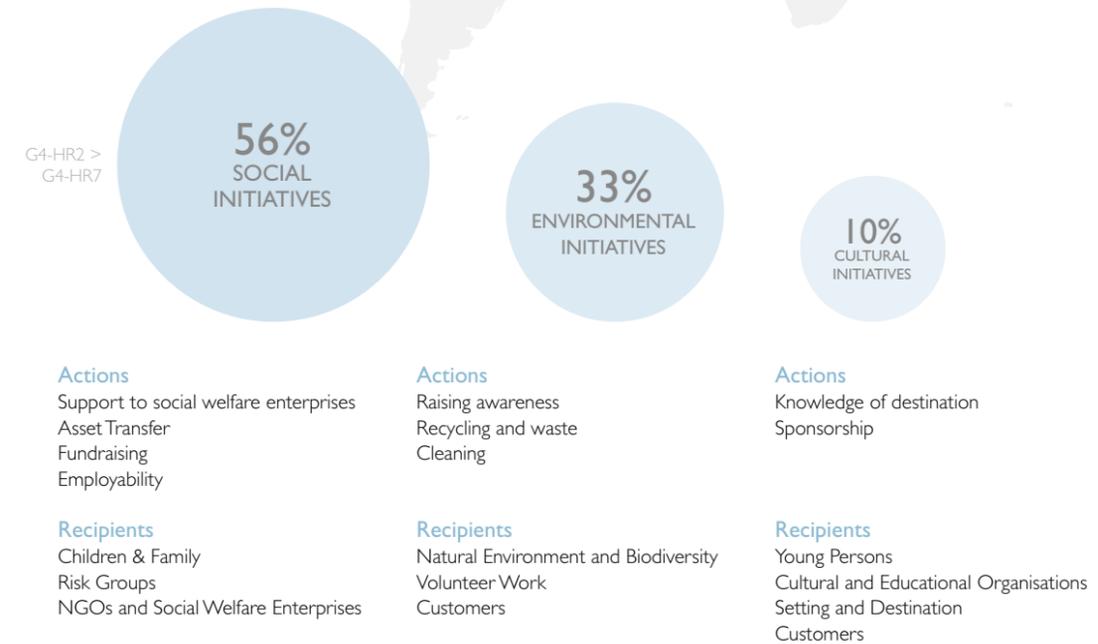
- It is managed by a third party to guarantee its objectivity and privacy
- Complaints are sent directly to the Chairman of the Audit and Compliance Committee



MELIÁ INVOLVES ITS CUSTOMERS BY INVITING THEM TO TAKE PART IN SUSTAINABLE  
ACTIVITIES AND THUS REINFORCE ITS COMMITMENT AS A RESPONSIBLE COMPANY



G4-HR2 >  
G4-HR7



NB: Analysis on a sample of 586 initiatives carried out at 110 hotels

MELIÁ UNDERSTANDS STRATEGIC PARTNERSHIPS AS A KEY TOOL IN ESTABLISHING LONG-LASTING WORKING RELATIONS, WHICH REQUIRES JOINT WORK TO FOSTER DIFFERENT WAYS OF DOING THINGS AND THINKING

**SUPPORT TO GROUPS**

<p>UNICEF Extending support to Children</p>	<p>THE CODE, TOP international member</p>	<p>Federation of Celiac Associations of Spain</p>
		
<p>Following renewal of the Strategic Alliance with Meliá at the end of 2013, the hotelier continues with its already consolidated line of work in favour of children and to combat sexual exploitation of children. Through a range of initiatives set up in 2014, Meliá has paid Unicef more than €615,000 that will help reinforce Schemes in favour of Children. In addition to the particular focus placed on the Dominican Republic, this area of support has been extended to Mexico to improve coverage of the administrative record of new-born babies.</p>	<p>THE CODE. Since 2007, Meliá has been affiliated to The Code, the Code of Conduct to Protect Children and Adolescents from Sexual Exploitation in the tourist sector. As a consequence of this commitment and of the progress and renewed undertakings, Meliá is considered to be a TOP company among the most important members in 2014, together with other tourist businesses worldwide. This is because of its commitment to sustainable and responsible tourism, as well as for having successfully introduced at its hotels the criteria required by The Code and which are reported on an annual basis.</p>	<p>Since 2008, the objectives of Meliá have included making progress in the gradual development of actions and the introduction of systems at its establishment to enable celiac customers to enjoy gluten-free food. To this end it is supported through the experience of FACE, meaning that in addition to introducing gluten-free products, it is able to train its partners, inform customers and spread the news.</p>

**SOCIETY, SHARED VALUE AND EMPLOYABILITY**

<p>MELIÁ and the SERES FOUNDATION continue creating  Shared Value ...</p>	<p>... and working on a platform together with the ACCENTURE FOUNDATION</p>	<p>Meliá sponsors young talent together with the PRINCESA DE GIRONA FOUNDATION ...</p>	<p>... and provides young persons with their first job experience together with the PINARDI FOUNDATION</p>	<p>It continues its commitment to disability together with the ONCE FOUNDATION</p>
				
<p>Meliá's commitment to creating value through Social Responsibility has led it to become Patron of the SERES Foundation, an enterprise that promotes businesses bettering society, integrating Responsibility into the corporate strategy through actions that are aligned with this.</p>	<p>Meliá forms part of the platform spearheaded by the Accenture Foundation to drive a collective strategy between more than 120 participants, public and private organisations and NGOs to promote job placements, learning and assisting society's most vulnerable groups.</p>	<p>Meliá seeks to contribute to the training and development of young university students, by supporting different academic and social organisations. Since 2013, the Company has participated in the "Sponsoring Talent" mentoring project through which young persons with high potential share time and experiences with hotel managers for the purpose of improving their future employability.</p>	<p>Meliá is committed to associative and on-platform work, and since 2004 has partnered the Pinardi Foundation to foster an innovative social work model that helps the employability of young persons through real work experience in a professional setting that gives them experience, personal development, maturity and skills that improve their chances of finding a job.</p>	<p>Meliá and the ONCE Foundation have been closely collaborating since 2011. With this agreement, Meliá is seeking the joint performance of actions and programmes targeted at driving the improvement of job placements, social inclusion and enhancing the living conditions of groups of disabled persons.</p>

**CULTURE AND HERITAGE**      **UNIVERSITY AND FORUMS**

<p>MELIÁ promotes the figure of Joan Miró and the city of Palma...</p>	<p>... and continues to promote knowledge of museums in Madrid</p>	<p>MELIÁ continues to drive Corporate Responsibility at universities together with the University of the Balearic Isles...</p>	<p>... and contributing its knowledge in management of services together with the King Juan Carlos University</p>
			
<p>Since 2014, Meliá has partnered the Miró Foundation to drive joint initiatives and actions to promote the figure and artistic work of Miró, to publicise the artist's link with Palma and to promote the image of Mallorca as a cultural and artistic destination where Miró's influence is all around.</p>	<p>In its commitment to development, reinvigoration and promotion of local and cultural heritage, in 2011 Meliá renewed the partnership agreement with the Spanish Federation of Friends of Museums (FEAM), which commenced in 2010. We actively take part in a programme of cultural knowledge and support through establishments of the urban brand Tryp by Wyndham in Madrid.</p>	<p>Since 2002, through the Gabriel Escarrer Tourist Studies Chair, Meliá has been working to provide students with knowledge and skills to guarantee their professional excellence in the sector and help them in their first jobs. The collaboration ranges from training through to research and innovation projects, developed jointly with the University of the Balearic Isles, thus allowing students to collaborate closely with Meliá's professionals, both at the University as well as at the Company itself.</p>	<p>The growing demand for specialised and qualified professionals with specific training has led Meliá to collaborate with and to support, together with IBM and the EULEN Group, the Rey Juan Carlos University in its new Service, Science, Management and Engineering Degree. The aim is to develop an innovative and singular proposal the purpose of which is to train highly qualified professionals in the services sector; an area where there is clearly a demand for graduates with specific training and, in the case of Spain, offers clear indicators of their progression and the capacity to generate quality jobs.</p>



CORPORATE  
GOVERNANCE



ME IBIZA SPAIN

MANAGEMENT BODIES

< G4-34

Meliá Hotels International develops its activities and adopts its decisions guided, inter alia, by the principles of transparency, diligence and separation of duties. The supreme governing body is the General Meeting of Shareholders and the Board of Directors is in charge of management (with its corresponding Delegate Commissions). The CEO of the Company and an Executive Management structure made up of the Senior Executive Team (SET) also form part of the company's bodies for taking decisions and enforcing resolutions adopted at the level of the General Meeting and the Board. (See the Corporate Governance report for further information).

