

# ANNUAL REPORT I 2016







# MELIÁ 💭 YEARS OF HOSPITALITY

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### CALVIÁ BEACH

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Our reputation as a company, consolidated through 60 years of hospitality experience, is today an important asset that allows us to convey confidence, solidity and solvency

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# PRESENTATION ()

# LETTER FROM THE VICE CHAIRMAN AND CEO

GRI 102-14



Dear readers,

In 2016 we celebrated a special landmark anniversary which I would like to share with all those who are part of the Meliá Hotels International family,"60 years of hospitality in an exciting industry". Six decades have already passed since Throughout our history we have faced up to the typical difficulties facing a the foundation by Gabriel Escarrer Julià of what is today, we can proudly say, one of the largest hotel companies in the world. There are many people who over these 60 years have contributed their effort, motivation and affection to making Meliá Hotels International the great company it is today. So I would like to share this anniversary with you, along with our gratitude, affection and appreciation for the many years of commitment and professionalism.

In addition, 2016 was the year in which Meliá Hotels International was again Since its inception Meliá Hotels International has grown not only in size and the positive performance of the Company in recent years. Today, our team is the attributes that characterise the company I would like to emphasise our made up of more than 44,000 people of over 140 nationalities, operating in its worldwide team this year, 21% of them in Spain.

The Company's environment and internationalisation, as well as its cultural transformation and growth. and generational assets, require Meliá Hotels International to be in a constant process of transformation, not only in its management but in the hotel business model itself. In fact, we are evolving towards a model in which our management capacity becomes more important each year and facilitates growth with greater agility. Undoubtedly, a strong portfolio of internationally recognised hotel brands plays an important role in our future. The significant presence of Meliá Hotels International, which is comprised of 375 hotels, in close contact with different markets, proximity to our customers and knowledge of the social realities that we can capitalise on and integrate into this consistent and sustainable process of transformation in which we are engaged.

The cultural diversity that we have displayed in recent times will be enhanced now that Meliá Hotels International has increased its presence with the opening of 17 new hotels in four new countries. Today 15% of our portfolio is operated under group ownership, strengthening our strategy of positioning ourselves as a benchmark company with a low capital intensity management model.

dynamic industry that is constantly evolving, challenging and, of course, full of opportunities. Today, the complex geopolitical situation is marked by international terrorism, widespread market instability, Brexit and the various elections in Europe, the emergence of collaborative economies and consolidation within the sector. Without a doubt, this situation is defining a new business environment that we need to manage as an international company.

listed on the IBEX 35. This long-awaited return has been made possible by scope, but also in experience, self-discipline and responsibility. So, among adaptability, desire to excel and, above all, our firm commitment to continuous 43 countries and with a rich mix of generations who bring enthusiasm and improvement. This process was intensified six years ago when we overhauled motivation. Meliá Hotels International also added a total of 8,284 people to our corporate brand and evolved from being Sol Meliá to Meliá Hotels International. It was the right time to update our corporate values, which have now taken on an important role as the guidelines for ensuring our process of

> We have accelerated a transformation that goes well beyond a change of corporate brand by encompassing the design of new products and services, strong hotel brands tailored to different customer profiles and segments, and entering new markets that have yet to be explored. With our strategic commitment to digitalization, we have optimised our processes to further improve our business management. The resulting operating efficiencies and synergies are undoubtedly allowing us to reach more customers, including the most demanding, so that we are strengthening the emotional ties that bind us together, while making them participants in the change process too.

model that focuses on providing global experiences to our customers have been recognised by the markets. This successful combination has enabled programme, will soon have over 7 million members. The positive evolution of MeliáPro, with growth of 71%, has also strengthened the link with our Hotels International. business partners (B2B), making it an excellent platform for contacting the more than 30,000 agencies registered on it. In general, Meliá Hotels Ensuring the cultural change and transformation that Meliá Hotels International International closed 2016 with very positive results, following a series of adverse trends in international tourism and several years of transformation. We have been able to improve the Company's main economic and financial indicators and to report an increase in RevPAR (revenue per available room) over 27 consecutive quarters.

The leadership and experience accumulated during these 60 years in the leisure segment - characterised by greater resilience and projected global growth - is today a distinguishing feature that gives us a clear advantage and competitive strength. The positive performance of the hotel business in terms of RevPAR, the indicator that best reflects the evolution of this business, which managed to surpass the levels recorded in 2007 (+14%), also translated into I think we are setting out to face our future from an excellent position and a year that closed with a net profit of €100.7 million, an improvement of 180% over the previous year. These results, together with positive financial management, which has reduced our debt by €226 million (placing it at the that is motivated and committed to generating shared value. lowest level in our history), have exceeded market expectations.

I would like to highlight one important milestone in particular. Our Chairman Gabriel Escarrer Jaume and Founder has announced his resignation and transferred his executive Vice Chairman and Chief Executive Officer powers to me in a special year for all of us. This fact guarantees our stakeholders continuity and renewal, keeping intact the family values that have characterised Meliá Hotels International since its inception.

The digital transformation that we are undergoing and the new management We have owed a lot to our stakeholders since our beginnings as a company. They are part of our history, of our growth as a company and, it goes without saying, are an important part of the transformation in which we are engaged. us to strengthen our relationships and knowledge and to customise our Over time, we have built strong relationships and shared commitments with management, basing it on proximity. Today we can celebrate the fact that all of them. We also evaluate their priorities through a materiality analysis the revamped melia.com has become the Company's main sales channel, that, year after year, serves as a catalyst for a model of dialogue that is based generating €427.9 million in sales, and that MeliáRewards, our loyalty on trust, closeness and transparency. It is precisely our commitments to our stakeholders that form a major part of the strategic priorities of Meliá

> has undertaken requires us to foster and consolidate our corporate reputation and the management of our teams' talent, the essential foundations for bringing about transformation. In this connection, for the third consecutive year, the Company has been named by Merco as the Spanish tourism company with the best corporate reputation and the best employer brand. In parallel, Meliá Hotels International, as a hotelier, has a special commitment to environmental protection and the protection of its destinations. This commitment and our environmental strategy have placed us, once again, at the head of the Carbon Disclosure Project for our industry, making it clear that our reputation as responsible managers is recognised at an international level.

> we need to take full advantage of it. As a family business, we have a long-term vision, a solid foundation and strong values, 60 years of experience and a team



# VISION, MISSION & VALUES

GRI 102-16

brates 60 years of its corporate values, they are now more relevant than ever. Its evolution as a company since its inception has been founded on the corporate values, originally based on the family, that Meliá Hotels International has integrated into its management model while adapting them to the growth of the Company.

In this sense, the principles that underlie the Meliá Hotels International business model combine the Meliá Hotels International's wish to be acknowllong-term vision common to family businesses with the ability to adapt to dynamic environments and to create social and economic value for the port for the different societies of which it is a part. destinations in which it operates.

Therefore, following the reworking of its corporate brand in 2011, Meliá Hotels International updated some of its values and consolidated others in order to strengthen their effectiveness set up a business model that has responsibility as in the future. This is particularly relevant, given its central support. This responsibility stems from that the company business model is based on the corporate values that have led Meliá Hotels its values.

In the year that Meliá Hotels International cele- In fact, the corporate values of Meliá Hotels International can be seen in its own corporate mission, which focuses on "providing experiences and global accommodation services with criteria of excellence, responsibility and sustainability and as a family business, aiming to contribute to a better world."

> These values govern the Company's day-to-day workings and its relationship with its stakeholders. They also represent the foundations underpinning edged as a responsible company that generates wealth for its environment and acts as a central sup-

> In these first 60 years of growth, Meliá Hotels International has focused on building a greater international presence. The company has learned from experience and used continuous improvement to International to define its Vision 2020.

### **VISION 2020**

Our ambition is to position ourselves among the top hotel groups in the world in the middle and upper, urban and leisure segment, strengthen our leadership in this segment and be recognised as a world leader in excellence, responsibility and sustainability



# MILESTONES 2016

Entry into Miami and New York

Opening of our first hotel in Jamaica

Morocco opens its doors to our first hotel there

PRESENCE

Commitment to Iran, with the Gran Meliá brand

Signing a deal for a 100% organic hotel in Tanzania

Launch of the renovated Gran Meliá Palacio de los Duques

Mvanmar. a new destination in the Asia Pacific region

### REPUTATION

Gabriel Escarrer Juliá receives the "Hall of Fame Award"

The founder of Meliá Hotels International named Honorary Ambassador of Marca España (Brand Spain)

Industry leaders in Merco Companies & Merco Talent

The CDP Iberia 2016 index recognises our environmental commitment

Entry into the TOP 100 of Merco LATAM Corporate Reputation

Meliá Hotels International renews its alliance with UNICEF for the third time

Meliá Zanzibar. "Best initiative in sustainable development and corporate responsibility"

Meliá Hotels International celebrates

00

BUSINESS

60 years of Hospitality

The Company returns to the IBEX 35

Meliá Hotels International is chosen to run the new Palacio de Congresos in Palma

Work begins on the new hotel and commercial complex in Calviá Beach

Internationally recognised digital transformation

Telefónica enters as a technological partner worldwide

Artificial intelligence & big data revolutionise customer awareness



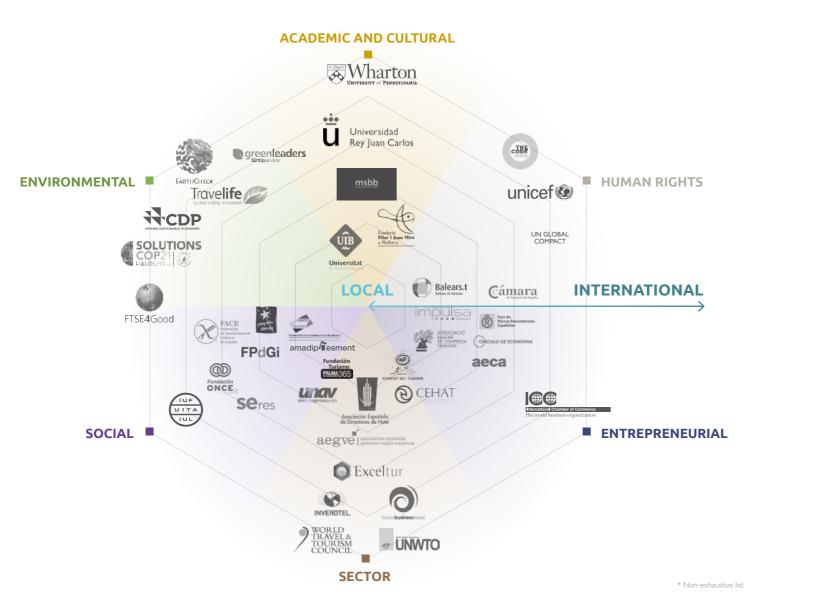
# MAP OF POSITIONING & AREAS OF RELATIONS

GRI 102-12 GRI 102-13

Meliá Hotels International has defined its position in various fields to reinforce its leadership and to drive change by generating value. Only through close cooperation between entities that share objectives is it possible to explore new opportunities and synergies.

In order to strengthen this position, the Company collaborates directly with associates, partners and collaborators that are renowned in their fields, including civil society, multilateral organisations, public administrations and key institutions in the academic world with which it shares common objectives.

These fields are very diverse but all are linked to the hotel business and have local or global approaches that meet the objectives set by the Company, always with the values of Meliá Hotels International as a basis.



# **REPUTATION & RECOGNITION**

has established a reputation that today is an essen- in the IBEX 35. tial asset for creating and transmitting trust, solidity attracting talent. This reputation allows Meliá Hoas its product and service, as well as intangibles, such as the Company's reputation.

This improvement in its reputation, in a year that contribute to achieving a better world". is so symbolic for Meliá Hotels International, conveys the way in which the changes that the Company is promoting and the cultural transformation that it has been undertaking in recent years are being established.

The presence of Meliá Hotels International in rankings and monitors and the awards and recognitions it has won reinforce its position in a way that is wholly aligned with the values that the Company promotes in its business model.

The fact that it has the backing of an independent third party that certifies the advances in the search for excellence of a responsible management model with the traditional dimensions that make up a model reputation is of paramount importance for Meliá Hotels International in a year

Over the last 60 years Meliá Hotels International in which the Company has once again been listed

and reliability among its different stakeholders, and The recognition it has received goes beyond the product and the hotel service, since Meliá Hotels International to differentiate itself by responding to the expectations that its stakeholders place monitors that measure Corporate Reputation in in the Company in numerous tangible areas, such which the Company participates and in which it has also shown an impressive performance in recent years, including 2016. The public recognition it has received confirms its progress in carrying For Meliá Hotels International, therefore, it is essential to manage its reputation as a benchmark al to "offer global accommodation experience and hotelier since it is a concept that is intrinsically services using criteria of excellence, responsibility and linked to contributing economic and social value. sustainability. And, as a family business, we want to

			INTRY INTO	THE MERCO OP 100
	2014	2015	2016	Evolution
ME	31	18	17	(+1)
mR	64	21	25	(-4)
mercouloenes	52	48	44	(+4)
	31	20	16	(+4)





### 1. LEADERSHIP AND REPUTATION OF MELIÁ

MERCO COMPANIES TOURISM SECTOR	1st position	Leading company with the best corporate reputation in the tourism sector
MERCO COMPANIES	17th position (+1)	One of the companies with the best corporate reputation
MERCO LATAM	TOP 100	Entry into the TOP 100. Evaluation carried out by Merco Companies in Spain and Latin America
TOP HOTELS MAGAZINE	17th position	Best Hotel Companies Worldwide
HOSTELTUR RANKING	1st position	Leader in Spain by presence, turnover and overall number of establishments and room



### DIGITAL EUROPEAN MINDSET AWARDS Best company in digital transformation Best development of a social media strategy THE E-SHOW MADRID ACCENTURE STRATEGY AND EL ECONOMISTA Digital talent award for talent management on social networks Best resort brand in the world (Meliá Hotels & Resorts) WORLD TRAVEL AWARDS ACTUALIDAD ECONÓMICA Best business idea 2016 (Sol Katmandú Park & Resort) Best "wow" effect for a luxury hotel (ME London - Atrium) WORLDWIDE HOSPITALITY AWARDS Finalist in best midscale hotel brand (INNSIDE by Meliá) **BUSINESS TRAVEL AWARDS** FITUR 2016 STAND AWARDS Best company stand



GABRIEL ESCARRER JULIÁ Founder and Chairman

- Hall of Fame Award -European Conference of Hotel Investors
- Honorary Ambassador for the Spain Brand - Leading Brands of Spain Forum



GABRIEL ESCARRER JAUME Vice Chairman and Chief Executive Officer

- One of the most valued business leaders - Merco Leaders - 44th position, up 4 positions from 2015
- Tourism Personality of the Year - Torremolinos Town Council
- TOP 100 Most Influential People in Spain 2017 - Diario ABC Newspaper

### **REPUTATION & RECOGNITION**



### 3. CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

WORLDWIDE HOSPITALITY AWARDS	Best initiative in sustainable development and corporate responsibility (Meliá Zanzibar - A better life in Kairo)
SMART DESTINATION CONGRESS - ENERGY & SUSTAINABLE TOURISM	Smart Hotel Award 2016 (Meliá Hotels International)
HABITAT FUTURA	ReThink Hotel Award for the best hotels in sustainability and hotel refurbishment in Spain (Gran Meliá Palacio de los Duques)
TUI GROUP	TUI Environmental Champion (Meliá Salinas)
TRIPADVISOR	Ecoleaders (105 hotels)