The Company's action guidelines in Corporate Governance issues are shaped by the principles, undertakings and actions defined in its Code of Ethics, its Internal Rules and Policies. As a company listed on the stock exchange, it not only complies scrupulously with current legislation but also the recommendations of good governance issued by the regulatory authority.

The creation of a framework of adoption and enforcement of decisions that is organised by level, is transparent and clearly established, is aimed not only at maintaining the company and its Group in the mid- to long-term, but also showcasing the interests of stakeholders linked to the Company, at the same time as our activities are carried out in accordance with our main Values: *Vocation for Service, Excellence, Innovation, Proximity and Consistency.*



Mr Francisco Javier Campo García

Degree in industrial engineering from the Technical University of Madrid CURRENT POSITIONS: Chairman of the Cortefiel Group, Chairman of AECOC, the Asociación Española del Gran Consumo (Spanish Mass Market Association). He is also a Director of Bankia and Chairman of the Consultative Commission of Banking Risks, Member of the Advisory Board of the Palacios Food Group and a Board Member of AT Kearney. He is also patron of the ITER Foundation, and of the F. Campo Foundation that provides support to children, Patron of the Royal Forum of Senior Management and of the Carlos III Foundation.

Ms Amparo Moraleda Martínez

Degree in Advanced Industrial Engineering from ICAI. - MBA through the IESE Business School. CURRENT POSTS: Member of the Boards of Directors of Faurecia, Solvay, Alstom, CaixaBank - Member of the Advisory Board of KPMG Spain and SAP Spain - Member of the Governing Board of the CSIC - Member of different trusts and boards, including: Academic of the Academy of Social Sciences and the Environment of Andalusia. Member of the Board of MD Anderson Cancer Centre in Madrid. Member of the International Advisory Board of the Business Institute. Member of the Governing Board of Spanish Association of Directors in Madrid.

Mr Juan Arena de la Mora

Ph.D. from ICAI School of Engineering, Degree in Business Sciences from ICADE, Degree in Psychology, Degree in Taxation Studies and AMP from Harvard Business School. CURRENT POSITIONS: member of the Boards of Directors of PRISA, Ferrovial, Laboratorios Almirall, Everis, PANDA and Villafañe & Asociados. He is Chairman of the Advisory Boards of Consulnor, MARSH and Member of the Advisory Board of Spencer Stuart. He is also Chairman of the SERES Foundation, of the Professional Council of ESADE, of the European Advisory Board of Harvard Business School and Director of the Deusto Business School. Grand Cross of the Order of Civil Merit for his work on the Research Commission for the development of information societies.

Mr Fernando D'Ornellas Silva

Degree in Law and Economics from ICADEE3. MBA from IESE, Barcelona (International Section). CURRENT POSITIONS: DINAMIA-Member of the Board of Directors; WILLIS IBERIA-Member of the Advisory Board; MITSUBISHI CORPORATION- Senior Advisor; LAZARD ASESORES -Senior Advisor; Spain and Latam; Member of the International Advisory Board of the Hispanic Society of America; Member of the Advisory Board of Real Club de Puerta de Hierro.

Mr Alfredo Pastor Bodmer

Degree in Economics from the University of Barcelona - Ph.D. in Economics, Massachusetts Institute of Technology - Doctorate in Economics from the Autonomous University of Barcelona. CURRENT POSITIONS: Member of the Board of the Circle of Economics, COPCISA, BANSABADELL INVERSIÓN.

Mr Luís Mª Díaz de Bustamante

Degree in Law from the Complutense University of Madrid. Practising lawyer since 1975 and Partner at the Isidro D. Bustamante Practice (1942). His professional activity has mainly focused on the areas and practice of civil, commercial, civil procedure and international law, as well as advising entrepreneurs and companies.



G4-38 BOARD OF DIRECTORS

Company Name	Position	Date first appointment	Date last appointment	Audit and Compliance Committee	Appointments and Remuneration Committee	Strategy Committee
Mr Gabriel Escarrer Julia	Founder and Executive Chairman	07/02/1996	01/06/2010			
Mr Gabriel Escarrer Jaume	Deputy-chairman and CEO	07/04/1999	13/06/2012			
Mr Sebastian Escarrer Jaume	Dominical Director	07/02/1996	13/06/2012			
Mr Juan Vives Cerdá	Dominical External Director	07/02/1996	01/06/2010	Board Member		Board Member
Hoteles Mallorquines Consolidados S.A Representative as natural person Ms Mª Antonia Escarrer Jaume	Dominical External Director	23/10/2000	13/06/2012		Board Member	Chairman
Mr Alfredo Pastor Bodmer	Independent External Director	31/05/1996	01/06/2010	Board Member		Board Member
Ms Amparo Moraleda Martínez	Independent External Director	10/02/2009	04/06/2014	Board Member	Chairman	
Mr Juan Arena de la Mora	Independent External Director	31/03/2009	04/06/2014	Chairman		
Mr Francisco Javier Campo García	Independent External Director	13/06/2012	13/06/2012		Board Member	
Mr Fernando D'Ornellas Silva	Independent External Director	13/06/2012	13/06/2012		Board Member	
Mr Luís María Díaz de Bustamante	Secretary and Independent External Director	30/10/2010	13/06/2012			

A TEAM WITH GREAT EXPERTISE IN THE INTERNATIONAL HOTEL INDUSTRY MAKES UP THE SENIOR EXECUTIVE TEAM, WHICH LOOKS AFTER STRATEGIC GROWTH AND SUSTAINABILITY OF THE COMPANY

**Mr Juan Ignacio Pardo**  
EVP Legal & Compliance

Juan Ignacio Pardo holds a Degree in Law from the Autonomous University of Madrid, 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 Secretary of the Delegate Committee of Audit & Compliance, Deputy Secretary of the Board of Directors of Meliá Hotels International, and a member of the following entities: Member of the Chamber of Commerce in Spain, Member of the Tourism Commission of the Chamber of Commerce of Spain, Member of the University-Business Commission of the Chamber of Commerce in Spain, Legal Group of the Hotel Federation of Mallorca and Member of ICC Institute of World Business Law.

**Mr Gabriel Escarrer Jaume**  
Vice chairman and CEO

< G4-39

In 1993 he graduated from the prestigious Wharton School at the University of Pennsylvania (USA) 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 the ESADE. Since 2009 he has assumed the role of Executive Deputy-chairman and CEO of Meliá Hotels International.

**Mr Onofre Servera**  
EVP Club Meliá

He 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 arms which has its head office in the United States. Servera has a Master's degree in Business from the University of the Balearic Islands.

**Ms Pilar Dols**  
EVP Finance & Administration

Degree in Economics and Business from the University of the Balearic Islands. She joined the Meliá Hotels International 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 2011 she was appointed Senior Vice President of Corporate and Fiscal Administration and in April 2013 she was named Executive Vice President of the Finance & Administration division.

**Mr 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, playing 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.

**Mr 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. This involves management of the real estate portfolio, owned assets, construction works, maintenance and purchasing, as well as 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 Chief Financial Officer for three Spanish companies in the hotel-real estate sector.

**Mr Gabriel Cánaves**  
EVP Human Resources

Gabriel Cánaves joined the company in 1969. Throughout his trajectory in the company he has 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 at the company, Gabriel Cánaves has developed strong negotiation, team management, leadership and crisis management skills.

## GLOSSARY

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

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

**Executive:** In corporate offices, an executive 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	2014	Δ%	2013
Electricity	MWh	420,925	-3.30%	435,307
	GJ	1,515,330		1,567,106
Natural Gas	m3	8,957,603	-16.40%	10,930,173
	GJ	349,436		426,386
LPG	t	4,158	-2.30%	4,011
	GJ	192,048		185,268
Diesel	m3	5,280	-13.30%	6,086
	GJ	201,460		232,220
District Heating	MWh	26,920	64.90%	16,324
District Cooling	GJ	96,912		59,068
	MWh	32,089	1,089.40%	2,698
	GJ	115,521		9,789
<b>TOTAL (GJ)</b>		<b>2,470,706</b>	<b>7.40%</b>	<b>2,299,126</b>

### G4-EN6 SAVINGS IN CONSUMPTION

G4-EN7

CONSUMPTION	UNIT	2014
Electricity	MWh	-14,382
	GJ	-51,776
Natural Gas	m3	-1,972,570
	GJ	-76,950
LPG	t	147
	GJ	6,800
Diesel	m3	-806
	GJ	-30,760
District Heating	MWh	10,596
District Cooling	GJ	37,844
	MWh	29,391
	GJ	105,732
<b>TOTAL (GJ)</b>		<b>-20,160</b>

### NOx EMISSIONS G4-EN21

2014	Δ%	2013
92.4	-10%	102.3

2014	Δ%	2013
92.4	-10%	102.3

SAVE hotels, owned, rented and managed in Spain and abroad, excluding Cuba, Bulgaria and Egypt. 194 hotels in 2014. Emissions factors used are those set out in the tables of Spanish Decree 503-04 for NOx and SOx.

## CERTIFICATIONS

Hotel	Location	GreenLeaders	LEED	Biosphere	Earthcheck	Travelife	ISO 14001
Inside Dresden	Germany	Gold	Gold				
Inside Berlin	Germany			Certificate			
Inside Munchen Neue Messe	Germany	Gold					
Meliá Berlin	Germany	Gold		Certificate			
Meliá Dusseldorf	Germany			(being processed)			
TRYP Bochum-Wattenscheid	Germany	Bronze					
TRYP Celle	Germany	Gold					
TRYP Dortmund	Germany	Silver					
TRYP Dusseldorf Krefeld	Germany	Silver					
TRYP Munchen City Center	Germany	Green Partner					
TRYP Wolfsburg	Germany	Silver					
ME by Meliá Cancún	America				Silver		
Gran Meliá Colon	Spain				Bronze		
Gran Meliá Don Pepe	Spain				(being processed)		
Gran Meliá Fenix	Spain				(being processed)		
Gran Meliá Palacio de Isora	Spain	Gold			Silver	Gold	
Gran Meliá Victoria	Spain				(being processed)		
Inside Madrid Luchana	Spain	Green Partner		Certificate			
ME by Meliá Ibiza	Spain	Green Partner			(being processed)		
ME by Meliá Madrid Reina Victoria	Spain	Silver			(being processed)		
ME by Meliá Mallorca	Spain				(being processed)		
Meliá Alicante	Spain	Bronze					
Meliá Atlantico - Isla Canela	Spain	Bronze		(being processed)			
Meliá Barajas	Spain	Bronze					
Meliá Barcelona Sarria	Spain	Gold		Certificate			
Meliá Barcelona Sky	Spain	Platinum		(being processed)			
Meliá Barcelona Sky (The Level)	Spain	Platinum					
Meliá Cala d'Or	Spain	Gold					
Meliá Castilla	Spain	Bronze					Certificate
Meliá Costa del Sol	Spain	Platinum		(being processed)			
Meliá de Mar	Spain	Bronze		(being processed)			
Meliá Gavilanes	Spain	Bronze				Gold	
Meliá Granada	Spain	Bronze					
Meliá Lebreros	Spain	Silver					
Meliá Madrid Princesa	Spain			(being processed)			
Meliá Marbella Banus	Spain	Silver					
Meliá Marbella la Quinta Golf & Spa	Spain	Green Partner					
Meliá Palas Atenea	Spain	Silver		Certificate			
Meliá Recoletos	Spain	Bronze					
Meliá Salinas	Spain	Bronze				Gold	
Meliá Sancti Petri	Spain	Platinum				Gold	
Meliá Seville	Spain	Green Partner					
Meliá Sitges	Spain	Bronze		Certificate			
Meliá Valencia	Spain	Bronze					
Meliá Zaragoza	Spain	Green Partner					
Sol Alcudia Center Apartments	Spain	Silver					
Sol Barbacán	Spain	Green Partner					
Sol Beach House Cala Blanca	Spain	Silver					
Sol Beach House Ibiza	Spain	Bronze				Gold	
Sol Beach House Menorca	Spain			Certificate			
Sol Cala d'Or Apartments	Spain	Silver					
Sol Costa Blanca	Spain	Silver				Gold	
Sol Don Marco	Spain	Silver					
Sol Don Pablo	Spain	Silver					
Sol Don Pedro	Spain	Silver					
Sol House Costa del Sol - Aloha	Spain	Green Partner					
Sol Pinet Playa	Spain					Gold	
TRYP Barcelona Airport	Spain	Bronze					

CERTIFICATIONS

Hotel	Location	GreenLeaders	LEED	Biosphere	Earthcheck	Travelife	ISO 14001
TRYP Barcelona Apolo	Spain	Green Partner					
TRYP Cádiz la Caleta	Spain	Bronze					
TRYP Ceuta	Spain	Green Partner					
TRYP Córdoba	Spain	Green Partner					
TRYP Jerez	Spain	Silver					
TRYP León	Spain	Green Partner					
TRYP Madrid Atocha	Spain	Bronze					
TRYP Madrid Airport Suites	Spain	Silver					
TRYP Madrid Centro	Spain	Silver					
TRYP Madrid Plaza España	Spain	Silver					
TRYP Malaga Guadalmar	Spain	Silver					
TRYP Melilla Puerto	Spain	Green Partner					
TRYP Merida Medea	Spain	Bronze					
TRYP Murcia Rincón de Pepe	Spain	Green Partner					
TRYP Palma	Spain	Silver		Certificate			
TRYP Palma Bellver	Spain	Bronze				Certificate	
TRYP Palma Bosque	Spain	Silver					
TRYP Port Cambrils	Spain	Bronze					
TRYP Salamanca Centro	Spain	Bronze					
TRYP Salamanca Montalvo	Spain	Bronze					
TRYP San Sebastian Orly	Spain	Silver					
TRYP Santiago	Spain	Bronze					
TRYP Valladolid Sofia Parquesol	Spain	Bronze					
TRYP Zaragoza	Spain	Bronze					
Meliá Le Colbert	France	Green Partner					
Meliá Paris Champs-Élysées	France	Green Partner					
Meliá Royal Alma	France	Green Partner					
Meliá Vendome	France	Green Partner					
TRYP Paris Francois	France	Green Partner					
Meliá Athens	Greece	Green Partner					
Gran Meliá Jakarta	Indonesia				Silver		
Meliá Bali - The Garden Vilas	Indonesia				Platinum		
Meliá Purosani	Indonesia				Silver		
Sol Beach House Benoa Bali	Indonesia				Platinum		
Gran Meliá Rome	Italy				(being processed)		
Meliá Genoa	Italy			Certificate			
Meliá Milan	Italy	Bronze		Certificate			
Meliá Rome Aurelia Antica	Italy			(being processed)			
Meliá Villa Capri Hotel & Spa	Italy			(being processed)			
Meliá Luxembourg	Luxembourg	Gold		Certificate			
Meliá Kuala Lumpur	Malaysia				Gold		
ME by Meliá Cabo	Mexico				(being processed)		
Meliá Cabo Real	Mexico				(being processed)		
Paradisus Cancún	Mexico				Silver		
Paradisus Playa del Carmen la Esmeralda	Mexico	Pre-launch			Silver		
Paradisus Playa del Carmen la Perla	Mexico	Pre-launch			Silver		
Meliá Lima	Peru			Certificate			
Meliá Braga	Portugal	Silver					
Meliá Madeira Mare	Portugal	Platinum					
ME by Meliá London	United Kingdom				(being processed)		
Meliá White House	United Kingdom	Bronze		(being processed)			
Meliá Tropical Caribbean	Dominican Rep.				Silver		
Paradisus Palma Real Golf & Spa Resort	Dominican Rep.				Silver		
Paradisus Punta Cana	Dominican Rep.				Silver		
Paradisus The Reserve	Dominican Rep.				(being processed)		
Meliá Hanoi	Vietnam				(being processed)		
<b>TOTAL</b>		<b>84</b>	<b>1</b>	<b>21</b>	<b>26</b>	<b>7</b>	<b>2</b>