4. FINANCIAL STRENGTH AND CORPORAT	'E GOVERNANCE
TECHNICAL ADVISORY COMMITTEE	Entry in the IBEX 35.
BARCELONA CHAMBER OF COMMERCE	Llotja Award for the best information given by commercial companies to shareholders and the market
INSTITUTIONAL INVESTOR RESEARCH GROUP	One of the best investor relations teams in Europe



### 5. EMPLOYMENT STANDARDS AND EMPLOYER BRAND

MERCO TALENT	16th position (+4)	One of the best companies at attracting and retaining talent
CHINA HOTEL TOURISM		Second-best employer in the hotel category
AENOR		Recognition of responsible management in the tourism sector (prevention of occupational risks)
HAUTE GRANDEUR GLOBAL HOTEL AWARDS		Best General Manager - Continent winner (Paradisus Playa del Carmen)
HOZPITALITY AWARDS		Best hotel team of the year - Silver Rank (Meliá Dubai)
HOZPITALITY AWARDS		Human Resources & Training (Meliá Dubai HR Officer)



### **REPUTATION & RECOGNITION**



TRIPADVISOR	Recognition of Excellence for 165 Meliá Hotels International hotels
CONDE NAST TRAVELER AWARDS	Best urban hotel (ME London)
VIETNAM TOURISM AWARDS	One of the best 5* hotels in Vietnam (TOP 10)
TRIVAGO RANKING	Meliá Jardines del Teide, INNSIDE Palma Center & Sol Kathmandu Park & Resort (best hotels preferred by the Spanish in summer and best hotel for travelling with children)
VORLD LUXURY HOTEL AWARDS	Recognition for luxury
UROPEAN HOSPITALITY AWARDS	Recognition of new hotel openings or remodelling





The openings of INNSIDE New York NoMad and ME PORTFOLIO ALIGNMENT Miami mark the entry into the US market of these two brands, which are so representative and often-re-Meliá Nacional Rio de Janeiro, which reinforces the the year, twenty divestments took place, most of them presence of Meliá Hotels International in the Brazilian hotels in the midscale segment under franchising or market and in one of the most important holiday des- management. tinations in Latin America.

quested. Another highlight was the opening of the Gran folio of strong, top-quality products and features, during



and the

 $\widehat{\blacksquare}$ 4 Cultural recognition

3 Environmental recognition

62

13 Social recognition

er m

16 Recognitions for F&B

 $\Leftrightarrow$ 

50 Product quality recognitions

Q Occupational health and safety recognitions

Ø recognitions

9 Semifinalists in

14 MELIÁ HOTELS INTERNATIONAL | ANNUAL REPORT 2016

# PRESENCE

### INTRODUCTION

to international growth and diversification as a key le- Cape Verde. ver to minimise risks, manage opportunities, strengthen its business model and improve the Company's profitability. During 2016 the Company opened 17 new hotels folio of Meliá Hotels International. Our entry into four important destinations, some of them highly desirable, tant bleisure component (83%). In 2017 it is planned to open a total of approximately 23 hotels.

### GROWTH

The opening of new markets, positioning and leadership in the leisure and bleisure segments, and a presence in It is worth mentioning the rebranding of the Gran INNSIDE by Meliá and the updated Sol House.

Meliá Hotels International has also complemented its growth with openings in destinations where it is already Meliá Hotels International promotes its commitment present, such as Indonesia, Vietnam, Spain, Germany and

### REBRANDINGS

adding more than 4,800 rooms to the operating port- Meliá Hotels International reinforces its strategy with strong brands and personalised experiences, adapting them to the destinations and expectations of its cusnot only allows us to enrich our hotel portfolio but also tomers. During 2016 the Company invested heavily to promote the diversity of destinations with an imporportfolio of brands and update its products to the new standards, attributes and customer demands. Currently, the Company manages 52% of the hotels (58% of the rooms) in the segments with the highest value added.

the main European and world cities all follow the vision Meliá de Mar and the Meliá Calviá Beach in Mallorca, that the Company has set for the coming years. This year as well as the Meliá Campinas hotels in Brazil and the we celebrate our entry into traditional holiday markets, undoubted flagship of the Gran Meliá brand in Spain, such as Jamaica, Morocco and Myanmar, and bleisure the Gran Meliá Palacio de los Duques, all of which destinations, such as New York and Miami, all with the demonstrate the Company's hotel know-how and its leading brands of Meliá Hotels & Resorts, ME by Meliá, commitment to remaining at the forefront of international hospitality.



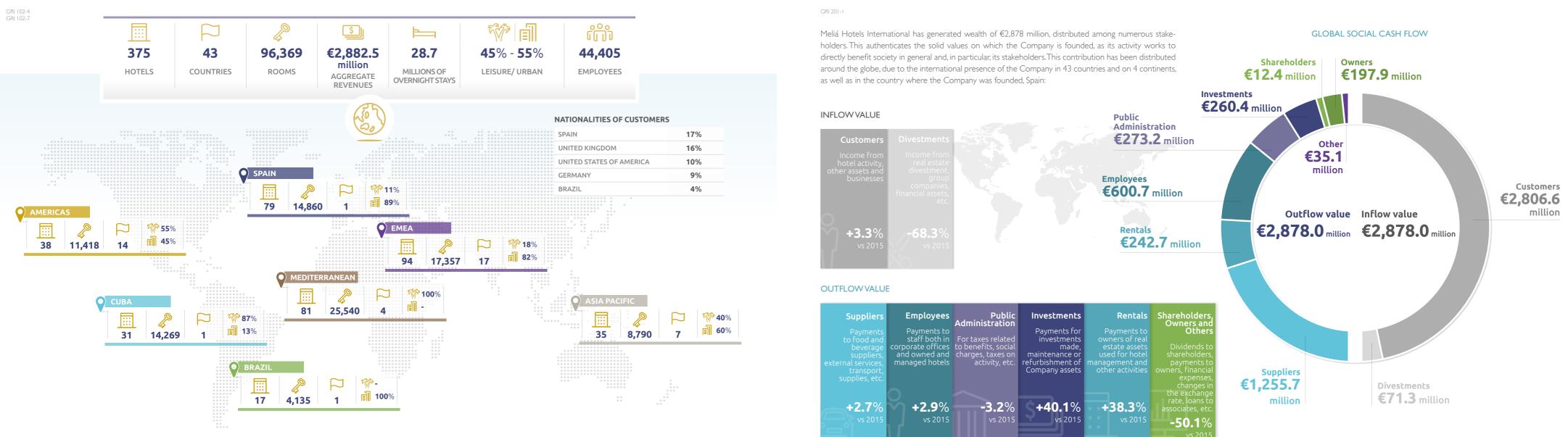
INNSIDE NewYork NoMad



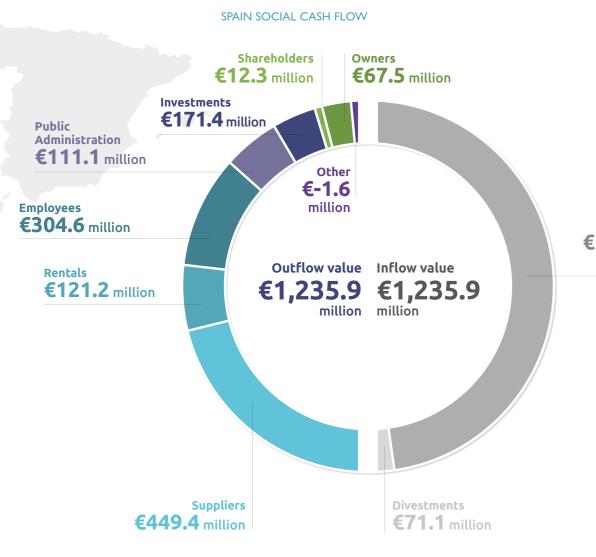
Meliá Calviá Beach



### PRESENCE



# SOCIAL CASH FLOW





Customers













Gran Meliá Palacio de Isora

SALES AND DISTRIBUTION MODEL

strengthened by the arrival of new technologies offering an improved value proposition to customers The greater customer-based personalisation has improved satisfaction ratios and other operating and

At Meliá Hotels International the customer is our main rationale, with a service culture as the pivot point around which the Company turns. For this reason, we are strengthening the management of our products, attributes and experiences, which are differentiated and customised by brand, as well as our gastronomic offerings, which give the Company's brands a promise and delivery that are unique and exclusive in the hotel industry

# **BUSINESS MODEL**

GRI 102-9

ades in areas such as internationalisation, innovation and a range of global services under criteria of excellence and proximity to the needs and expectations of its stakeholders.

The Company has an established, successful business model. It has grown This business model is constantly evolving and is mostly updated, to meet from being a family-owned holiday company in Mallorca (Spain) to a listed, the requirements of customers, owners and employees. Through a philosinternational, diversified company, with recognised brands and influence in the ophy of constant reflection on and implementation of improvements to market that focuses on growing while using formulas with low capital intensity. this business model, it also keeps up with changes in the environment, the new technologies available and the opportunities which the global scale of Meliá Hotels International's business model focuses on generating value for its the Company offer. This update to the business model involves all areas of stakeholders. This model is the result of the Company's evolution over six dec-







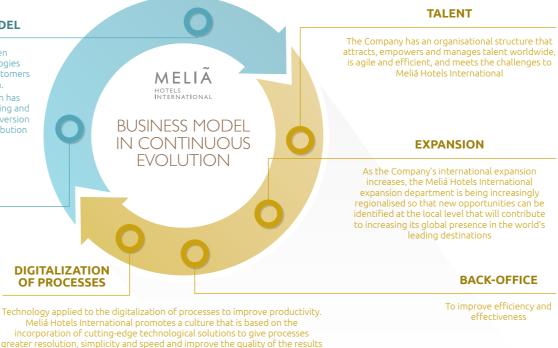
### business ratios, such as an increase of the conversion ratio, an increase in revenues and their contribution to the profitability of the business

DIGITALIZATION OF THE

The sales and distribution model has been

and a greater degree of personalization.

### **CUSTOMER ORIENTATION**



### PORTFOLIO SEGMENTATION

portfolio, with 55% urban hotels and 45% leisure among the leading global hotel groups in the urban segment and consolidate its leadership in the holiday segment in line with Vision 2020.

Hotels International is recognised as being a benchholiday destinations and for incorporating local best Indonesia, Vietnam, Morocco and Thailand. practices worldwide.

### Innovation in the leisure segment

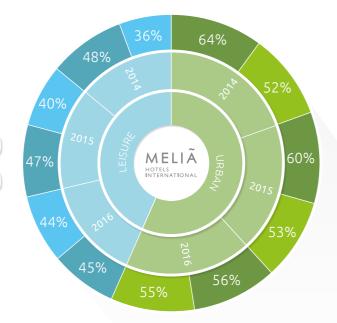
Like the openings in 2016, the Company continues create recognised leisure brands with great growth 60 years' experience in the leisure segment, Meliá Sol Hotels brand has brought high added-value experiences compared to the traditional model, al-

### The bleisure component of the urban segment

Meliá Hotels International maintains a balanced As a result of its leadership position and extensive Meliá Hotels International has positioned itself at the experience in the leisure segment, plus its excellent forefront of the development of bleisure (business hotels, reinforcing its aspiration to position itself management of customer knowledge, the Compa- & leisure) hotels, in order to adapt itself to the new ny has managed to develop its leisure brands to fit trend of combining business travel with leisure and today's more demanding travellers. The continuing experiences. The bleisure concept requires excelsearch to match the brands and products to the cus- lence when combining the operations of these two tomers' expectations has allowed the Company to segments. The Company is in an excellent position here, thanks to its experience in both segments. It to focus on portfolio diversification, with 83% of the potential on every continent. The repositioning of has also achieved international recognition through hotels opened being for leisure or bleisure. After the internationally recognised and award-winning brands like Meliá Hotels & Resorts, which integrates innovative concepts of leisure, wellness and catering into its city hotels in order to complement the busimark for the management of the world's major lowing it to position itself in new destinations like ness customer experience and, at the same time, be the ideal choice for weekend getaways.



LEISURE OPERATIONS





### **BUSINESS MODEL**

and a low-intensity capital growth model, giving the Company greater momentum to drive innovation, continuous improve- traditional models of ownership and leasing. ment, risk minimisation, reputation and recognition.

hotels under management to being a management company with

Meliá Hotels International has further strengthened its hotel a few hotels of its own, Meliá Hotels International now has a management model, focusing mainly on third-party management portfolio of hotels in which low capital-intensity models (management and franchise) account for 60% of the rooms under the

Of the 18 openings during the year, 61% were hotels operating Following its transformation from being an owner with a few under a management model, and to a lesser extent, as franchises.



ME Mallorca



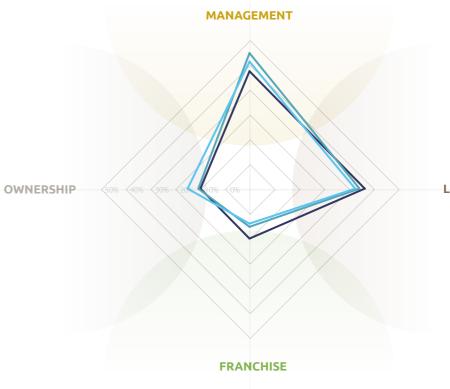
### MANAGEMENT

The owner of a hotel requires the management services of Meliá Hotels International to operate the hotel on its behalf with one of its brands. The Company receives a fee for the management it performs.

### OWNERSHIP

The ownership of the hotel and control of its operation lies with Meliá Hotels International.





\_\_\_\_\_ 2014 \_\_\_\_\_ 2015 \_\_\_\_\_ 2016



### LEASING

Meliá Hotels International is the lessee of the business and the owner of the operation carried out there. The Company does not own the hotel property and leases it from the owner.

LEASING

### FRANCHISE

With this model the owners of the hotels operate under one of the Meliá Hotels International brands and contract the sales and marketing services.



# COMMITMENTS TO STAKEHOLDERS & VISIBILITY

GRI 102-40 GRI 102-43 GRI 102-42 GRI 102-44

Meliá Hotels International strives to make good on the commitments made by the Company to the different stakeholders, meeting their expectations while keeping to its culture and values.



### COMMITMENTS TO STAKEHOLDERS & VISIBILITY

One key element for Meliá Hotels International In 2016, Meliá Hotels International internainformed of the current state of the Company.

solid relationships between Meliá Hotels is based on transparency, ethics and the issues Company's strategic projects. that are important to the stakeholders and have been identified by the materiality analysis made Similarly, a new external communication strategy by the Company each year, without neglecting the global reach of Meliá Hotels International and its importance at the local level.