AVERAGE STAFF BY REGION < G4-10

	SPAIN		EMEA*		AMERICA		ASIA		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Corporate	562	591	89	57	199	223	23	18	873	890
Hotel	8,206	8,017	3,913	4,021	23,704	21,344	2,870	2,493	38,694	35,875
Club Meliá	50	48	-	-	464	385	-	-	514	433
Other activities	268	344	235	234	447	431	-	-	950	1,009
<b>TOTAL</b>	<b>9,086</b>	<b>9,000</b>	<b>4,238</b>	<b>4,313</b>	<b>24,814</b>	<b>22,383</b>	<b>2,893</b>	<b>2,512</b>	<b>41,031</b>	<b>38,207</b>

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

AVERAGE STAFF BY REGION < G4-10 < G4-LA12

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Corporate	247	272	315	319	562	591	39	20	50	37	89	57	100	120	98	103	199	223	9	8	14	11	23	18	873	890
Director	76	28	31	9	107	37	13	0	2	0	15	0	27	5	10	0	38	5	7	2	4	0	10	2	170	43
Department Heads	82	149	82	102	164	251	18	18	19	18	37	36	29	70	30	42	58	112	2	4	5	5	7	9	267	409
Basic Staff	89	95	202	209	291	303	9	2	28	19	36	21	44	45	59	61	103	106	1	2	5	6	6	7	436	438
Hotel	4,182	4,099	4,024	3,918	8,206	8,017	1,530	1,423	1,397	1,263	2,927	2,686	7,441	6,989	4,082	3,813	11,522	10,802	1,971	1,789	899	705	2,870	2,493	25,526	23,998
Director	89	85	17	13	106	98	32	37	13	18	45	55	49	53	8	8	57	61	7	15	2	2	9	17	217	231
Department Heads	826	839	545	551	1,371	1,390	293	218	226	171	519	390	1,115	922	604	484	1,720	1,406	278	116	121	60	400	177	4,009	3,363
Basic Staff	3,268	3,175	3,462	3,354	6,730	6,529	1,206	1,168	1,158	1,074	2,364	2,242	6,276	6,013	3,469	3,321	9,745	9,335	1,686	1,658	776	642	2,462	2,300	21,300	20,405
Club Meliá	15	13	35	35	50	48	-	0	-	0	-	0	233	207	231	178	464	385	-	0	-	0	-	0	514	433
Other activities	144	205	124	138	268	344	146	144	89	90	235	234	352	345	95	86	447	431	-	0	-	0	-	0	950	1,009
<b>TOTAL</b>	<b>4,587</b>	<b>4,590</b>	<b>4,499</b>	<b>4,410</b>	<b>9,086</b>	<b>9,000</b>	<b>1,716</b>	<b>1,587</b>	<b>1,536</b>	<b>1,390</b>	<b>3,252</b>	<b>2,978</b>	<b>8,125</b>	<b>7,660</b>	<b>4,507</b>	<b>4,181</b>	<b>12,632</b>	<b>11,841</b>	<b>1,980</b>	<b>1,796</b>	<b>913</b>	<b>715</b>	<b>2,893</b>	<b>2,512</b>	<b>27,863</b>	<b>26,330</b>

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

AVERAGE STAFF BY BUSINESS AREA, TYPE OF WORKDAY, GENDER AND REGION < G4-10 < G4-LA12

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL	
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Corporate	247	272	315	319	562	591	39	20	50	37	89	57	100	120	98	103	199	223	9	8	14	11	23	18	873	890
Complete	244	263	274	273	518	536	39	20	50	35	89	55	100	119	98	101	199	220	9	8	14	11	23	18	828	829
Partial	3	9	41	47	45	56	0	0	0	2	0	2	0	0	0	2	0	3	0	0	0	0	0	0	45	60
Hotel	4,182	4,099	4,024	3,918	8,206	8,017	1,530	1,423	1,397	1,263	2,927	2,686	7,441	6,989	4,082	3,813	11,522	10,802	1,971	1,789	899	705	2,870	2,493	25,526	23,998
Complete	4,056	3,902	3,729	3,504	7,785	7,406	1,528	1,318	1,392	1,149	2,920	2,466	7,441	6,953	4,082	3,789	11,522	10,743	1,971	1,786	899	705	2,870	2,491	25,098	23,107
Partial	126	197	295	414	421	610	2	106	5	114	7	220	0	35	0	24	0	59	0	2	0	0	0	2	428	891
Club Meliá	15	13	35	35	50	48	0	0	0	0	0	0	233	207	231	178	464	385	0	0	0	0	0	0	514	433
Complete	13	13	27	28	40	41	0	0	0	0	0	0	233	207	231	178	464	385	0	0	0	0	0	0	504	426
Partial	2	0	8	7	10	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	7
Other activities	144	205	124	138	268	344	146	144	89	90	235	234	352	345	95	86	447	431	0	0	0	0	0	0	950	1,009
Complete	133	185	120	118	253	303	146	78	89	46	235	124	352	345	95	86	447	431	0	0	0	0	0	0	935	859
Partial	10	21	5	20	15	41	0	66	0	44	0	110	0	0	0	0	0	0	0	0	0	0	0	0	15	150
<b>TOTAL</b>	<b>4,587</b>	<b>4,590</b>	<b>4,499</b>	<b>4,410</b>	<b>9,086</b>	<b>9,000</b>	<b>1,716</b>	<b>1,587</b>	<b>1,536</b>	<b>1,390</b>	<b>3,252</b>	<b>2,978</b>	<b>8,125</b>	<b>7,660</b>	<b>4,507</b>	<b>4,181</b>	<b>12,632</b>	<b>11,841</b>	<b>1,980</b>	<b>1,796</b>	<b>913</b>	<b>715</b>	<b>2,893</b>	<b>2,512</b>	<b>27,863</b>	<b>26,330</b>

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

AVERAGE STAFF BY BUSINESS AREA, TYPE OF CONTRACT, GENDER AND REGION < G4-10 < G4-LA12

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL						
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
<b>Corporate</b>	247	272	315	319	562	591	39	20	50	37	89	57	100	120	98	103	199	223	9	8	14	11	23	19	<b>873</b>	<b>890</b>					
Fixed	235	268	289	308	524	576	34	16	41	29	75	45	99	117	96	99	195	216	5	3	7	1	12	5	<b>806</b>	<b>842</b>					
Temporary	12	4	26	11	38	15	5	4	9	8	14	12	1	3	2	4	3	7	4	5	7	9	11	14	<b>66</b>	<b>48</b>					
<b>Hotel</b>	4,182	4,099	4,024	3,918	8,206	8,017	1,530	1,423	1,397	1,263	2,927	2,686	7,441	6,989	4,082	3,813	11,522	10,802	1,971	1,789	899	704	2,870	2,493	<b>25,526</b>	<b>23,998</b>					
Fixed	3,174	3,230	2,682	2,755	5,855	5,985	945	883	767	743	1,712	1,626	5,614	5,075	3,128	2,829	8,742	7,904	1,961	1,779	897	703	2,858	2,481	<b>19,167</b>	<b>17,996</b>					
Temporary	1,008	869	1,343	1,163	2,351	2,032	586	540	630	520	1,215	1,061	1,827	1,914	954	984	2,781	2,898	10	10	2	2	12	12	<b>6,359</b>	<b>6,002</b>					
<b>Club Meliá</b>	15	13	35	35	50	48	-	-	-	-	-	-	233	207	231	178	464	385	-	-	-	-	-	-	<b>514</b>	<b>433</b>					
Fixed	11	12	24	30	35	42	-	-	-	-	-	-	203	189	192	157	395	346	-	-	-	-	-	-	<b>430</b>	<b>388</b>					
Temporary	4	1	11	5	15	6	-	-	-	-	-	-	30	18	39	21	69	39	-	-	-	-	-	-	<b>83</b>	<b>46</b>					
<b>Other activities</b>	144	206	124	138	268	344	146	144	89	90	235	234	352	345	95	86	447	431	-	-	-	-	-	-	<b>950</b>	<b>1,009</b>					
Fixed	90	113	75	82	166	195	146	144	89	90	235	234	349	344	93	86	442	430	-	-	-	-	-	-	<b>843</b>	<b>860</b>					
Temporary	53	92	49	56	102	149	-	-	-	-	-	-	2	1	2	-	5	1	-	-	-	-	-	-	<b>107</b>	<b>150</b>					
<b>TOTAL</b>	<b>4,587</b>	<b>4,590</b>	<b>4,499</b>	<b>4,410</b>	<b>9,086</b>	<b>9,000</b>	<b>1,716</b>	<b>1,587</b>	<b>1,536</b>	<b>1,390</b>	<b>3,252</b>	<b>2,978</b>	<b>8,125</b>	<b>7,660</b>	<b>4,507</b>	<b>4,181</b>	<b>12,632</b>	<b>11,841</b>	<b>1,980</b>	<b>1,796</b>	<b>913</b>	<b>715</b>	<b>2,893</b>	<b>2,512</b>	<b>27,863</b>	<b>26,330</b>					

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

AGE, GENDER AND REGION PYRAMID < G4-LA12

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL					
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<30	13.30%	12.70%	15.50%	14.80%	14.40%	13.70%	38.80%	39.90%	47.50%	49.00%	42.90%	44.20%	38.00%	37.70%	39.70%	40.80%	38.60%	38.80%	15.00%	11.40%	22.80%	14.50%	17.50%	12.30%	<b>29.00%</b>	<b>28.30%</b>				
30-50	52.70%	52.60%	59.20%	59.90%	55.90%	56.10%	53.60%	52.60%	46.60%	45.20%	50.30%	49.20%	55.50%	55.70%	55.50%	54.20%	55.50%	55.20%	75.00%	78.80%	72.50%	81.20%	74.20%	79.50%	<b>57.00%</b>	<b>57.20%</b>				
>50	34.00%	34.70%	25.30%	25.30%	29.70%	30.10%	7.60%	7.40%	5.90%	5.80%	6.80%	6.70%	6.60%	6.60%	4.80%	5.00%	5.90%	6.00%	10.00%	9.80%	4.70%	4.20%	8.30%	8.20%	<b>14.00%</b>	<b>14.50%</b>				
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>																								

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

% OF CONTRACTS SIGNED OUT OF AVERAGE STAFF < G4-LA1

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL					
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<30	29.10%	24.40%	27.70%	24.40%	28.30%	24.40%	26.40%	30.10%	25.40%	26.70%	25.90%	28.30%	25.90%	27.20%	23.00%	27.50%	24.80%	27.30%	42.90%	18.70%	56.10%	18.00%	48.30%	18.50%	<b>27.10%</b>	<b>26.60%</b>				
30-50	9.00%	9.20%	9.80%	9.40%	9.40%	9.30%	12.60%	14.80%	12.90%	12.30%	12.80%	13.70%	11.60%	13.00%	11.20%	13.60%	11.40%	13.20%	7.20%	4.10%	14.50%	4.30%	9.50%	4.20%	<b>10.70%</b>	<b>10.70%</b>				
>50	2.50%	1.20%	2.80%	3.00%	2.60%	1.90%	5.30%	7.60%	6.30%	3.80%	5.70%	6.00%	3.80%	5.80%	6.00%	6.90%	33.30%	6.10%	4.30%	0.60%	13.30%	0.00%	5.90%	0.50%	<b>3.40%</b>	<b>2.80%</b>				
<b>Total</b>	<b>9.50%</b>	<b>8.30%</b>	<b>10.80%</b>	<b>10.00%</b>	<b>10.10%</b>	<b>9.10%</b>	<b>17.40%</b>	<b>20.40%</b>	<b>18.40%</b>	<b>18.80%</b>	<b>17.90%</b>	<b>19.70%</b>	<b>16.50%</b>	<b>17.90%</b>	<b>15.60%</b>	<b>18.90%</b>	<b>16.20%</b>	<b>18.20%</b>	<b>12.30%</b>	<b>5.50%</b>	<b>13.30%</b>	<b>6.10%</b>	<b>16.00%</b>	<b>5.70%</b>	<b>14.40%</b>	<b>14.10%</b>				

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

NUMBER OF CONTRACTS < G4-LA1

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL					
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<30	177	142	193	159	370	301	176	191	185	182	361	373	799	785	412	469	1211	1254	128	38	117	19	244	57	<b>2186</b>	<b>1985</b>				
30-50	218	223	261	247	479	470	116	124	92	77	208	201	521	554	280	307	801	861	107	59	96	25	203	84	<b>1692</b>	<b>1616</b>				
>50	39	18	32	34	71	52	7	9	6	3	13	12	20	28	13	14	33	44	9	1	6	0	14	1	<b>131</b>	<b>109</b>				
<b>Total</b>	<b>434</b>	<b>383</b>	<b>486</b>	<b>440</b>	<b>920</b>	<b>823</b>	<b>299</b>	<b>324</b>	<b>283</b>	<b>262</b>	<b>582</b>	<b>586</b>	<b>1341</b>	<b>1369</b>	<b>705</b>	<b>791</b>	<b>2045</b>	<b>2159</b>	<b>243</b>	<b>98</b>	<b>218</b>	<b>44</b>	<b>462</b>	<b>142</b>	<b>4009</b>	<b>3710</b>				

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

% OF STAFF REVENUE OUT OF THE AVERAGE STAFF, BY AGE, GENDER AND REGION G4-LA1

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL					
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<30	3.40%	3.30%	2.90%	2.50%	3.10%	2.90%	11.10%	11.60%	10.80%	14.40%	11.00%	13.10%	11.00%	15.20%	13.00%	15.70%	11.80%	15.40%	3.70%	4.20%	4.80%	3.80%	4.20%	4.10%	<b>9.70%</b>	<b>12.40%</b>				
30-50	1.60%	1.10%	0.90%	1.00%	1.30%	1.00%	6.90%	6.60%	6.40%	7.00%	6.70%	6.80%	6.00%	7.60%	6.50%	8.50%	6.20%	7.90%	0.80%	1.20%	1.30%	1.20%	1.00%	1.20%	<b>3.90%</b>	<b>4.60%</b>				
>50	0.10%	0.10%	0.10%	0.20%	0.10%	0.10%	3.00%	2.80%	2.80%	0.70%	2.90%	2.00%	3.30%	4.00%	4.60%	4.40%	3.70%	4.10%	0.50%	1.80%	0.40%	5.80%	0.50%	2.40%	<b>1.00%</b>	<b>1.10%</b>				
<b>Total</b>	<b>1.30%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.00%</b>	<b>1.20%</b>	<b>1.00%</b>	<b>8.20%</b>	<b>8.30%</b>	<b>3.90%</b>	<b>10.30%</b>	<b>8.20%</b>	<b>9.20%</b>	<b>7.70%</b>	<b>10.20%</b>	<b>9.00%</b>	<b>11.30%</b>	<b>8.20%</b>	<b>10.60%</b>	<b>1.20%</b>	<b>1.60%</b>	<b>2.00%</b>	<b>1.70%</b>	<b>1.50%</b>	<b>1.70%</b>	<b>5.20%</b>	<b>6.30%</b>				