Maintaining a close relationship with stakeholders through trust, transparency and value generation different channels, tools and spaces available to its stakeholders so that a close, transparent and two-relationship and communications with them. way conversation can always take place.

milestones. These included the celebration of six guests during their stay at the hotels. decades of hospitality, inclusion in the IBEX 35, the repositioning of mature destinations such as Magaluf and Torremolinos and being awarded the contract for the Palace of Congresses of Palma de Mallorca.

is to have a smooth, ongoing dialogue with its tionalised its corporate communication modstakeholders, in addition to listening to their el with the launch of a communications plan expectations and concerns and keeping them that includes regional actions for each strategic market, in order to improve the external communication agency reporting system. The plan Therefore, building, maintaining and improving included the redefinition of the main lines of communication with variables related to rep-International and its stakeholders, both external utation, placing special emphasis on expansion, and internal, is a maxim at Meliá Hotels financial information, innovation and digitali-International. This smooth, two-way dialogue zation, CSR, awards, employer brand and the

was designed for the corporate brand on the social networks (Facebook, Google+, Twitter and LinkedIn). It was launched so as to be aligned with strategic areas that contribute to reinforcing corporate communications regarding these issues. In addition, during the year the is the basis for strengthening links with them, as global reach of the external communication the goal of Meliá Hotels International is to ensure tools was optimised with the launch of a monthly that this relationship is sustainable, excellent and corporate newsletter for key stakeholders long-term. To achieve this, the Company makes around the world (excluding customers and employees), with the aim of improving the

2016 was the year in which the Meliá Hotels From the corporate perspective, the 60th International in-room magazine, Mstyle, anniversary year of Meliá Hotels International established itself as one of the most attractive has been a rewarding time for emphasising major channels for bringing the Company's news to

### CORPORATE COMMUNICATION OBJECTIVES

Defining, maintain and strengthen the positioning and values of the organisation and the corporate brand

Promoting the relationship with stakeholders and contributing to improving their perceptions of the Company



	INTERACTION	KEY ASPECTS
PARTNERS & OWNERS	Owner's office OWNER PORTAL Press and relations office Meliahotelsinternational.com Corporate newsletter	Overall and financial performance Manager model Positioning
SUPPLIERS	Central purchasing body, Press office Meliahotelsinternational.com Corporate newsletter	Collaborations Responsible purchasing
THIRD SECTOR	CSR Office CSR online room on Meliahotelsinternational.com Corporate newsletter	Global CSR model Positioning
COMPANY	Meliahotelsinternational.com Advertising actions	Overall performance Benchmark in the sector Positioning
EMPLOYEES	Employee portal Internal magazines Steering committees Cascading internal communication	Overall performance HR Positioning
PRESS AND MEDIA	Press room and public relations Meliahotelsinternational.com Social networks Corporate newsletter	Overall performance Benchmark in the sector Positioning
CUSTOMERS	Melia.com MeliáRewards loyalty programme Social networks Advertising actions	Brand and product Service culture Renovations and openings Sales and distribution Positioning
PUBLIC INSTITUTIONS	Press and Institutional Relations Office Meliahotelsinternational.com Corporate newsletter	Benchmark in the sector Positioning
SHAREHOLDERS AND INVESTORS	Investor relations office and online room Shareholders' General Meeting Roadshows Meliahotelsinternational.com Corporate newsletter	Overall and financial performance Long-term vision Confidence in the market

# MATERIALITY ANALYSIS

GRI 102-21 GRI 102-47 GRI 102-46

### MOTIVATION FROM THE MATERIALITY ANALYSIS

The Company Vision aims to be considered a strategic impact. worldwide benchmark for excellence, responsibility and sustainability and to promote a model of **RESULTS** long-term sustainable development that ensures the creation of value for its internal and external The results obtained show the selection of the stakeholders and contributes to improving the main material issues classified into 4 categories, societies in which it is has a presence. The materiality business-related, those with greater materiality analysis helps the Company to understand and a presence in the matrix. the expectations, requirements and issues of importance identified by the stakeholders, allowing We can also see the importance given by the it to analyse them and implement initiatives to stakeholders to balancing tangible and material improve the business of today and the future. It also business-related issues with intangible issues related strengthens the ongoing relationship model that to the environment, corporate responsibility and allows the stakeholders to assess the relevance and governance. materiality of certain issues and their consideration and integration in the business model.

### PREPARATION PROCESS

involved in the materiality analysis, including internal and external stakeholders of Meliá Hotels International, who evaluated the issues listed. The

process was supplemented by the Company's internal vision, strategic drive and risk map, in order to obtain the materiality matrix and its

This information requires the Company to ensure its alignment with this Annual Report, as well as other communications and press releases published in 2016. The significant evolution of Meliá More than 22,000 people worldwide were Hotels International during 2016 and the main achievements and impacts obtained reinforce its strategic drive and meet the expectations of its stakeholders

### BUSINESS

- 1 Business performance & results
- 2 Sales & marketing channels
- 3 Employer brand & talent
- 4 Relationship with stakeholders
- 5 Innovation
- 6 Brand & product strategy
- 7 Financial solvency
- 8 Presence & arowth
- 9 Quality of the commercial offering

### **CORPORATE GOVERNANCE**

10 Transparency **11** Corporate governance

### CSR

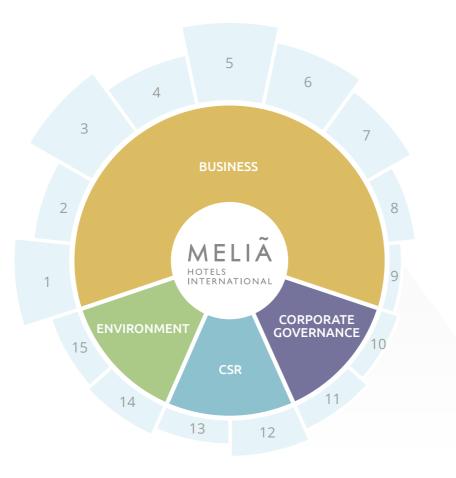
12 Contribution to society **13** Action against climate change

### **ENVIRONMENT**

14 Technology & digitalization

**15** Tourism industry & economic context

sion 2020 and the stakeholder relationship model







Member of FTSE4GOOD IBEX since 2008

Chamber of Commerce of Barcelona

Llotja Prize for best information and transparency

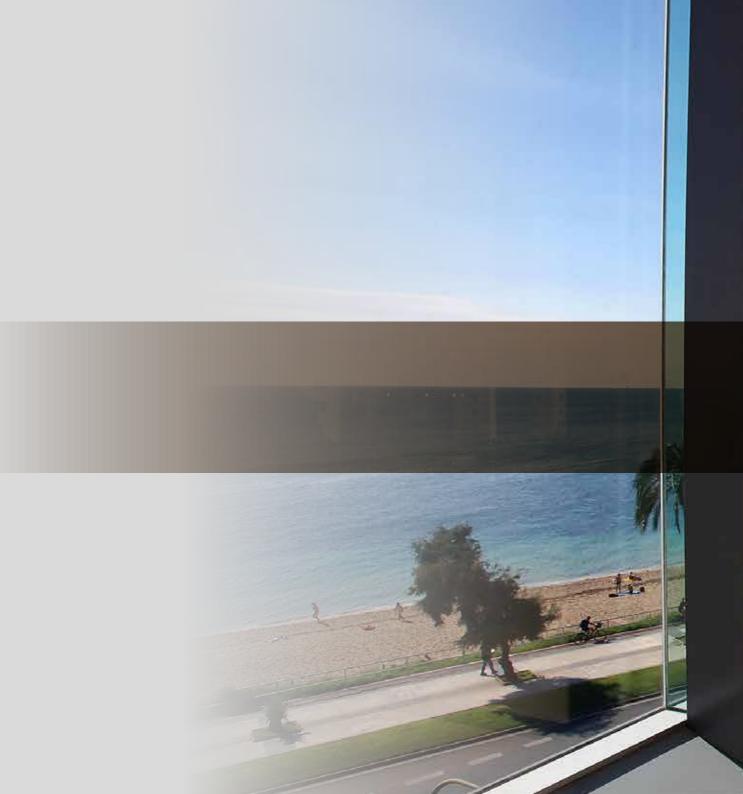


### MATERIALITY ANALYSIS

Best business idea Katmandu Park & Resort

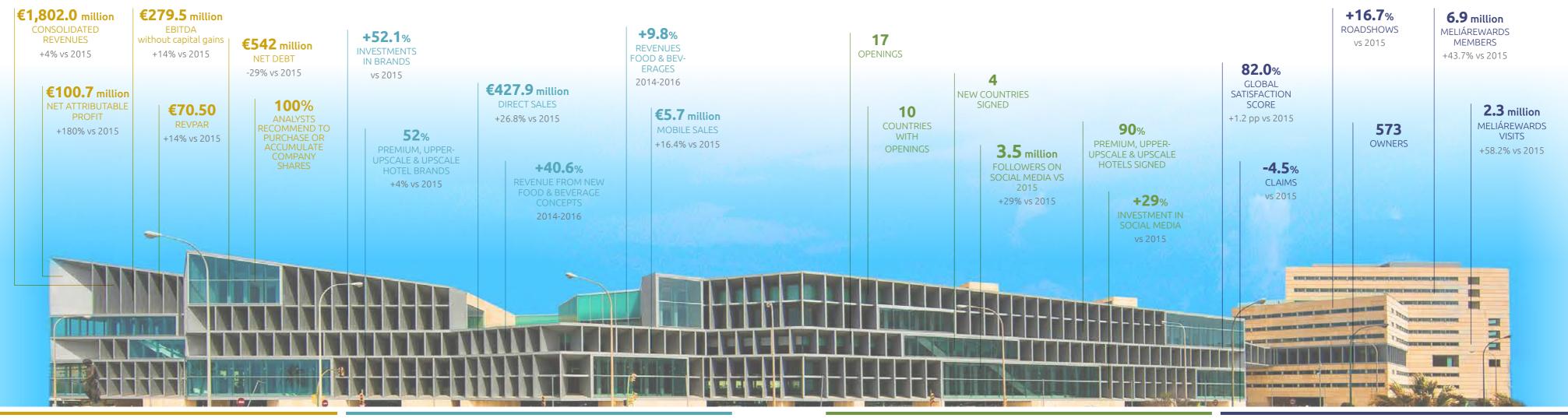
MELIÁ HOTELS INTERNATIONAL | ANNUAL REPORT 2016 25

83% Non-Spanish customers (-1%)



Maintaining the success of Meliá Hotels International during these 60 years at the forefront of world hospitality stems from our constantly innovating and adapting to change and having a business model that is faithful to our values and meets the expectations of our stakeholders

# KEY FIGURES



**ECONOMIC-FINANCIAL** 

OPERATING

INTERNATIONALISATION

OTHERS

# OVERVIEW OF OUR ENVIRONMENT

GRI 102-15

### MACRO ENVIRONMENT 2016

Meliá Hotels International monitors the macroeconomic and geopolitical environment and the evolution of trends so as to consider them and their impact on a dynamic environment that is constantly changing.

During fiscal 2016 there was moderate global growth of 2.2%, the lowest level In 2017, global growth is expected to trade and increased levels of indebtedness. will have an impact on the growth of the additional pressure on traditional exporting will lead to a scenario of higher inflation countries and generated inflation below and rising interest rates in developed 1% in the developed economies.

conflicts and tensions persisted and be the most dynamic region, benefiting have increased the uncertainty of the from strong domestic demand and economy and the volatility of the markets, expansive macroeconomic policies. generating instability. Another relevant development was the desire of the The elections taking place during the year United Kingdom to leave the European and government measures in the area of Union, leading to a lowering of growth protectionism in the context of international expectations for the Euro area to 1.8%, trade, currency fluctuation and agreements a level well below those experienced by on sustainability are expected to be the other world economies.



2017

INTERNATIONAL YEAR

FOR DEVELOPMEN

### MACRO ENVIRONMENT OUTLOOK 2017

since the recession of 2009. This result was rise to 2.7%, which will be the basis for reflected in the world's economies through an increase to 2.9% in 2018. A rise in the lower levels of investment, less international price of raw materials is expected that In addition, low commodity prices put economies of the exporting countries and economies. The developing countries are estimated to be the main generators of At the same time, in 2016, geopolitical world growth with 4.4%. Asia Pacific will

main critical points in 2017.

### TOURISM INDUSTRY 2016

remained solidly in line with expectations, despite challenges during the year, such as lack of security in some regions and geopolitical conflicts in specific destinations. As a result, the evolution of tourism experienced robust growth of 3.9% to TOURISM INDUSTRY OUTLOOK 2017 reach a total of 1,235 million tourists. This was the seventh consecutive year of uninterrupted The tourism industry continues its strong growth, an landmark for the industry not seen since the 1960s. All this reflects the key expected rate of 3%-4% and firm consensus importance of the tourism industry in the world among experts in the sector regarding an economy, as it generates 10% of world GDP, 1 in 11 jobs worldwide and creates wealth for the 2016. At the regional level, Asia Pacific and local communities in which it operates.

tourism in 2016 with an 8% increase in has been declared the International Year of visitor arrivals compared to 2015, followed Sustainable Tourism for Development by by an uptick in Africa that set it above the United Nations. This fact reinforces Americas region, which in 2017 is showing the actions of companies like Meliá Hotels growth of 4%. Europe had a mixed result, International, which, with its leadership with countries with double digit growth, such position in sustainability in the tourism as Spain, which had a 10% increase in tourists industry, has a highly positive impact on the and was the number 3 country in the world development of local communities.

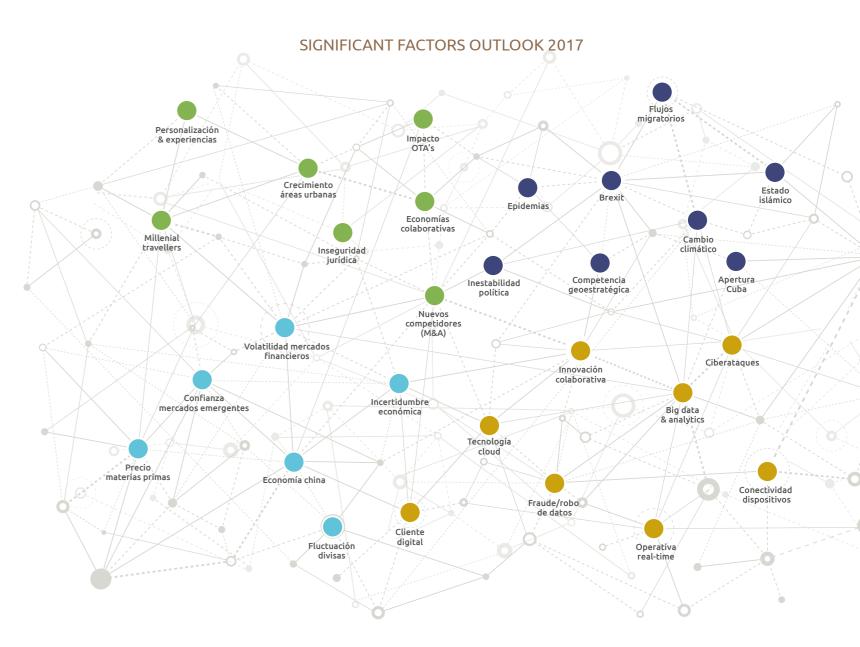
in tourism revenues, after the United States and China. In addition, Spain, with its culture, wealth and enormous diversity of landscapes and destinations, has positioned itself as a leading holiday country for world tourism. It has made a very significant contribution to the country's GDP and promoted local talent, moving towards a tourism model with greater added value. The counterpoint in Europe is The growth of the tourism industry has the western region, with a decrease of 0.4%, mainly due to a drop in tourism in France of -5.4%. In general terms, the evolution of tourism in 2016 showed excellent solidity.

growth prospects for 2017 with an improvement on the results achieved in Africa are expected to grow between 5% and 6%, the Americas between 3% and 4% The Asia Pacific region led the growth in and Europe between 2% and 3%. Also, 2017

### OVERVIEW OF OUR ENVIRONMENT

Meliá Hotels International highlights the following factors as those that can mark the future of the global landscape in the coming months. How the industry as a whole responds will largely determine its future evolution, bearing in mind that with an increasingly dynamic and changing environment, those industries that are slower and have less capacity for adaptation will be penalised. Fortunately, the tourism industry has a formidable history in this sense, although it must maintain a strong capacity to adapt and anticipate future circumstances.