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

VOLUNTARY ROTATION BY AGE, GENDER AND GEOGRAPHY G4-LA1

	SPAIN						EMEA*						AMERICA						ASIA						TOTAL					
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<30	21	19	20	17	41	36	74	74	79	98	153	172	340	439	232	268	573	707	11	9	10	4	21	13	<b>787</b>	<b>926</b>				
30-50	40	26	25	25	65	51	63	55	45	44	109	99	269	325	163	194	432	519	12	17	8	7	21	24	<b>626</b>	<b>693</b>				
>50	1	1	1	2	3	3	4	3	3	1	7	4	18	20	10	9	28	29	1	3	0	2	1	5	<b>38</b>	<b>42</b>				
<b>Total</b>	<b>62</b>	<b>46</b>	<b>46</b>	<b>44</b>	<b>108</b>	<b>90</b>	<b>141</b>	<b>132</b>	<b>127</b>	<b>143</b>	<b>268</b>	<b>27</b>																		

LOCAL EXECUTIVES BY REGION < G4-EC6

	EXPATRIATE						LOCAL						TOTAL MANAGERS	
	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		2014	2013
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
Spain	0.02%	0.00%	0.00%	0.00%	0.02%	0.00%	0.32%	0.30%	0.07%	0.10%	0.39%	0.40%	0.41%	0.40%
EMEA	0.04%	0.10%	0.01%	0.00%	0.05%	0.10%	0.08%	0.10%	0.05%	0.10%	0.13%	0.20%	0.18%	0.20%
America	0.05%	0.10%	0.01%	0.00%	0.06%	0.10%	0.14%	0.20%	0.02%	0.00%	0.17%	0.20%	0.22%	0.30%
Asia	0.03%	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%	0.10%
<b>TOTAL</b>	<b>0.15%</b>	<b>0.20%</b>	<b>0.02%</b>	<b>0.00%</b>	<b>0.16%</b>	<b>0.20%</b>	<b>0.55%</b>	<b>0.60%</b>	<b>0.14%</b>	<b>0.10%</b>	<b>0.69%</b>	<b>0.80%</b>	<b>0.85%</b>	<b>1.00%</b>

EMPLOYEES WITH EVALUATION OF THE PERFORMANCE < G4-LA11

	SPAIN			EMEA*			AMERICA			ASIA			Total
	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL	MAN	WOMAN	TOTAL	
<b>Hotel</b>	<b>677</b>	<b>457</b>	<b>1,135</b>	<b>241</b>	<b>236</b>	<b>478</b>	<b>248</b>	<b>224</b>	<b>472</b>	<b>104</b>	<b>39</b>	<b>143</b>	<b>2,228</b>
Director	84	15	99	28	13	42	20	8	28	4	2	6	175
Department Heads	539	360	899	121	101	222	183	157	340	72	32	104	1,565
Basic Staff	55	82	137	92	122	214	46	59	104	27	5	32	487
<b>Corporate Offices</b>	<b>168</b>	<b>158</b>	<b>326</b>	<b>31</b>	<b>32</b>	<b>63</b>	<b>46</b>	<b>46</b>	<b>92</b>	<b>8</b>	<b>8</b>	<b>16</b>	<b>497</b>
Director	72	31	103	13	2	15	19	9	28	6	4	10	155
Department Heads	79	76	155	16	19	35	24	24	47	2	3	5	243
Basic Staff	17	51	69	2	11	13	3	14	17	-	1	1	99
<b>Club Meliá</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>7</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>
Department Heads	2	1	3	-	-	-	5	7	12	-	-	-	15
<b>Other activities</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>
Director	1	-	1	-	-	-	1	-	1	-	-	-	2
Department Heads	1	1	2	1	-	1	3	-	3	-	-	-	6
Basic Staff	2	-	2	-	-	-	-	0	0	-	-	-	2
<b>Total</b>	<b>852</b>	<b>617</b>	<b>1,469</b>	<b>273</b>	<b>269</b>	<b>542</b>	<b>303</b>	<b>278</b>	<b>581</b>	<b>111</b>	<b>47</b>	<b>158</b>	<b>2,750</b>

\* EMEA: Europe, Middle East & Africa, excluding Spain. Does not include Bulgaria, Cuba and Egypt.

AVERAGE SALARIES VARIATION BY GENDER (MAN VS. WOMAN) < G4-LA13

	SPAIN		MEXICO		DOMINICAN REPUBLIC	
	2014	2013	2014	2013	2014	2013
<b>CORPORATE</b>						
EVP	ND	ND	Position does not exist			
VP	27%	23%	Position does not exist			
Director	18%	22%	13%	12%	Only men	Only men
Manager	16%	17%	36%	20%	Only men	Only men
Executive	13%	13%	1%	-11%	5%	Only men
Assistant	4%	6%	-28%	-21%	Only men	58%
<b>HOTEL</b>						
Director	14%	14%	Only men	Only men		Only men
Deputy director	4%	3%	Position does not exist	Position does not exist		Position does not exist
Department Heads	13%	14%	1%	17%	-14%	-14%
Basic Staff	5%	3%	6%	8%	-2%	1%

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

TRAINING - SPAIN < G4-LA9

	TRAINING ACTIONS		TRAINING COURSES		PARTICIPANTS		AVERAGE H/ PARTICIPANT		AVERAGE H/EMPLOYEE		TOTAL HOURS	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Paid training	143	154	1,036	793	8,135	9,626	9.3	7.8	8.3	8.4	75,647
Unpaid training	2	3	130	146	1,330	1,197	2.1	2	0.3	0.24	2,734	2,428
<b>TOTAL</b>	<b>145</b>	<b>157</b>	<b>1,166</b>	<b>939</b>	<b>9,465</b>	<b>10,823</b>	<b>8.5</b>	<b>7.2</b>	<b>8.3</b>	<b>8.6</b>	<b>78,381</b>	<b>77,959</b>

Melia Hotels International is not in a position to provide data breakdown by employee and gender.

OCCUPATIONAL HEALTH RATE < G4-LA6

	INCIDENCE		FREQUENCY*		GRAVITY		AVERAGE DURATION		ABSENTEEISM	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Spain</b>										
Men	49.34	45.53	28.06	25.75	0.54	0.54	19.3	20.88	2.95	2.65
Women	67.07	58.96	38.44	33.81	0.72	0.57	18.74	16.92	3.57	3.37
<b>TOTAL</b>	<b>58.13</b>	<b>52.11</b>	<b>33.19</b>	<b>29.67</b>	<b>0.63</b>	<b>0.55</b>	<b>18.98</b>	<b>18.9</b>	<b>3.25</b>	<b>3</b>
<b>America ***</b>										
Men	56.22	NA	25.38	NA	0.29	NA	13.74	NA	NA	NA
Women	63.14	NA	31.49	NA	0.43	NA	12.25	NA	NA	NA
<b>TOTAL</b>	<b>58.72</b>	<b>NA</b>	<b>27.45</b>	<b>NA</b>	<b>0.34</b>	<b>NA</b>	<b>11.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

\* With and without accidents on route to and from work taken into account. \*\* On calendar days. \*\*\* Not including Brazil and Cuba

OPERATIONS AUDITED BY COUNTRY < G4-SO3 < G4-PR1

	AUDITS CARRIED OUT			AUDITS CARRIED OUT	
	2014	2013		2014	2013
Germany	11	14	Italy	3	3
Argentina	3	0	Luxembourg	1	1
Austria	1	0	Mexico	15	21
Bahamas	1	0	Panama	1	2
Brazil	2	6	Peru	0	1
China	2	0	Portugal	6	0
Cape Verde	0	1	Puerto Rico	1	2
Cuba	4	1	United Kingdom	3	4
USA	1	2	Dominican Republic	9	9
UAE	1	0	Tanzania	0	1
Spain	130	131	Uruguay	0	1
France	3	4	Venezuela	0	0
Greece	0	1	Vietnam	1	1
Indonesia	1	5	<b>TOTAL</b>	<b>200</b>	<b>211</b>