ECONOMIC TECHNOLOGICAL BUSINESS 



### MELIÁ HOTELS INTERNATIONAL COMMITTED TO PEOPLE

In 2016 Meliá Hotels International continued to involve the Company's managers in transformation through the design of the strategic drive for achieving its Vision 2020.

At the epicentre of this journey to embrace the strategic drive is interaction with the directors of Meliá Hotels International. Meetings were held between the Company's top executives and leading managers from each region at which the flow of ideas, the creation of proposals and enriching discussions allowed them to get to know first-hand and assimilate the objectives of the strategic drive and identify opportunities for its implementation.

To maximise understanding and assimilation, the interaction process was in four stages.



These interrelated stages formed a smooth process, in which the manager was the protagonist and the strategic drive the tool to facilitate the achievement of success. It was reinforced by support materials that were distributed in the local language to each country where the Company has a presence and with the assistance of the leading managers, who served as facilitators in the communication with the employees.

The results achieved were an unprecedented success in the transmission of knowledge and assimilation of the objectives for 2016 to employees worldwide.

STRATEGIC DRIVE 2016

MELIA MOTOR



Meliá Hotels International promotes its strategy in line with Vision 2020, organising the transformation processes along three fundamental dimensions that are key to its business model in the current environment.

These three dimensions act as ambitious, cross-cutting forces for change and are present in the different levers that make up the strategic drive of Meliá Hotels International in 2016.

# STRATEGIC DRIVE

### VISION 2020

Our aspiration is to position ourselves among the top hotel groups in the world in the middle and upper, urban and leisure segments, strengthen our leadership in this segment and be recognised as a world leader in excellence, responsibility and sustainability

### INTRODUCTION



In addition to Vision 2020 and the three transversal dimensions, an ongoing analysis of an increasingly changing environment forms part of the definition and implementation of the strategic drive, as well as inputs from the different stakeholders based on the Company's materiality analysis. This strategic approach strengthens the Company and gives it the necessary momentum, after 60 years of success, to take an excellent, solid present and carry it forward into a promising future.



# BRAND ARCHITECTURE

### INTRODUCTION

positioning both regionally and worldwide.

The brand and product strategy calls for a culture of change and continuous improvement This strategy allows the concepts to be unified that generates value and offers a differentiated, under a single global culture based on the warmth successful product that meets our customers' of a family company that epitomises the underlying expectations and requirements, in addition to Spanish traditions, with its focus on constant being of key significance to the stakeholders innovation and on the small details that truly of Meliá Hotels International. To achieve these make a difference. The Company culture serves objectives, it has designed and implemented a as an essential way of ensuring that employees regular review and adaptation process that uses deliver the brand promise to customers, adapting a methodology applicable to all the brands in its each brand to the individual, local reality and portfolio.

Today, Meliá Hotels International has a portfolio of 7 hotel brands and a holiday club (Circle by As a result of continuously improving the positioning Meliá), each with its own well-defined identity. and visibility of its brands, Meliá Hotels International Together they contribute to an internationally has been awarded one of the Transform Awards, recognised positioning that satisfies different which recognise best practices in products and the customers, nationalities, cultures and generations. development of global brands, with a bronze medal In 2016, the service culture of all the brands was in the Best Creative Strategy category.

revamped in order to promote their differences and enhance the attractiveness of each one. As the Company is well aware of the changes There has been an evolution from having an demanded by the market, it uses its business model individual ethos and culture for each brand to focus on positioning its brands to leverage towards identification with a single company its growth and profitability and strengthen its culture that applies to all the brands equally, while giving each one its own exclusive, unique concepts, behaviours and features.

> strengthening the model of customer closeness that has been driving its success for 60 years.



### BRAND ARCHITECTURE

WITH ITS OVERALL VISION, THE BRAND ARCHITECTURE IS TRANSFORMED INTO A REALITY DESIGNED TO APPEAL TO ALL THE SENSES OF THE CUSTOMERS WHO STAY AT ANY OF THE COMPANY'S HOTELS

ITS STRATEGIC DRIVE ENCOMPASSES CUSTOMER-ORIENTED CONCEPTS, WITH PARADIGMS THAT SEEK TO DEEPEN THE CONVERSATION DURING WHAT IS KNOWN AS THE CUSTOMER JOURNEY





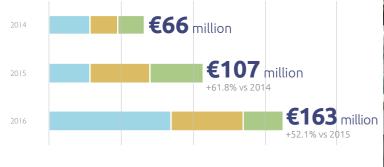
### BRAND ARCHITECTURE BRAND POSITIONING

GRI 102-2

Each of the Meliá Hotels International brands strives for a differentiated strategic positioning in order to respond to the Company's vision of positioning itself as the leading hotel group in the middle and upper, urban and holiday segments and being a benchmark of innovation and customer experience.

### INVESTMENTS BY BRAND

As a result of its process of innovation and continuous improvement, each year the Company allocates a significant sum to adapting its products to fit new customer trends and expectations. As a result of this investment, each year brings numerous awards and recognition for its brands and products.



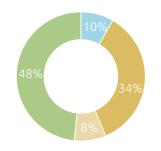
PREMIUM UPPER-UPSCALE & UPSCALE MIDSCALE

	GRAN MELIÁ Hotels & resorts	Selective positioning focusing on growth in major cities, tourist destinations and top-flight locations	BRA The on g
E i i	PARADISUS BY RELIA	Brand internationalisation by adding major holiday destinations and promoting entry into the Asian market and other destinations in the Caribbean	upp Hot in t por
	ME	Focus on cosmopolitan cities at the forefront of the trends, by identifying top luxury and lifestyle holiday destinations	
THE REAL	MELIÃ HOTELS & RESORTS	Maintaining a balanced portfolio in the urban and holiday segment, by focusing on destinations with the potential to attract conferences and conventions	E E E
	INNSIDE BY MELIÄ	Strengthening the brand as an urban benchmark with a bleisure component in major and secondary cities	
	Sol Sol	Brand internationalisation, by consolidating destinations in the Mediterranean and South-East Asia and a commitment to the Caribbean and emerging markets	
25	TRYP	Continuing to grow and consolidate the brand in current markets	
			L S

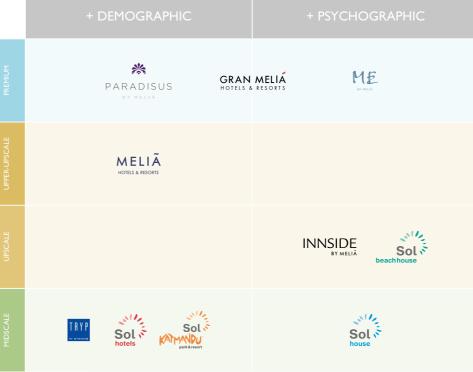
### RAND PORTFOLIO

portfolio in 2016.

The Company is maintaining its strategic focus Due to the evolution that Meliá Hotels International n growth in the high and medium-high segment has promoted in its brand strategy in recent with brands grouped under the premium, years, it now has a portfolio of 7 brands that are upper-upscale and upscale categories. The Meliá clearly defined and well-positioned to respond Hotels International portfolio has grown by 4% to customer psychographics. This positioning is n these segments, to reach 52% of the total supported locally by the advantages of also being global brands.



PREMIUM UPPER-UPSCALE UPSCALE MIDSCALE







### INTRODUCTION

Gran Meliá is positioned as one of the most attractive luxury brands worldwide.

It is dedicated to living life to the full, as embodied in the delivery of personal, intuitive service, exceptional experiences and a modern expression of Spain's luxury culture.

### MAIN MILESTONES

The brand inaugurated the Gran Meliá Palacio de los Duques, a 19th century mansion in the heart of hotel under the prestigious label of Leading Hotels of the World. Its opening was complemented by Meliá Rome Villa Agrippina.

the openings of the Gran Meliá de Mar, following a rebranding that positions it as the benchmark of luxury hotels in Mallorca, and the Gran Meliá Nacional Rio de Janeiro in the emblematic building by the renowned architect Oscar Niemeyer, marking the arrival of the brand in Brazil and strengthening its positioning in the Americas.

### AWARDS RECEIVED

More than 50 awards in recent years serve to endorse the brand's prestige, including the Best Urban Hotel Award for the Gran Meliá Jakarta, Best Urban Resort in China for the Gran Meliá Xian and Best Hapsburg Madrid that has been converted into a Urban Hotel in the World, Golden Distinction and Distinction from Condé Nast Traveller for the Gran



### NATIONALITIES OF CUSTOMERS

UNITED KINGDOM	19%
UNITED STATES OF AMERICA	14%
SPAIN	12%
CHINA	6%
GERMANY	4%

PRESENCE 2016







Gran Meliá Palacio de los Duques

### MAIN INDICATORS

### **EXAMPLES OF CAMPAIGNS IN 2016**









on a personal level. ME It Becomes You.

experience in the global capitals of culture and cool. Meticulously created for a defined and collaborators. customer psychography, ME by Meliá hotels attract the open minded through their AWARDS RECEIVED artwork, design, music and cuisine.

### MAIN MILESTONES

hotels started a refurbishment process Ibiza and ME Milan.

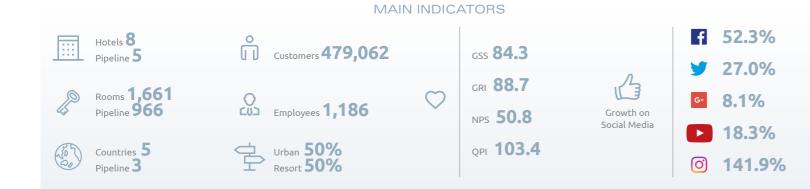
that will allow both hotels to shine again in 2017, endowing them with all the ME is a hotel designed to inspire and connect brand identity and an incredible range of cuisines. In parallel, the launch of ME FM and The ME People blog has become a ME by Meliá hotels are personalised hotels photographic and audiovisual showcase focusing on design and the individual that floods the senses of the brand's best ambassadors, and its coolest customers

In 2016 the brand's hotels received a total of 15 prestigious, top-level awards, the NATIONALITIES OF CUSTOMERS highlights of which were the numerous 2016 will be remembered by fans of the awards given to ME London, including the brand for its entry into the United States Award for Best Wow Effect for a luxury with ME Miami, a hotel that reflects all hotel, Modern Luxury Hotel of the year and the dynamism and atmosphere exuded Most Stylish Luxury Hotel of the year, as by that city. The ME Cabo and ME Cancun well as those garnered by ME Dubai, ME



UNITED STATES OF AMERICA	32%
UNITED KINGDOM	15%
MEXICO	8%
SPAIN	8%
GERMANY	4%









### EXAMPLES OF CAMPAIGNS IN 2016



IF YOU DON'T KNOW ME, YOU SHOULD

THE ME PROPER RAFAFANS





The brand wraps customers in luxury and sensations with service that centres around each customer's life experiences.

through exceptional resorts that surprise and delight guests with their extraordinary service **AWARDS RECEIVED** and innovative experiences. These luxurious, idyllic, natural settings and are in perfect harmony with the local culture and cuisine.

### MAIN MILESTONES

change, having remodelled all the hotels

rebranding of the former Meliá Cabo Real as Paradisus Los Cabos is an extraordinary example of the new essence of the brand. It features exclusive, luxurious experiences, with dining in signature restaurants, the YHI-Spa and VIP services for couples (Royal Paradisus by Meliá creates lifelong memories Service) and families (Family Concierge).

all-inclusive seafront resorts are located in The more than 30 awards received in 2016 from the most prestigious institutions serve as an endorsement of the unstoppable success of the brand, highlighted by the numerous awards given to the Paradisus Playa del Carmen. Acknowledgements such The brand has undergone a major as the Golden Apple, AAA Four Diamond Award and the Apple Crystal for the best in its portfolio. The transformation and service underscore the prestige of this brand.



### NATIONALITIES OF CUSTOMERS

UNITED STATES OF AMERICA	42%
MEXICO	7%
CANADA	7%
UNITED KINGDOM	5%
SPAIN	4%

PRESENCE 2016







### 42 MELIÁ HOTELS INTERNATIONAL | ANNUAL REPORT 2016

### **EXAMPLES OF CAMPAIGNS IN 2016**









of the customers, providing genuine Spanish hospitality based on a passion for service and dedication to their total well-being.

forges lasting relationships so that they become part of the big Meliá family, and is sensitive to their needs and preferences at all of the brand's hotels.

MAIN MILESTONES

Meliá Hotels & Resorts celebrated the inclusion The Meliá Zanzibar has been recognised as season at a traditionally seasonal destination.

Highlights include the first openings in Jamaica twice in the World Travel Awards 2016. and Myanmar, of the Meliá Braco Village

and Meliá Yangon respectively, as well as the Makassar in Indonesia and the Llana and Meliá Hotels & Resorts is always at the service Sensimar hotels in Cape Verde, confirming the global character of the prestigious brand.

The renowned Calviá reconversion project, which started in 2011, celebrates a new milestone, with Meliá is always concerned about its customers. It the incorporation of the luxury hotel Meliá Calviá Beach, after extensive remodelling and a new design, inspired by the privileged light of the Mediterranean.

### AWARDS RECEIVED

in the portfolio of the new Palacio de Congresos the Best Project in Sustainable Development de Palma, a key catalyst for extending the and Corporate Social Responsibility by the Worldwide Hospitality Awards, as has the recently inaugurated Meliá Braco Village, recognised



NATIONALITIES OF CUSTOMERS

12%
<b>9</b> %
7%
4%

PRESENCE 2016







# INNSIDE BY MELIÃ

### STRATEGIC POSITIONING

INNSIDE, the collection of international hotels with an urban lifestyle. A concept developed around In addition, the openings of INNSIDE Aachen, the modern traveller, each hotel is designed with contemporary interiors, innovative technology and is focused on the customer experience.

INNSIDE is the home of Work Tripping, a place that This brand has been successfully repositioned environment has to offer.

### MAIN MILESTONES

expansion with the opening of the eagerly-awaited renowned and highly-successful Twist Bar.

INNSIDE New York NoMad, which marks the arrival of the brand on the American continent.

INNSIDE Leipzig and INNSIDE Frankfurt Ostend reinforce the presence of the brand in their country of origin, Germany.

connects work and leisure, where one can work, using the #worktripping concept, which transmits relax and be inspired by everything the urban a new freshness and a new dimension, and consistency across all the employees.

### AWARDS RECEIVED

The INNSIDE brand has continued its global The INNSIDE Dresden received two awards for its



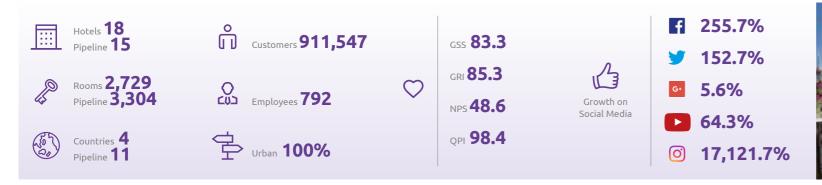
### NATIONALITIES OF CUSTOMERS

GERMANY	47%
UNITED KINGDOM	11%
UNITED STATES OF AMERICA	10%
SPAIN	7%
SWITZERLAND	2%

PRESENCE 2016



### MAIN INDICATORS





### EXAMPLES OF CAMPAIGNS IN 2016







The Sol by Meliá brand creates holidays. Four different concepts (Sol Hotels, Sol House, Sol Beach House and Sol Kathmandú) create unforgettable young partygoers. experiences for millions of customers by matching them to the needs of each customer, with distinctive, The commitment to a healthy, organic cuisine characteristic swimming pools as the focal point of has been integrated into the new culinary all the brand's hotels.

The Sol brand, a benchmark for the holiday and wellness programmes. segment, is prominent in the Mediterranean, offering the best vacations in the world's top **AWARDS RECEIVED** holiday destinations.

### MAIN MILESTONES

In 2016 the Sol by Meliá brand consolidated its rebranding under 4 concepts and confirmed that they have been a success, achieving spectacular results and offering the excellent quality service defined for each segment.

The brand established a strategic partnership with the firm Ibiza Rocks to provide specific features, round out the leisure offering for customers of the Sol House brand and satisfy the desires of

concepts developed for the Sol Beach House brand and is complemented by special health

More than 70 industry awards demonstrated the strength of the brand, with a special mention for the Sol Katmandú, which received the European Hospitality Awards Best Service Innovation award and was proclaimed one of the 100 best business ideas by the magazine Actualidad Económica.



### NATIONALITIES OF CUSTOMERS

UNITED KINGDOM	29%
SPAIN	13%
GERMANY	10%
ITALY	5%
IRELAND	4%

PRESENCE 2016









is shared by all its employees, who create a closer, of Own the City by TRYP. more intense, creative and visible relationship with the customer.

The concept of Own the City by TRYP gives experience. customers a feeling of having all the secrets of the city at their fingertips and being true City Lovers.

### MAIN MILESTONES

clientele, creating a campaign with three creative recognise their excellence and quality of service. concepts catering to the three main segments:

business travellers, families and couples. This new segmentation has been supported by Own the City. TRYP knows the city better than different work groups created for all the hotels anyone else and, through its conversations with in all regions, in which brand employees played a customers, is the brand that is expert in passing on leading role in developing a knowledge of the city this knowledge to lovers of big cities. This culture as the heart and the special feature of the culture

> The brand continues to update its existing products and add new features to enrich the customer

### AWARDS RECEIVED

More than 40 industry awards, given mainly by influential entities like TripAdvisor and Booking. In 2016 the brand carried out a segmentation of its com to hotels located in Spain, Brazil and Germany,



### NATIONALITIES OF CUSTOMERS

Spain	35%
GERMANY	11%
BRAZIL	10%
UNITED KINGDOM	8%
UNITED STATES OF AMERICA	3%

PRESENCE 2016







### BRAND ARCHITECTURE CIRCLE



Over 60 years' experience in managing resort brands resulted in the creation of this new concept: membership of a club that opens the door to a world of exclusive experiences. It is a solid value proposition based on excellent, differentiated and personalised services, designed to create memories that will undoubtedly last a lifetime.

Circle by Meliá is the holiday club designed by Meliá or Paradisus Palma Real are two of the spectacular Hotels International to provide its members with a holiday resorts that belong to the Circle concept. As wide range of destinations in the most exotic and a member, Circle and Meliá Hotels International let spectacular destinations in the world, year after members enjoy the privilege of travelling to many year. Its members receive first-class service with destinations in a simple, convenient way. Circle offers accommodation designed to meet all the family's vacations that are truly a way of life and have been needs. Resorts like the Gran Meliá Palacio de Isora designed to be experienced.



As a result of the superb attention and service provided, the most important indicators of service and quality have improved in 2016 compared to the already excellent quality results of previous years.

Highlights in 2016 include the new website created MeliaRewards loyalty platform. to give visibility to the new concept, which was completely redesigned and developed to adapt In 2017, the Company will continue to promote the it to the new market reality and the needs and Circle by Meliá concept with new developments that requirements of present and future members. will give it added appeal for all those who are part of it.

Technological improvements made it possible to integrate the Circle's business model into the Company's available tools, fostering synergies and facilitating day-to-day operations through inclusion in the Company's distribution channels and the



### NEW CIRCLE MEMBERSHIPS



INFINITE RED

### HOLIDAYS WITH NO LIMITS

A unique and exclusive central concept: annual holidays for life. Starting from this concept, a powerful idea has been developed that offers a new style for experiencing holidays like you have never imagined. As a member of Circle by Meliá, you will no longer have to ask yourself when and where you want to enjoy your holiday. With Circle discover the new way to plan and enjoy your holidays, now and in the future.

### BALANCE YOUR ROUTINE

Circle is a perfectly balanced experience, offering the ideal combination of activity and relaxation. Focus on wellness, with the best of both worlds, and enjoy everything from exciting adrenaline-filled excursions to moments of pure tranquillity in complete harmony with the world.

### COVER YOUR TABLE WITH FLAVOURS

One of the most appealing moments on all trips is the opportunity to discover new dishes and flavours from around the world. Savour the extraordinary variety of cuisines offered by Circle at any of its destinations.





circle. Extraordinary activities, by day and by night, so that the whole family can have fun every minute of the day.

### ALL THE DESTINATIONS POINT TOWARD WHERE YOU WANT TO GO

You place the limits on how far you want to go. Your curiosity and your desire to see the world and what lies around you will decide what awaits you in destinations around the world.

### **EXCEPTIONAL COMFORT**

Simply go through the door into the privacy of your suite and there you will find many luxuries and amenities, to ensure that everyone enjoys a truly restful, relaxing experience when on holiday.

### **EXPRESS YOURSELF**

Theme nights are the favourite part of every Circle experience. Enter into the atmosphere and join the party. It's very easy to participate. Simply put, Circle by Meliá creates a scenario where you can be inspired and use your creativity every night to enjoy the many surprises on offer.



### MORE NIGHTS

After a long day filled with activities, there is nothing better than relaxing with your family, friends and acquaintances. Take it easy or let yourself be carried away by the action. You choose whether to entertain yourself or be the centre of attraction. Enjoy a romantic moment or get ready to have a great time. With Circle the choice is yours.

### FUN

In having fun you will find the essence of a real holiday. This is the primary goal behind all the activities and entertainment that you will come across when you become part of this exclusive



### BRAND ARCHITECTURE INTEGRAL COMMUNICATION

Meliá Hotels International promotes a consistent, Its main objectives are to improve the perception integrated and aligned brand communication and knowledge of the brand, increase sales in key strategy for all its brands that uses technology as markets and promote an integrated message on a catalyst and the Company's international growth the different channels, in order to ensure that all as its underpinning.

The different campaigns have creative content that cuts across all the communication channels by brand to implement an integrated, omnichannel strategy called "one line".

customer contact points are covered.



### SOCIAL NETWORKS

In 2016, the content and personality strategy for the social networks focused on strengthening each of the brands in the Meliá Hotels International the Company has focused its expansion. portfolio. Activity on the social networks in 2016 centred around three basic pillars: influencers, paid social and hotel activation.

interaction with followers to improve the impact and optimise the social experience. This strategy allowed innovation, with new formats generating Company's hotels, to have a better understanding more effective interaction that matched the of the behaviour of our customers and customise technical evolution of the platforms of the their experience as much as possible. leading providers, Facebook, Twitter and Google.

This resulted in two- and three-digit growth in the number of followers on the various social networking platforms, with special attention to growth in Asia Pacific, one of the regions in which

Looking ahead to 2017, one of the most important steps that the Company will take is greater integration of the social networking strategy The community managers team increased the with other key areas, such as public relations and customer service. Similarly, in terms of technology, we will advance with installing Social WiFi in the



### BRAND ARCHITECTURE **DISTINCTIVE HOTELS**

Meliá Hotels International has been characterised by the care and dedication given to service, which turn its guests' stays into a complete sensory experience, ranging from the finest culinary delights to the best complementary services. The importance of architecture and design now forms part of the way in which the Company takes care of even the smallest details. Each Meliá Hotels International hotel has been designed to be unique by taking into account the environment in which it is located and the profile of the customers staying there.

In the Company's portfolio are a number of distinctive hotels that are marked by their architecture, functionality and design, the result of strokes of genius of architects and designers, some of them with international prestige. These hotels are characterised by being reference points for the environment in which they are located, providing an additional attraction to the area and constituting a visual attraction in and of themselves.

Within the wide-ranging Meliá Hotels International portfolio there are avantgarde hotels, such as the ME London, designed by Norman Foster, with a spectacular foyer that in 2016 at the Hospitality ON Awards won in the category of Best WOW Effect; the ME Dubai, designed by the globally renowned Zaha Hadid; the Meliá Vienna, the tallest skyscraper in Austria, designed by Dominique Perraul; the Meliá Barcelona Sky, with its marked cantilever, and finally the upcoming opening in the Mediterranean of the Palacio de Congresos in Palma, with an emblematic design by Francisco Mangado.

Special mention should be made of the Gran Meliá hotels, whose architecture is a essential feature of the brand, as demonstrated by distinctive hotels like the newly-remodelled Gran Meliá Palacio de los Dugues, the Gran Meliá Rome Villa Agrippina, the Gran Meliá Nacional Río, a historic jewel by the architect Óscar Niemeyer, and the refurbished Gran Meliá de Mar, the work of the architect José Antonio Coderch.

We should also highlight the upcoming opening of the Meliá Serengueti Lodge, located on the terraces of the Nyamuma hills with spectacular views over the Mbalageti river valley, the first hotel designed to operate with complete energy independence, making it a magnificent opportunity for the creation of a stateof-the-art sustainable hotel.







Meliá Palma Bay - Palacio de Congresos



Gran Meliá Palacio de los Duques





### BRAND ARCHITECTURE GASTRONOMIC EXPERIENCES

importance of catering in enveloping the customer culinary delights. in a complete experience, it continues to innovate, using cutting-edge proposals and maintaining It is worth noting the commitment to the different brands stand out at the global level.

supported by renowned consultants and experts, Meliá Palacio de los Duques & Meliá Barcelona to strengthen the commitment of Meliá Hotels Sky) that have contributed to creating some very International to this area. The work carried out by special experiences. The range of gastronomy is the food and beverage department at the global complemented by special healthy and balanced level has allowed the design of special cuisines for eating programmes, such as the Balance by Meliá each brand, taking into account its culture, the program, which promote healthy lifestyles among promotion of local products and the transfer of customers. successful culinary experiences to other regions or hotels.

The Company firmly believes in the importance of in the area of food & beverages with partners like investing in catering, designing and preparing a wide Basque Culinary Center and collaborations with range of concepts capable of delighting the different universities, such as Le Cordon Bleu. customer segments in order to appeal to their senses through their palate. The numerous concepts Looking ahead to 2017, the Company will continue implemented by the Company include restaurants, to implement new concepts that have yielded beach clubs, fashionable terraces, themed banquets, excellent results to date. etc. all with a common denominator: stimulating

As Meliá Hotels International is aware of the the senses with a varied and complete range of

excellence in an area where the Company's development of new concepts by big-name chefs, such as the restaurants Arrels by Marga Coll (Gran Meliá de Mar), Alevante by Ángel León In 2016 the Company was given a global structure, (Meliá Sancti Petri) and the Torres brothers (Gran

> In addition, Meliá Hotels International continues to develop specific training and innovation programmes





Garbo Restaurant Meliá Granada (Spain) Beach Club Cape Nao Restaurant Meliá Cala Galdana (Spain)





Bardot Pool Beds Experience Gran Meliá de Mar (Spain)

Alevante by Ángel León

Meliá Sancti Petri (Spain)

Q

Casa Nostra Restaurant

Meliá Cala Galdana (Spain)



Sol Beach House Ibiza (Spain)

Merkado Restaurante

Meliá Barcelona Sarrià (Spain)

Dos Cielos (Torres brothers) Meliá Sky Barcelona (Spain)



DOSCIELOS



passion





BRAND ARCHITECTURE I GASTRONOMIC EXPERIENCES

### NEW IN-HOUSE CONCEPTS BY BRAND DESIGNED IN 2016

GRAN MELIA HOTELS & RESORTS	MELIÃ HOTELS & RESORTS	INNSIDE BY MELIÄ	Sol Sol	Sol
<image/>				<image/>
COROA - Galary Longer & Confine	ARADO EST RED SCIENCE MOSAICO			mascalzone stella

### BRAND ARCHITECTURE CUSTOMER JOURNEY

In its quest for excellence, while satisfying the expectations of its customers , strengthening the ties of closeness and trust and guaranteeing a quality service, Meliá Hotels International promotes a strong knowledge and relationship model by preparing a detailed analysis based on understanding the "customer journey" for each of the Company's brands.

The preparation process for each brand involves exploring the customer's expectations and the ways the brand can meet and surpass them. The customer journey consists of 4 very different stages, as shown in the graph, analysing the sub-stages of each of them and the different points of interaction between the customer and the brand.

The areas for improvement and opportunities identified in the customer journey analysis offer great potential for progress to each brand. They are a resource that is of great value to the Company, with repercussions that are directly transferable to improving the brand positioning and the value of its attributes.





Meliá Paris La Défense



# CUSTOMER CENTRIC



### INTRODUCTION

The culture of Meliá Hotels International has maintained one constant, unvarying premise throughout its 60 years of experience: a culture of service focusing on excellence and the delivery of the brand promise. The Company is completely customer-oriented and seeks to increase their loyalty by establishing a smooth, ongoing dialogue with them to improve their experience and their interaction with the brand. To this end, the Company adapts its processes by updating its cutting-edge technological initiatives year after year so as to allow it to remain at the forefront of customer awareness and quality of service.

At the same time, in order to promote our closeness to our customers, group meetings and special think-tanks are arranged regularly to advance our customer knowledge, hold meetings to encourage interaction and identify our customers' concerns. In 2016, the Company organised meetings of this type in the cities of London and Miami, two key markets for the Company.

### 360° VISION CUSTOMER GUEST EXPERIENCE INTELLIGENCE Continuous satisfaction Technological with the customer adaptation and information at the experience service of customer knowledae SALES LOYALTY CHANNELS Striving to create a strong, lasting relationship with Technology leaders in channel positioning customers MICE

Promoting new

60 MELIÁ HOTELS INTERNATIONAL | ANNUAL REPORT 2016

### CUSTOMER CENTRIC **GUEST EXPERIENCE**

Meliá Hotels International ensures that it has a MEASUREMENT TOOLS 360 degree vision of its customers in order to pay special attention to improving their level of The Company has tools that allow it to monitor hotels, as well as obtaining a comparison with other existing measurement tools: competitors in the sector. In this regard, in 2016 the Company carried out the following projects that Satisfaction surveys: All clients receive an online represent a major advance in this area:

Meliá Customer Repository: Allows the Company that is received from different channels, giving a given the growing interest of customers. greater ability to personalise the delivery of the Online Reputation: The teams analyse all the level of satisfaction.

and manages customer preferences. A stay at each all of them. RevPAR.

satisfaction. Keeping the customer at the centre of the satisfaction of its customers and to identify the Company's universe requires the promotion and cover the areas for improvement, driving of initiatives that, with the help of technology, development in an ongoing manner in order contribute to enriching the experience and to include each brand promise. In its quest to improving the quality of the service provided. A offer unique and personalised experiences to culture of customer data measurement and analysis its customers, Meliá Hotels International has (CRM) is a key catalyst for assessing improvements Guest Experience teams that are responsible for and identifying new opportunities. The data mining ensuring the proper development of experiences obtained facilitates internal comparisons between and customer satisfaction. Here are some of the

satisfaction survey on leaving the hotel for rating the services used. In 2017, the Company will be adding requests made by other areas relating to to enrich and optimise the customer information reputation and corporate social responsibility,

service and as a result, an improvement in the comments posted on the internet about the Company's portfolio and have a response **Preferences Project:** This project defines, organises protocol for online comments, giving feedback to

of the Company's hotels is unique and therefore Customer service: The Company has a all the details that can enrich the experience and system for managing incidents, comments and interaction with the brand are taken into account. suggestions in order to answer all customers Revenue Optimizer: A tool developed by the who contact it through miexperiencia@melia.com Company to measure the Return on Experience (myexperience@melia.com) and through the social through a detailed analysis correlating two sources networks. The applicable policy requires a response of information: the Quality Penetration Index and to the customer within a maximum period of 48 hours from receipt of the comment.