GRI INDICATORS

I. BASIC GENERAL CONTENT



GRI code	GRI description	Page	Verified*	Reporting level	Comments
<b>STRATEGY AND ANALYSIS</b>					
G4-1	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.	6-9	Yes	Complete	
G4-2	Main effects, risks and opportunities.	37, 76-78	Yes	Complete	
<b>ORGANISATION PROFILE</b>					
G4-3	Name of organisation.	Front cover	Yes	Complete	
G4-4	Primary brands, products and services in the organisation	20, 36	Yes	Complete	
G4-5	Location of the head office of the organisation.	10	Yes	Complete	
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.	12, 112			
G4-7	Nature of the property and its legal form.	IF 137	Yes	Complete	
G4-8	Customer profiles by markets (with breakdown by region, sector, types of customers and beneficiaries).	12, 56	Yes	Complete	
G4-9	Size of the organisation.	12, 13	Yes	Complete	
G4-10	Staff details	115, 116	Yes	Complete	
G4-11	Percentage of employees covered by collective bargaining agreements	120	Yes	Complete	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.	30	Yes	Complete	
G4-13	Any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.	18, IF 37-43	Yes	Complete	
G4-14	Report whether and how the precautionary approach is addressed by the organisation.	126	Yes	Complete	Note 1
G4-15	List of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	104, 105	Yes	Complete	
G4-16	List memberships of associations (such as industrial associations) and national or international advocacy organisations to which the organisation belongs.	104	Yes	Complete	
<b>MATERIAL ASPECTS AND BOUNDARIES</b>					
G4-17	List of all entities included in the organisation's consolidated financial statements or equivalent documents.	IF 172	Yes, pages 4 and 5	Complete	
G4-18	The process for defining the report content and for each Aspect Boundary.	11	Yes, pages 4 and 5	Complete	
G4-19	List of the material aspects identified during the process of defining report contents.	82-83	Yes, pages 4 and 5	Complete	
G4-20	Boundary of each material aspect within the organisation.	120	Yes, pages 4 and 5	Complete	Hotels owned, leased or managed (239 hotels)
G4-21	The limit outside the organisation for each material Aspect.	120	Yes, pages 4 and 5	Complete	Excluding Cuba, Bulgaria and Croatia. Employees, suppliers, owners, the media and representatives of social and environmental institutions were consulted.
G4-22	Consequences of restatements of information provided in previous reports and their causes.	126	Yes, pages 4 and 5	Complete	Note 2
G4-23	Significant change in the Scope and the Aspect Boundaries with regard to previous reports.	120	Yes, pages 4 and 5	Complete	No significant changes
<b>PARTICIPATION OF STAKEHOLDERS</b>					
G4-24	List of stakeholders engaged by the organisation.	82	Yes, pages 4 and 5	Complete	
G4-25	Criteria for choosing the stakeholders engaged.	82	Yes, pages 4 and 5	Complete	
G4-26	The organisation's approach to stakeholder engagement, including frequency of engagement.	82	Yes, pages 4 and 5	Complete	
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	83	Yes, pages 4 and 5	Complete	
<b>PROFILE OF REPORT</b>					
G4-28	Object period of the report	120	Yes	Complete	01/01/2013-31/12/2013
G4-29	Date of latest report.	10	Yes	Complete	
G4-30	Reporting cycle.	120	Yes	Complete	Annual
G4-31	Contact point for resolving doubts which could arise in relation to the report's contents.	10	Yes	Complete	
G4-32	'In accordance' option with the Guide chosen by the organisation, GRI Content Index and reference to the External Assurance Report.	120	Yes	Complete	
G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report, scope and basis of assurance.	11	Yes	Complete	

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

GRI code	GRI description	Page	Verified*	Reporting level	Comments
<b>GOVERNANCE</b>					
G4-34	Governance structure of organisation.	108	Yes	Complete	
G4-35	The process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	FR 141-156, 159-161	Yes	Complete	
G4-36	Executive positions or with responsibility in economic, environmental and social questions, and whether these persons report directly to the highest governance body.	110	Yes	Complete	
G4-37	Consultation processes between stakeholders and the higher governance body for economic, environmental and social questions.	121	No	Not Reported	Such processes do not exist in the organisation
G4-38	Composition of the highest governance body and of its committees.	108-111	Yes	Complete	
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.	108-111	Yes	Complete	
G4-40	Processes for appointing and selecting the highest governance body and its committees, and the criteria used for appointing and selecting the members of the former.	IF 156	Yes	Complete	
G4-41	Processes whereby the highest governance body prevents and manages possible conflicts of interest. Report whether conflicts of interest are disclosed to stakeholders.	FR 165-168	Yes	Complete	
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.	FR 160-161	Yes	Complete	
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.	FR 160-161	Yes	Complete	
G4-46	Duty of the highest governance body in analysing the efficiency of risk management processes of the organisation with regard to economic, environmental and social matters.	FR 160-161	Yes	Complete	
G4-47	Frequency with which the highest governance body analyses economic, environmental and social impacts, risks and opportunities.	FR 173-174	Yes	Complete	
G4-48	Committee or position of highest importance which reviews and approves the sustainability report of the organisation and which ensures that all the material Aspects are included.	121	Yes	Complete	Executive Committee
G4-49	Process for conveying important concerns to the highest governance body.	-	No	Not Reported	
G4-50	The nature and number of critical concerns that were communicated to the highest governance body.	-	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.	-	No	Not Reported	
G4-52	Process whereby the remuneration is decided	-	No	Not Reported	
G4-53	Explanation of how stakeholders' views are sought and taken into account regarding remuneration.	-	No	Not Reported	
G4-54	Relationship between the total annual remuneration of the best paid person of the organisation in each country where significant operations are carried out with the average annual total remuneration of the entire workforce (without counting the best paid person) of the corresponding country.	-	No	Not Reported	
G4-55	Relationship between the percentage increase in the total annual remuneration of the best paid person of the organisation in each country where significant operations are carried out with the percentage increase of the average annual total remuneration of the entire workforce (without counting the best paid person) of the corresponding country.	-	No	Not Reported	
<b>ETHICS AND INTEGRITY</b>					
G4-56	Values, principles, standards and rules of the organisation, such as codes of conduct or ethical codes.	38, 102	Yes	Complete	
G4-57	Internal and external mechanisms for assessing ethical and legal conduct, and for consulting matters relating to the organisation's integrity, such as helplines or advice lines.	102	Yes	Complete	
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.	102	Yes	Complete	

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

## GRI INDICATORS

### 2. BASIC GENERAL CONTENT

GRI code	GRI description	Page	Verified*	Reporting level	Comments
<b>ECONOMIC SCALE</b>					
DMA-EC	Management Focus - Economy	52			
Economic performance					
G4-EC1	Direct economic value generated and distributed.	84, 85	Yes	Partial	The consolidated value has been reported; it is not specified by region. It will be reported in the 2015 report.
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	77-79 86-87	Yes	Partial	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 aid granted by government authorities.	122	Yes	Complete	No significant financial assistance has been provided by government bodies.
Presence in Market					
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.	118	Yes	Complete	
Indirect economic consequences					
G4-EC7	Development and impact of infrastructure investments and services supported.	59	Yes	Complete	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	59	Yes	Complete	
Acquisition practices					
G4-EC9	Proportion of spending on local suppliers at locations with significant operations.	91	Yes	Complete	
<b>ENVIRONMENTAL PERFORMANCE</b>					
DMA-EN	Management Focus - Environment	77-79, 86-87			
Materials					
G4-EN1	Materials by weight or volume.	-	No	Not Reported	Non material
G4-EN2	Percentage of materials used that are recyclable.	-	No	Not Reported	Non material
Energy					
G4-EN3	Internal energy consumption.	112	Yes	Complete	
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.	122	Yes	Complete	125.7 Mj/Stay
G4-EN6	Reduction in energy consumption.	86, 112	Yes	Complete	
G4-EN7	Reductions in energy requirements for products and services.	112	Yes	Complete	
Water					
G4-EN8	Total water collection by source.	-	No	Not Reported	Non material
G4-EN9	Water sources significantly affected by water collection.	-	No	Not Reported	Non material
G4-EN10	Percentage and total volume of water recycled and reused.	-	No	Not Reported	Non material
Biodiversity					
G4-EN11	Own operating, leased and adjacently managed facilities, containing or located in protected and unprotected areas of high biodiversity value.	-	No	Not Reported	Non material
G4-EN12	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).	86	Yes	Complete	Only CO <sub>2</sub> is accounted for. Biogenic CO <sub>2</sub> emissions were not accounted for.
G4-EN16	Indirect greenhouse gas emissions to generate energy (Scope 2).	86	Yes	Complete	The approach 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*	Reporting level	Comments
G4-EN17	Other indirect greenhouse gas emissions (scope 3).	86	Yes	Complete	Only CO <sub>2</sub> is accounted for. Biogenic CO <sub>2</sub> emissions were not accounted for.
G4-EN18	Reducing greenhouse gas emissions.	123	Yes	Complete	14.24 KgCO <sub>2</sub> e/stay
G4-EN19	Reducing greenhouse gas emissions.	86	Yes	Complete	Just CO <sub>2</sub>
G4-EN20	Emissions of ozone-depleting substances.	-	No	Not Reported	This could not be reported because information was only available for fluorinated gases for 2012.
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions.	112	Yes	Complete	
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 disposal method.	-	No	Not Reported	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.	123	Yes	Complete	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	Identification, size, protected status and biodiversity value of water bodies and related habitats significantly affected by discharges and run-off from the organisation.	-	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.	87	Yes	Complete	
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.	123	Yes	Complete	No significant fines or non-monetary sanctions have been received for breach of legislation or environmental regulation.
Transportation					
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's activities, as well as the transport of personnel.	86	Yes	Partial	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.	87	Yes	Complete	
Environmental assessment of suppliers					
G4-EN32	Percentage of new suppliers that were examined according to environmental criteria.	91	Yes	Complete	
G4-EN33	Significant, actual and potential, negative environmental impacts in the supply chain, and action taken.	-	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.	123	Yes	Complete	An environmental grievance was filed and it has been addressed and resolved
<b>LABOUR PRACTICES AND DECENT WORK</b>					
DMA-LA	Management Focus - Labour Practices and Decent Work	46, 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.	116, 117	Yes	Complete	
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	
G4-LA3	Return to work and retention rates after parental leave, by gender.	-	No	Not Reported	Non material

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

GRI code	GRI description	Page	Verified*	Reporting level	Comments
<b>Labour-Management Relations</b>					
G4-LA4	Minimum notice periods of operational changes and possible inclusion of these in collective agreements.	-	No	Not Reported	Non material
<b>Occupational Health and Safety</b>					
G4-LA5	Percentage of workers that are represented in formal health and safety committees for management and employees, established to help monitor and advise on occupational health and safety.	124	Yes	Complete	In Spain, 91.42% of employees are represented on a Health and Safety Committee.
G4-LA6	Type and rate of work-related injury, occupational diseases, lost days, absenteeism and fatalities, by region and gender.	119	Yes	Complete	There have been two occupational illnesses.
G4-LA7	Workers whose profession has a high incidence or risk of disease.	124	Yes	Complete	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.	124	Yes	Complete	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.
<b>Training and education</b>					
G4-LA9	Average hours of training per year per employee, by gender and job category.	119	Yes	Partial	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	Skills management and lifelong learning programmes that foster employability and help workers manage the end of their careers.	47	Yes	Complete	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.	118	Yes	Complete	
<b>Diversity and equal opportunities</b>					
G4-LA12	Composition of governance bodies and breakdown of employees by professional category and gender, age, minority group membership and other indicators of diversity.	115-117	Yes	Complete	
<b>Equal Remuneration for Women and Men</b>					
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, broken down by locations with significant operations.	118	Yes	Complete	
<b>Supplier assessment for labour practices</b>					
G4-LA14	Percentage of new suppliers that were examined according to criteria relating to labour practices.	91	Yes	Complete	
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.
<b>Grievance mechanisms for labour practices</b>					
G4-LA16	Number of labour practices complaints that have been filed, addressed and resolved through formal grievance mechanisms.	124	Yes	Complete	An environmental grievance was filed and it has been addressed and resolved
<b>Investment</b>					
DMA-HR	Management Focus - Human Rights	48, 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.	112	Yes	Complete	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 policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	103	Yes	Partial	The number of hours is not reported, only the employees reached by the training.
<b>Non-Discrimination</b>					
G4-HR3	Number of incidents of discrimination and corrective actions taken.	124	Yes	Complete	There were no cases of corruption in the reporting period.
<b>Freedom of Association and Collective Bargaining</b>					
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.	124	Yes	Partial	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.

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GRI code	GRI description	Page	Verified*	Reporting level	Comments
<b>Child Labour</b>					
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.	125	Yes	Partial	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.
<b>Forced labour</b>					
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.	125	Yes	Partial	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.
<b>Security practices</b>					
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.	103	Yes	Complete	
<b>Indigenous Rights</b>					
G4-HR8	Number of incidents of violations involving rights of indigenous peoples and actions taken.	125	Yes	Complete	There have been no violations of indigenous rights in the reporting period.
<b>Evaluation</b>					
G4-HR9	Number and percentage of centres that have undergone tests or assessments on impacts on human rights.	125	No	Not Reported	There has not yet been an internal assessment process for centres in this area.
<b>Supplier human rights assessment</b>					
G4-HR10	Percentage of new suppliers that were examined according to human rights criteria.	91	Yes	Complete	
G4-HR11	Significant, actual and potential, negative impacts on human rights in the supply chain, and adopted measures.	125	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.
<b>Human rights grievance mechanisms</b>					
G4-HR12	Number of human rights complaints that have been filed, addressed and resolved through formal grievance mechanisms.	125	Yes	Complete	Eight complaints for unethical behaviour were addressed and resolved through the company's grievance mechanism.
<b>Company</b>					
DMA-SO	Management Focus - Society	CE 9,10; 76			
<b>Local communities</b>					
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	59, 125	Yes	Complete	
G4-SO2	Operating centres with significant, potential or actual, negative impacts on local communities.	125	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.
<b>Anti-corruption</b>					
G4-SO3	Number and percentage of centres that have assessed the risks related to corruption and identified significant risks.	119	Yes	Partial	Not reported as a percentage.
G4-SO4	Policies and procedures for communication and training on anti-corruption.	102	Yes	Partial	Information is not provided on the training of governing bodies nor are percentages of employees or business partners reported.
G4-SO5	Confirmed cases of corruption and actions taken.	125	Yes	Complete	There was not a single case of corruption in the reporting period.
<b>Public Policy</b>					
G4-SO6	Value of political contributions by country and beneficiary.	125	Yes	Complete	No political contributions were made in the reporting period.
<b>Anti-competitive behaviour</b>					
G4-SO7	Number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	125	Yes	Complete	There were no legal actions for monopoly practices during the reporting period.
<b>Compliance</b>					
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	125	Yes	Complete	There were no significant fines received in the reporting period.
<b>Supplier assessment for impacts on society</b>					
G4-SO9	Percentage of new suppliers that were examined based on criteria related to social impact.	91	Yes	Complete	
G4-SO10	Significant, actual and potential negative impacts on society in the chain of supply and actions taken.	125	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.
<b>Grievance mechanisms for impacts on society</b>					
G4-SO11	Number of complaints about social impacts that have been filed, addressed and resolved through formal grievance mechanisms.	125	Yes	Complete	No grievances regarding impacts on society were made in the reporting period.

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GRI code	GRI description	Page	Verified*	Reporting level	Comments
<b>RESPONSIBILITY FOR PRODUCTS</b>					
Customer Health and Safety					
G4-PR1	Percentage of product categories and services whose significant impact on health and safety services have been assessed to promote improvements.	119	Yes	Partial	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 on health and safety during their life cycle, by type of outcomes.	126	Yes	Complete	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 information required by organisational procedures relating to information and labelling of their products and services, and percentage of significant products and services subject to such requirements.	126	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.	126	Yes	Complete	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.	57	Yes	Complete	
Marketing Communications					
G4-PR6	Sale of banned or disputed products.	126	Yes	Complete	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.	126	Yes	Complete	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.	126	Yes	Complete	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.	126	Yes	Complete	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.

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#### 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 2013, as the scope of the SAVE programme had changed.

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