(Se) 83.7%

Global Review Index (GRI) +1.1% vs 2015

<sup>o</sup> 95.9% **Quality Penetration** Index (OPI) +0.1% vs 2015

42.6% Net Promoter Score (NPS) +1.4% vs 2015

8 76.7% On-time response rate +8.6% vs 2015

 $\overline{\mathbb{CP}}$ -4.52% Total complaints vs 2015



### CUSTOMER CENTRIC | GUEST EXPERIENCE

E	<b>GSS</b> GLOBAL SATISFACTION SCORE		NPS NET PROMOTER SCORE		<b>QPI</b> QUALITY PENETRATION INDEX		<b>GRI</b> GLOBAL REVIEW INDEX	
	2016	2015	2016	2015	2016	2015	2016	2015
GRAN MELIÁ HOTELS & RESORTS	83.3%	82.9%	51.3%	46.5%	98.4%	97.7%	89.7%	87.6%
PARADISUS	85.6%	84.0%	56.2%	46.7%	98.1%	100.8%	89.9%	89.6%
ME	84.3%	83.0%	50.8%	43.3%	103.4%	102.0%	88.7%	88.0%
MELIÃ HOTELS & RESORTS	81.8%	80.5%	45.0%	44.8%	100.3%	99.9%	85.3%	84.2%
INNSIDE BY MELIÄ	83.3%	82.6%	48.5%	44.3%	98.4%	98.9%	84.9%	85.3%
Sol sty Melia	80.3%	80.1%	35.4%	36.3%	95.5%	97.1%	81.3%	80.1%
TRYP	79.9%	79.4%	31.4%	35.7%	96.6%	95.8%	80.5%	80.3%
	85.5%	83.9%	56.4%	51.4%				





### CUSTOMER CENTRIC CUSTOMER INTELLIGENCE

analytical capacities.

bilities, create more efficient and effective propensi- lence and innovation. ty models and activate actions.

The new advanced analytical capabilities help **PROGRAMMATIC MARKETING** the brand promise to adapt to an increasingly informed and demanding consumer, studying behav- In addition, the Company has strengthened its iours to anticipate their needs and expectations.

real time, improving communications and developing a coherent, responsible strategy.

### SMART INTERACTION ENGINE

To complement the new big data platforms, the high percentage online. Company has developed a smart interaction engine, an intelligent system of personalised recommendations for melia.com and call centre custom-

Meliá Hotels International continues to make progress in the improvement of customer knowledge by ensures that the customer receives increasingly reltaking advantage of the new digital technologies that evant content, thereby improving customer loyalty. are available and developing talent with enhanced Increasing customer satisfaction, surprising them with new experiences and offering a value proposition that fits the profile of each customer is the The technologies and platforms associated with the ultimate goal of any company that is focused on big data collected by the Company are allowing the the customer and service. This combined strategy integration of important new sources of informa- of integrating technology and knowledge has altion associated with one of the main stakeholders lowed Meliá Hotels International to be recognised of the Company, to expand the segmentation capa-

programmatic marketing programme with an inhouse trading desk and an advertising space pur-Meliá Hotels International's new big data environ- chasing team that helps to lower costs and speed ments process large volumes of information in up campaign management, positioning Meliá Hotels International as a leading company in online marketing. A milestone for the year were the online campaigns that brought the brand and sales into line by moving from one-off, mainly offline campaigns to 100% aligned campaigns with a very

\$

22%

Return on

investment

(L)€3.8 million Investment in programmatic marketing









### CUSTOMER CENTRIC SALES CHANNELS

companies interact with their customers. For from restaurant reservations and activities, to years, Meliá Hotels International has been the menu or check-in information. sector's online development leader, strengthening its multichannel presence and multi-device direct The excellent results of the different ratios have sales both in interactions with the end custom- reinforced the implementation of this strategy, er (B2C), through melia.com and the call centre, and with the professional customer (B2B), through MeliaPRO.

Special attention has been given to mobile platforms, which have evolved and developed new

The digital environment has transformed the way applications with unique functionalities ranging

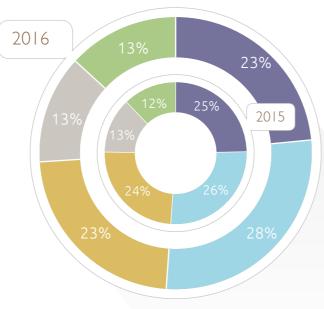
which also aids in greater customer and market diversification and offers a complete knowledge of all the products, brands and services offered by the Company.

€5.7 million Total mobile sales +16.4% vs 2015

**€427.9** million Direct sales +26.8% vs 2015



### SEGMENTATION OF SALES BY CHANNEL



LEISURE DIRECT CUSTOMER E-COMMERCE BUSINESS TRAVEL MEETINGS & EVENTS

### MAIN OBJECTIVES

CONSOLIDATION

OF DIRECT SALES

CHANNEL AS

A COMPETITIVE

ADVANTAGE

### COMPANY FOCUSED ON A REVENUE CULTURE

In-house development of proprietary technological platforms to improve and innovate revenue processes

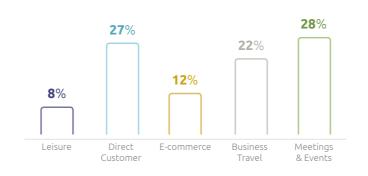
### MAXIMISATION OF THE AVERAGE PRICE PER ROOM

Implementing best practices in revenue management Optimising the profitability of sales channels 27 consecutive guarters of improvement in RevPAR

### POSITIONING IN HIGH-GROWTH SEGMENTS

Reinforcing the regionalisation strategy Focusing on exposure to emerging markets Developing key alliances





### **MELIÃ PRO** TRAVEL AGENT PORTAL

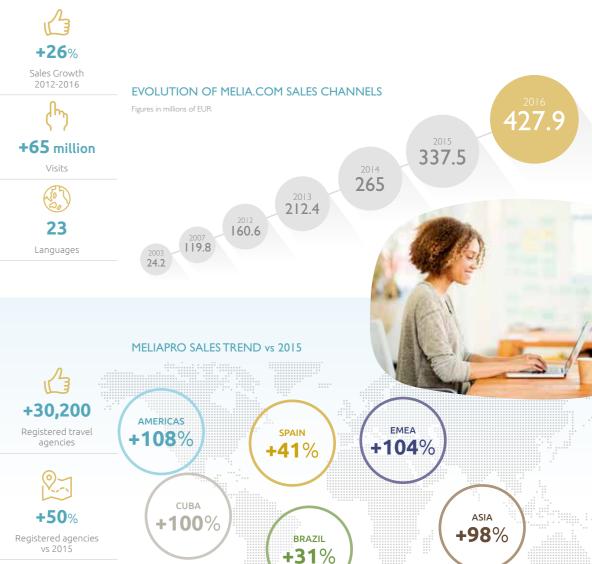
The B2B purchasing process has evolved in recent years, adapting to the new business environment through Meliá PRO, a B2B digital platform. To activate the B2B digital plan, the

### CUSTOMER CENTRIC | SALES CHANNELS

# MELIÃ.COM

The melia.com website has become the Company's most important sales channel. At FITUR 2016 Meliá Hotels International launched its new fully responsive website with enhanced value-added features for end customers, such as predictive, personalised real-time content linked to the MeliáRewards loyalty programme in order to obtain the best Internet room rate.

As a result of the innovation and digitalization promoted by the Company, the Internetbased functionalities have been multiplied by adding the Meliá Hotels International app. In it customers can have all the information and advantages at their fingertips, such as online check-in, requests for services from their mobile phone or the offer of exclusive features over smartphones. All this positions melia.com at the forefront of online websites and consolidates the enormous growth expectations that the channel presents.



MELIÁ CARDS

following lines of work are being implemented:

- A website dedicated to professional segments and adapted to their needs
- A relationship model that builds a professional customer life cycle in order to automatically present the best offers and innovations, all continuously updated
- Social selling campaigns and strategy oriented to professionals through profiles on the leading social channels
- CRM & analytics using knowledge and personalisation to offer a better service
- Marketing automation that takes advantage of the company's new digital marketing capabilities
- Mobile & sales apps that adapt the content to a responsive format with an omni-canal strategy, offering the best attention to our contributors

2....

+71%

Sales vs 2015

In addition, the Company celebrated its 60th anniversary by inviting 600 travel agents to a party with the theme "60 years of cinema". It included a presentation of the exclusive channels created for agents on the Facebook, Twitter and LinkedIn social networks, to take full advantage of all the forms of communication available.

These applications allow the sales force to present

information with contributors, as well as other services

LAUNCH OF MELIÁ DESK content, have access to business information and share

### CUSTOMER CENTRIC LOYALTY

### MELIÃ REWARDS



MeliáRewards, the loyalty programme that offers more than points. The Meliá Hotels International loyalty strategy has added new features to the program, including new functionalities for the bars and restaurants, online check-in with priority access to the hotel, using points to pay for different hotel services and redeeming points for events and celebrations.

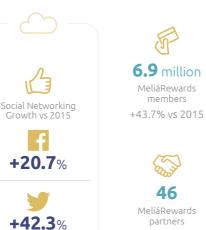
As a result of the Company's international dimension and its presence in different markets and countries, the number of partners has expanded. Now MeliáRewards points can be accumulated and are redeemable for admission to leisure parks, all-inclusive passes, green fees, online shopping, flight and train tickets, car rentals, airport VIP lounges and much more.

In the coming years MeliáRewards is expected to continue to grow, increasing the benefits and advantages available and attracting new partners to the programme through the internationalisation of the company's portfolio.

**M** GET value **BE** free **JC** GO first

MELIÃ PRO *Rewards* Meliá PRO Rewards is the Meliá Hotels International loyalty programme for travel agents who are part of the Meliá PRO programme. The launch of this programme promotes the loyalty of travel agents, allowing them to strengthen their knowledge of the brand and market demand at first-hand.

> This loyalty programme, together with the Meliá PRO Training programme, which provides training for professional growth and certification as travel agency experts, offers an opportunity to travel agents, who find in Meliá Hotels International a professional and dynamic company that is attentive to their needs.



5 46 MeliáRewards partners

+21.1% vs 2015

2.3 million

\$

+42.6%

MeliáRewards customer revenue

vs 2015

MeliáRewards visits +58.2% vs 2015





+95.6%

103,975 Meliá PRO Rewards members +4.4% vs 2015

69.3% Meliá PRO Rewards international members

E)

### CUSTOMER CENTRIC MICE



+5.46%

Sales vs 2015

10

9,680

Events organised

8

+25.98%

Percentage of

materialisation



The MICE segment (Meetings, Incentives, Conferencing, de Mallorca, Spain, which includes a hotel (Meliá Palma Bay). Exhibitions) is a segment of great significance to Meliá Hotels It is a catalyst for ending the seasonal nature of this traditional International. The Company's portfolio, in terms of MICE, holiday destination where the season is currently limited to amounts to 140 hotels distributed over 29 countries with only a few months out of the year. This new venue will have specific spaces for events, meetings and conventions. In total, a great impact on the local community and create 200 new there are more than 42,000 rooms, 1,200 meeting rooms direct jobs, in addition to positioning Mallorca in a segment and more than 173,000 square metres of lounge area.

The weight of this segment continues to grow with the At the same time, the Company is advancing in the addition to the portfolio of a series of key hotels with large integration of all the improvements to the processes, systems meeting spaces, such as the Gran Meliá Nacional Rio de and technologies developed for melia.com and promoting a Janeiro and the Meliá Yangon. Special mention should be specific loyalty programme called Meliá PRO for MICE. made of the new Palacio de Congresos, in the city of Palma

which to date has been fairly insignificant.



## ecotouch

During the year, the Meliá Hotels & Resorts brand developed materials used for the event and the culinary aspect, all at no a new programme for events and meetings, EcoTouch additional cost to the customer. Meetings by Meliá. The programme is based on making of its Corporate Responsibility strategy.

Following the agreement signed at the Paris Summit by the the main features of the program are a carbon footprint international community to promote the fight against climate calculation, the use of recycled materials and the efficient change, Meliá Hotels International has taken a step further use of resources. In the culinary section, the EcoTouch toward integrating sustainable features into its brand culture programme promotes healthy, seasonal products from the by launching the EcoTouch programme for the Meliá Hotels & Mediterranean and offers alternative menus for people with Resorts brand. The programme has already been implemented allergies or vegetarians, all made by chefs connected with in all its hotels in Spain and is under development in other and trained in the programme. countries. It affects both the operational processes and the

sustainability an added value and is part of the Company's Raising awareness and promoting education among commitment to environmental protection, one of the pillars customers about the need to use resources responsibly and the environmental impact generated by their activities is one of the main objectives of this programme. Among



# MELIÁ GOES BEYOND

The Company, present in 43 countries for the first time in its 60 years of history, is maintaining its expansion prospects with the objective of strengthening the positioning of Meliá Hotels International, growing in emerging markets in Asia Pacific and Africa as well as in Latin America, as well as in the main European cities, with the ambition to be leaders in the holiday segment.

These growth prospects are framed under the international vocation of the Company and are structured around the following lines of action:



Growth is in line with the rest of the strategic drive, with the premium and upper-upscale hotels firmly in line with the Company's brand strategy and under capital-intensive models, as shown by the fact that 83% of the hotels signed up in 2016 were under the management and franchise system.

In addition, the company's internationalisation continues to evolve, with 90% of hotels and 93% of rooms signed up outside Spain, and growth in Spain occurring under a very selective expansion model.





Q 90% Premium. upper-upscale & upscale hotels



New countries



T 62% Holidav accommodation Meliá Hotels International has a multidisciplinary expansion team with 7 nationalities, 70% of whom are non-Spanish professionals. The expansion team is present in 7 offices around the world to locate attractive areas of growth and address the doubts of potential owners.

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Suite 3267 - 3268, 32/F, Tempo Scan Tower II. HR Rasuna Said Kay, 3-4 lakarta 12950, Indonesia T. +62 21 2934 9410 l 6, Jalan Imbi 55100 Kuala Lumpur, Malaysia. T. +603 2785 2828

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### In Latin America and the United States 800 Brickell Ave. Suite 1000 33131 Miami, Fl

United States of America T. +001 305 350 98 28

### MELIÁ GOES BEYOND SIGNINGS 2016

The signings made during the year confirm the **REST OF EMEA** Company's success after 60 years of experience result of a specific positioning strategy following between the brand and destination can be optimal. The Company's main signings in 2016 were as follows:

### SPAIN

The awarding of the Palacio de Congresos de Palma and the adjoining hotel under the name INNSIDE Amsterdam, the company's first hotel in of Meliá Palma Bay, which will operate on a 15its ability to manage the MICE segment. hotel ideal for bleisure travellers.

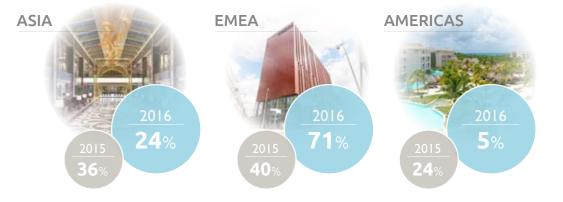
> tionally and internationally renowned destination.

focusing on growth through a long-term sustain- The company has entered Iran with a Gran Meliá able model. The locations where Meliá Hotels that will be the first five-star hotel in the coun-International is increasing its presence are the try after the lifting of the sanctions that have restricted foreign investment since 2006. Meliá has detailed studies and analyses so that the symbiosis therefore become one of the first international groups to join the promising development of tourism in the country as a result of an agreement with an Iranian industrial and real estate group that chose Meliá Hotels International for its excellent track record, solvency and international reputation.

Holland, located in the largest financial district in year lease, is a milestone in the Company's history the country, offers the new features of INNSIDE since it recognises the Company's experience as a by Meliá, such as the creative meeting space and benchmark in the hotel industry worldwide and the e-gym on the I8th floor, which will make this

> The signing of the new ME Sitges INNSIDE Paris-Charles de Gaulle, the brand's ASIA Terramar reinforces the ME by first hotel in France, will be located in Terminal 3 Meliá brand in the Mediter- of Paris's main airport and the second largest in ranean and how a brand Europe. It will have 267 rooms and fitness, confercan be attractive to a na- ence and meeting facilities.

> > Meliá Serengeti will be the Company's second hotel in Tanzania, showing the strong commitment of Meliá Hotels International to the emerging markets and the African continent. The new hotel, in a luxury destination with unspoiled landscapes, will be a 100% ecological hotel, located in the famous Serengeti National Park with spectacular views of the Mbalageti River Valley.



third hotel in Qatar and the first in the country for the INNSIDE brand, and the signing of Meliá Salamansa, the Company's fifth hotel in the Cape Verde archipelago, whose development is being promoted in conjunction with a major local developer.

Huravee, the company's first hotel in the Maldives, in the heart of the Indian Ocean. The hotel will important emerging destinations at this time, which offer private villas, plus services and experiences combines the leisure segment with a growing destithat will allow its guests to enjoy the surroundings and the magic of these privileged islands, giving a new meaning to the concept of luxury.

its first international destination, with the signing of a cooperation agreement between Meliá Hotels three new Meliá hotels in Lombok, Bintan and its first on the island of Sumatra, bringing the total to 16 business groups.

The last of the main signings are INNSIDE Doha, the hotels and more than 3,400 rooms. With these three new signings the Asian continent has 12% of the portfolio with 44 hotels and nearly 11,000 rooms.

> The signing of the Meliá Almaty marks the Company's entry into Kazakhstan, bringing a new concept of urban hotel to the main commercial, financial and business hub of Central Asia.

Of note here is the signing of the Gran Melia The Melia Ho Tram will be our fourth hotel in Vietnam. It is located on the seafront in one of the most nation for the conference and convention segment.

Finally, the Meliá Bangkok, a landmark in the Company's strategic growth in the Asia-Pacific region The Company is continuing to invest in Indonesia, and our second hotel in Thailand, is the result of International and one of the conutry's leading

### MELIÁ GOES BEYOND MAP OF EXPANSION



### MELIÁ GOES BEYOND OPENINGS MODEL

Over the last few years Meliá Hotels International has been undergoing an international expansion process with a high rate of openings on the four continents. Given the different needs and requirements, the Company is continually revising its openings model in order to adapt it to the new realities of each of the destinations, while using the internal talent, technology and knowledge it has gained from its 60 years of experience as a hotelier.

The Meliá Hotels International openings model presents a high degree of cross-pollination, taking advantage of both the services provided by corporate headquarters and those provided by the different regional offices. It also underlines the importance that the Company gives to the opening of new hotels in order to ensure a model that is increasingly responsive and efficient and that passes on all the necessary knowledge needed to manage a hotel in line with the standards and values of Meliá Hotels International. This model is also used to manage the teams involved by assigning specific roles and responsibilities to each member and identifying opportunities in a continuous improvement model.

A fundamental pillar of the model is the training provided to the teams at the hotels. It strictly follows the Company's culture, values and business model, while also innovating and adapting the process to the new requirements of the market and to the hotels themselves.

### **OPENINGS 2016**

In 2016, the Company opened 17 new hotels, as well as carrying out major rebrandings, such as the Meliá Calviá Beach, the Gran Meliá Palacio de los Duques and the Gran Meliá de Mar, consolidating the Company's growth in the premium, upper-upscale and upscale segments and reinforcing the commitment of Meliá Hotels International to Spain.

The arrival in the United States of the INNSIDE by Meliá and ME by Meliá brands with the INNSIDE New York NoMad and ME Miami is also a significant milestone for the Company. It should be noted that half of the openings were concentrated in the EMEA and Asia Pacific regions, with Cape Verde and Brazil adding the largest number of rooms opened and Germany adding a total of three openings, all of them under the INNSIDE by Meliá brand. The Company's international presence in new countries in 2016 was rounded off by the United States, as mentioned above, Myanmar and Jamaica.

# 

PREMIUM UPPER-UPSCALE UPSCALE MIDSCALE

### OUTLOOK OPENINGS IN 2017

In 2017, the Company expects to open 23 hotels on 4 continents, with a special focus on the higher value-added segments. This growth will also follow the Company's strategic objective of using a less capital-intensive growth model with selective growth in Spain. 2017 is an eagerly-awaited year due to the spectacular openings that will be carried out by Meliá Hotels International, such as the Meliá Serengueti and Meliá Palma Bay hotels, and a hotel adjoining the future Palacio de Congresos de Palma, all of them distinctive and sure to be influential in their respective destinations.



## MELIÁ GOES BEYOND REAL ESTATE

Meliá Hotels International is actively involved in real estate, with a clear-cut strategy aimed at enhancing the quality of the Company's equity portfolio. The highly integrated, comprehensive vision of the company's transformation processes aligns its strategy, brands, product and the management of  $m^2$  and has generated successful results in the transformation of hotels mainly in the leisure segment in recent years, which translates into greater credibility and investor confidence and a strong relationship with the Company's partners. The Company's real estate strategy for 2016 was based on the following levers

Meliá Hotels International has developed a proactive The Company also holds complementary real estate rating other commercial uses.

model of property portfolio management that takes assets, such as the Palma Real Shopping Village in the into consideration the different sources of asset val- Dominican Republic, the René Egli sports complex ue creation and offers the best option for developing in Fuerteventura and the new development in Calviá them, not only by operating hotels but also by incorpo-Beach. This last will culminate in 2018 in a new hotel with 5,000 m2 of shopping space that will form a centre of attraction for both residents and guests at other hotels and a destination in which the Company and its partners have invested more than €190 million since 2012.

Meliá Hotels International promotes the reconversion after comprehensive renovation and has been includupper-upscale and upscale segments.

ior transformation projects. The old TRYP Ambassador Beach, formerly the Sol Antillas, which has been reposi-Hotel, on the Velázquez route in Madrid, has been con-tioned as an upper-upscale product for new customer verted into the new Gran Meliá Palacio de los Duques segments at a successfully transformed destination.

of its assets to reinforce the recognition of its portfolio ed as a member of the select club Leading Hotels of of brands and increase its positioning in the premium, the World. Also, the emblematic hotel Melia de Mar, in Mallorca, has been converted into an exquisite luxury hotel operating under the premium brand Gran Meliá. During 2016 the Company completed a series of ma-The other reconversion this year was the Meliá Calviá



eration and support of public agencies.

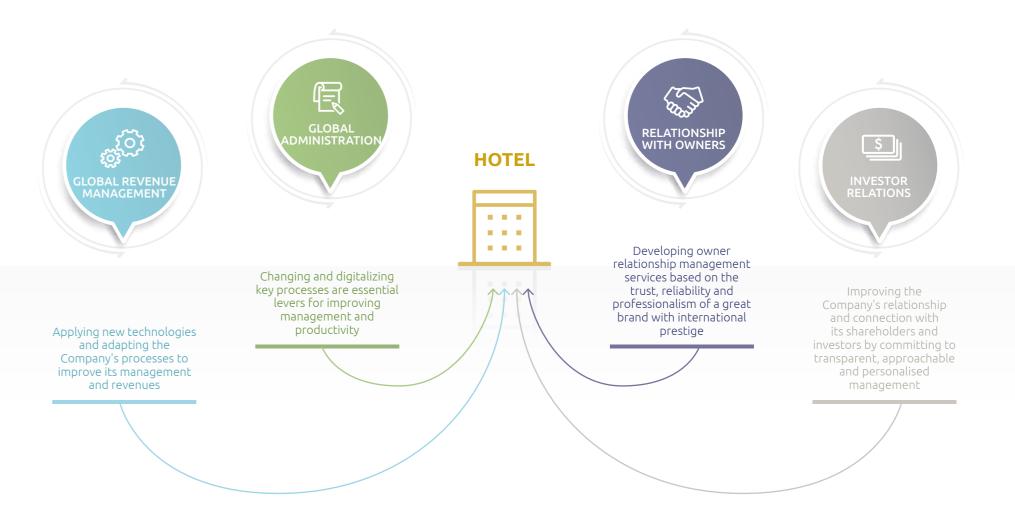
Company has focused on transforming a selection of identifying strategic assets where new initiatives can hotels in mature environments using integrated pro- be developed through joint ventures and new partjects undertaken with strategic partners and the coop- ners and investors can be incorporated, offering mixed models that allow Meliá Hotels International to continue growing.

Meliá Hotels International has a strategy of optimising encourage external customers to come in to enjoy an the yield of every  $m^2$  of property by generating new attractive space. sources of income for the asset. Its action lines focus on integration and innovation, with new food service concepts and considering the hotel's public areas to be a retail space where advantage can be taken of pedestrian traffic by offering features and products that companies at the Meliá Zaragoza.

Similarly, the Company optimises the use of other resources, such as meeting rooms, and projects such as Ronda by INIT, including an incubator for innovative

# EXCELLENCE IN MANAGEMENT

Meliá Hotels International develops and promotes different initiatives for the functional areas that complement the operational areas. These give them competitive advantages and their innovations can be transferred and add value to the business. From the dimensions of digitalization, innovation and people, these areas contribute in a fundamental way to the Company's progress towards a model of excellence in management.

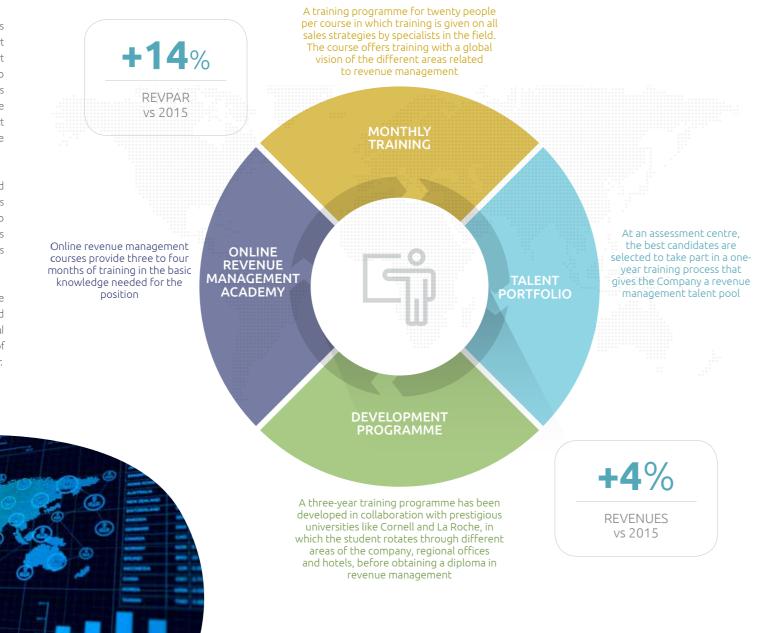


## EXCELLENCE IN MANAGEMENT GLOBAL REVENUE MANAGEMENT

Meliá Hotels International continues to drive its revenue management and implement the most advanced technologies so as to have an efficient management system that will contribute to the long-term improvement of the Company's profitability. The technological tools used integrate intelligence into revenue management so that it can adapt dynamically to the realities of the market and the needs of the Company.

At the same time, initiatives are being developed to incorporate improvements into its processes by using the new technologies implemented to align them to the needs of each of the brands and products that make up the Meliá Hotels International portfolio.

In addition to technological innovations, the Company uses its revenue manager training and education programme to offer multidimensional training custom tailored to meet the needs of each Meliá Hotels International revenue manager.



In 2016 Meliá Hotels International continued to the regulations of each of the countries where the upgrade its administration and control to a new Company is present. These models encompass vision focusing on providing value to the business. the different standards, processes and procedures This transformation has been achieved by relying required for excellent management and are on technological and human resources that fit the constantly being revised and updated. strategic vision.

#### EXCELLENCE IN MANAGEMENT **GLOBAL ADMINISTRATION**

have been created that respond to the different summarised in the following chart: realities of the hotels and businesses and meet

EVOLUTION

2016

The essence of the improvements developed In addition, in line with the evolution towards a by the Company in 2016 in its progress toward Management Company model, different models standardised global administration and control is



Continuing to develop ongoing training for internal talent and recruitment of external talent to generate disruptive





## EXCELLENCE IN MANAGEMENT **GLOBAL ADMINISTRATION**

The strategic drive has been reflected in the Global Administration area of the Company through an improvement of processes and the use of technology as a lever for improvement in management. The following milestones were achieved in 2016 and will continue to evolve over the next few years.

#### Credit management clusters in a digital environment

Substantial improvement in the average collection period 800 thousand invoices managed of which 80% are in electronic format

MELIÃ

HOTELS INTERNATIONAL



In-house design, development and implementation with standard technology that allows centralised digital consultation of documents with access in SAP that digitally manages more than 300 thousand documents

#### Creation of a department for financial reporting to Joint Ventures

Adaptation of the corporate management function to the reality of the business, responding to the financial information needs of strategic partners with more than €750 million in assets and over €175 million in revenues in 2016

#### Improvement of processes through technology solutions based on shared work environments

Design, creation and implementation of telematic work environments adapted to the needs of different back-office procedures that require the collaboration and coordination of different agents. These solutions have entailed improvements in the quality of the support given to the business units

#### Implementation of solutions for the distribution of digital payment collections worldwide

Designed and developed in-house with our own technology and offering exponential growth with minimal dependence on resources Application for both B2B and B2C channels Distribution of more than €300 million per year

#### Implementation of electronic billing for customers and suppliers

Reduction in paper consumption. messaging and storage Optimisation of sending and receiving times Greater efficiency in the accounting record







The owners and partners of Meliá Hotels International The owners of Meliá Hotels International have a are one of the main stakeholders of the Company, team whose work goes well beyond the provision of especially in a business model in which the management informative functions. Also, in the relationship with its of third party hotel assets through management owners, the Company reflects its corporate values since it contracts or creation of joint ventures has more and offers them a direct channel with the Company to resolve more strategic weight.

and partners and the management of this relationship is business understood in its broadest sense. focused from a perspective of trust, approachability and value creation. The evolution of Meliá Hotels International In this relationship involves Meliá Hotels International's from a proprietary perspective, with some managed hotels, towards being a management company with some of the partner and owner, in the aim of building a self-owned hotels allows, through the close management beneficial relationship between the business and the of the relationship, the consolidation of a model of owner through frequent contacts. success that has its origin in an eminently proprietary and family-run company. In addition, the refocusing of Also, belonging to Meliá Hotels International allows the the business model towards management means the owner to have access to numerous specific tools for Company adapting the dialogue to a situation of owners their exclusive use. and partners which are increasingly heterogeneous in terms of profiles and cultural diversity, always with high OWNER PORTAL levels of exigency and with requirements to which the Company wants to respond in an agile, efficient and The proximity to the owner has been driven by excellent manner. This model aims to increase the overall satisfaction of

members and owners in their relationship with Meliá Hotels International, and for this reason, the Company the portal, the owner has access to: places at the service of this interest group all the guarantees and channels that strengthen the relationship, as well as a team of experts which, on a continuous basis, offers all the information about the vision of the business. This team becomes the point of bidirectional connection between the Company and the owners.

### EXCELLENCE IN MANAGEMENT **RELATIONSHIP WITH OWNERS**

incidents, provide an agile response to their inquiries and information needs, in order to strengthen the link and the Meliá Hotels International has more than 500 owners pride of belonging, through the creation of value for the

top regional and corporate executives, all at the service

the provision of a personalised channel in an online environment, serving as an essential tool for the relationship and for selected information from the Company and any other which is key or relevant. Through

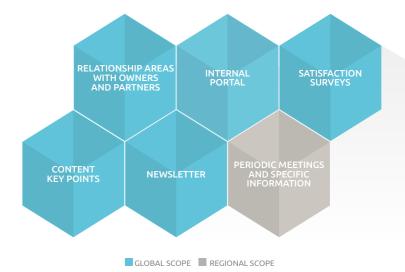
#### Corporate information

Specific information on the Company's know-how Access to the mailbox owners.relations@melia.com Managing your own account at MeliáRewards Access to the online booking portal with advantageous conditions





#### DIALOGUE WITH OWNERS AND PARTNERS



#### EXCELLENCE IN MANAGEMENT **INVESTOR RELATIONS**

the leading stock index in Spain, the IBEX 35. The IBEX Technical Advisory Committee meeting on Meliá Hotels International continues to provide consolidated business model with attractive future business prospects.

The interest stimulated by the Company among analysts and international investors is growing and is also reflected in the increase in the number of roadshows and countries that Meliá Hotels International has visited in the last year and in which both the Vice Chairman and CEO of the Group often participates with the Chief Officers in order to facilitate the participation of the Company's top executives. During the exercise, the presence of Northern European markets was emphasised, reviving the holding of roadshows in Scotland, Ireland, Denmark and Sweden, countries that had not been visited for a few years. There were also meetings for the first time with investors and shareholders in Finland. Looking ahead to year 2017, the Company expects to expand the roadshows to new markets with a special focus on emerging markets such as the Asian or South American market, where the Company is attracting increased interest among analysts and institutional investors.

#### In 2016 Meliá Hotels International returned to BENCHMARK IN HIGH QUALITY REPORTING

27 July 2016 decided to include the Company in greater transparency, relevance and globality the IBEX 35 with an applicable coefficient of 80% to the information it provides to the markets. (183,760,000 shares). This milestone confirms For this, the Company implements the best Meliá Hotels International as an example of a reporting practices worldwide and positions itself company with operational strength, positive cash as a benchmark for the quality of its reported generation, financial solvency and a stable and information. During the year 2016, the main progress made by the Company in reporting was the following:

> Development of a new format of quarterly information, which includes more information on relevant aspects such as the evolution of the hotels in which Meliá Hotels International acts as manager; a more in-depth analysis of **RECOGNITIONS** the profitability of the different divisions of the Company, further breaking down the results according to the operating system of the hotels, including a flow-through analysis and a more transversal and detailed view of the operating results of the Hotels based on their division, geographical location and brand.

Completion of a new financial presentation for shareholders and investors in which, in addition to operational and financial aspects, information is included on the most relevant pillars of the Company's strategy as well as other nonfinancial information.

Increased focus on responsible investors which give greater importance to the corporate

responsibility of companies. The Company has also aligned the terms for the presentation of the financial report and the annual report to meet the growing needs of non-financial information demanded by the market on the Company.

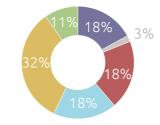
Updating and expanding of the content of the corporate website (www.meliahotelsinternational.com) in order to adapt it to the new regulations of the National Securities Market Commission (CNMV). Likewise, in accordance with the new Order ESS/1554/2016 the annual reports of the Company have been published on the website of the Ministry of Employment and Social Security of Spain.

The Company has once again been recognised for having one of the best Investor Relations teams in Europe in the "Leisure & Hotels" category, according to the Institutional Investor Research Group (IIRG), a worldwide reference in terms of recognition of the activity of the Investor Relations area.

The Company has also received the Llotja Prize, awarded each year by the Barcelona Chamber of Commerce for the best information given by commercial companies to shareholders and the market The jury, made up of a group of experts and financial analysts, gave its highest recognition to Meliá Hotels International alone for providing its stakeholders with high-quality information in terms of reliability, frequency and global reach.



#### LOCATION OF ROADSHOWS



Spain BENELUX (Belgium, The Netherlands & Luxembourg) DACH (Germany, Austria & Switzerland) United Kingdom Rest of Europe North America

#### **RECOMMENDATION BY ANALYSTS**



	31/12/2016	31/12/2015	31/12/2014
Number of shares	229,700,000	199,053,048	184,776,777
Daily average number of shares traded (millions of shares)	862.4	980.1	767.3
High price (€)	11.8	13.7	9.9
Low price (€)	8.4	8.7	7.3
Latest price	.	12.2	8.8
Market capitalisation (€ millions)	2,545.1	2,424.5	۱,637.۱
Dividend (€)	0.04	0.03	0.04

BUY ACCUMULATE



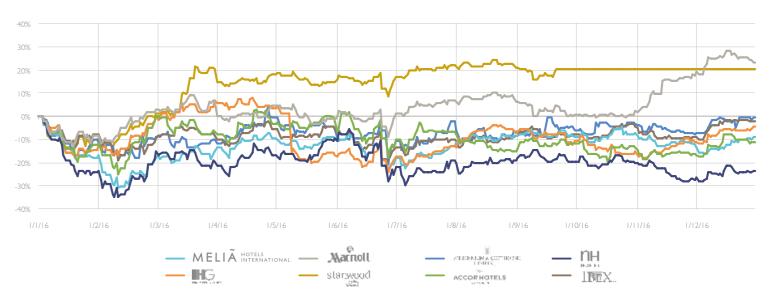
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11.7%

Appreciation in shares in the first two months

of 2017

**EVOLUTION OF SHARES 2016** 





# MANAGEMENT REPORT

CONSO	LIDATED DATA			AGGR	EGATE DATA	
REVENUES	€1,802.0 million	(+4%) G	LOBAL MAGNIT	JDES RevPAR	<b>€70.5</b> (+14.3%)	
EBITDAR	€449.3 million	(+3%)		ARR	€103.0 (+11.5%)	
EBITDA Without capital gains	€279.5 million	(+ 4%)		OCCUPANCY	68.4 % (+1.7 pp)	
NET PROFIT Attributable	€107.0 million	(+180%)			ост » (+1.7 рр)	
				MEA		
				MEA		
				EVENUE 189.1 million (+5.9%)		
ERICAS			Re	ev PAR		
		dig.		05.60 (+12.4%)		
ENUE 2.1 million	CUB	BA	SDAIN	50.40 (+8.3%)		
5%)	REVE	NUE	0	CCUPANCY .2% (+2.5 pp)	ASIA	
AR 50 (+3.8%)	<b>€26.2</b> (+37.2	2 million	<b>REVENUE</b> €312.7 million (+10.4%)		AJIA	
<b>9.90</b> (+5.6%)	RevPA	AR	RevPAR		REVENUE	
CUPANCY	€65.0 ARR	) (+10.3%)	<b>€58.2</b> (+9.4%)		€6.8 million (+25.0%) RevPAR	
% (-1.2 рр)	€98.1	(+ 7. %)	ARR €88.6 (+7.8%)		<b>€47.4</b> (+0.8%)	
		UPANCY 6 (-4.1 pp)	OCCUPANCY 65.7% (+0.9 pp)	MEDITERRANEAN	ARR €76.6 (-0.2%)	
	00.570	s ( PP)	<b>05.7</b> % (10.7 pp)		OCCUPANCY	
		BRAZIL		REVENUE €284.7 million (+21.1%)	<b>61.8</b> % (+0.6 pp)	
		REVENUE		RevPAR		
		€4.3 million (-	18.9%)	<b>€64.7</b> (+42.8%)		
		RevPAR €41.70 (-13.0	%)	ARR €83.8 (+24.7%)		
		ARR		OCCUPANCY		
		€78.70 (-9.9%		<b>77.1</b> % (+9.7 pp)		
		OCCUPANC 53.0% (-1.9 pp	( <b>1</b> )			

## MANAGEMENT REPORT AMERICAS

ving with the Company's initial forecasts, the performance In a market analysis, Meliá Hotels International reports that as been a positive development.

ain reasons that explain the trend of the hotels in the as are the following:

ny is confident that in the first half of 2017 it will achieve market throughout 2017. nt improvements in its positioning.

rly Meliá Cabo Real) in December 2016.

#### OUTLOOK

second half of 2016 has been favourable in the Americas, prospects for the Dominican Republic appear likely to be a lly the fourth quarter, closing the year with a positive challenge in 2017 due to the oversupply of hotel rooms in this despite the gap generated during the first half. In this market compared to previous years, taking into account that the despite the fact that occupancy levels have remained destination of Punta Cana has 5,000 hotel rooms more than the previous year. Indeed, after the slight deceleration observed in 2016, the first quarter of 2017 is reporting figures below those of last year.

In Mexico, the situation is much more favourable. The Canadian and Latin American issuing markets have been showing a good ntribution of the new openings, especially by the INNSIDE rate of growth since January - due to the best weather conditions lew York NoMad. In the case of this hotel, the Company in the period - and it seems that the US issuing market could also cularly proud of the rate positioning achieved, taking into improve its figures in the short term. In this last market, since t that it has become the Americas Division hotel with the January the Company has been developing an online campaign average room rate, despite only opening recently (March focused on the Paradisus product and subsequently also for the As for the evolution of the ME Miami hotel, another of Meliá Hotels & Resorts brand, achieving daily sales growth rates in incorporations, we report that the hotel is still in the of around 40% through melia.com compared to the same date ning phase, although considering its excellent location of the previous year. This positive performance means that the to the main points of cultural interest in Miami - the Company is confident of a better performance of the Americas

In addition, one significant factor that will define the best evolution positive trend in the resort hotels located in Mexico, of the holiday resorts in Mexico, is its better segmentation of the Ily the contribution of the Paradisus Cancún and the two income taking into account that they have a solid base of business us at Playa del Carmen (Paradisus La Perla and Paradisus groups. In addition, it is worth remembering that in March the eralda), especially in the last quarter of the year, coinciding ME Cancun Hotel will reopen after its renovation, an opening e high season. On the other hand, a significant landmark in that should be added to the recent relaunch of the Paradisus has been the relaunch of the new Paradisus Los Cabos Los Cabos hotel for which the Company maintains very positive expectations. In this regard, we should indicate that the Paradisus Los Cabos hotel is still in an initial phase of positioning, although according to the distribution channels it already has a very favourable segmentation for the Company, being 80% on online channels and 20% on B2B channels.

Tra-			
	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Aggregate Revenues	451.6	428.4	5%
Owned	423.3	419.3	
Leased	28.2	9.1	
Of which Room Revenues	196.2	182.2	8%
Owned	171.7	174.0	
	171.7	17 1.0	
Leased	24.5	8.2	
Leased EBITDAR Split			7%
	24.5	8.2	7%
EBITDAR Split	24.5 120.0	8.2	7%
EBITDAR Split Owned	24.5 <b>120.0</b> 116.6	8.2 112.5	2%
EBITDAR Split Owned Leased	24.5 <b>120.0</b> 116.6 3.5	8.2 112.5 111.7 0.7	
EBITDAR Split Owned Leased EBITDA Split	24.5 <b>120.0</b> 116.6 3.5 <b>113.6</b>	8.2 112.5 111.7 0.7 111.6	
EBITDAR Split Owned Leased EBITDA Split Owned	24.5 <b>120.0</b> 116.6 3.5 <b>113.6</b> 116.6	8.2 112.5 111.7 0.7 111.6 111.7	
EBITDAR Split Owned Leased EBITDA Split Owned Leased	24.5 <b>120.0</b> 116.6 3.5 <b>113.6</b> 116.6 -2.9	8.2 112.5 111.7 0.7 111.6 111.7 -0.1	2%
EBITDAR Split Owned Leased EBITDA Split Owned Leased EBIT Split	24.5 <b>120.0</b> 116.6 3.5 <b>113.6</b> 116.6 -2.9 <b>84.1</b>	8.2 112.5 111.7 0.7 111.6 111.7 -0.1 60.5	2%

MANAGEMENT MODEL	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Revenue from the Management Model	60.5	52.0	16%
Third Party Fees	4.2	3.5	
Owned and Leased Fees	29.6	26.7	
Other revenues	26.7	21.8	

#### MANAGEMENT REPORT **EMEA**

#### RESULTS

growth in RevPAR over the previous year, mainly thanks to the improvement in room rates.

hotels in Spain and Germany, and by the slow but steady recovery of the UK and French markets during the fourth quarter of the year. Unfortunately, the city of Milan in particular and the Middle East in general posed a challenge to the Company in 2016.

#### Germany & Austria

Since the hotel industry was able to benefit in 2016 from the intense activity of the trade fair segment in Germany, the efforts of Meliá Hotels International throughout the year focused on maximising revenue through its Revenue Management strategy. In this regard, its hotels in Germany reported solid growth rates during all four quarters of the year, with constancy as the main characteristic defining the results reported by the hotels in that country.

In addition, the Company has been able to benefit from the openings carried out during the period, the success stories being INNSIDE Leipzig and INNSIDE Aachen.

#### Spain

Throughout the year, the performance of the Spanish premium hotels included in the EMEA region has been very positive for both resort and urban hotels.

Once again, in the resort area, the fantastic performance by the Gran Meliá Palacio de Isora hotel, Europe's flagship luxury holiday In general terms, EMEA's performance was good, registering a resort, should be highlighted, as in just the fourth quarter of the year its revenue grew by over €1 million.

It is also worth mentioning the contribution by the hotel ME Ibiza, This growth was mainly driven by the positive contribution of the which in 2016 recorded its best season yet, obtaining very good results even in the fourth quarter of the year and providing a fitting finale to the 2016 season.

> As far as urban hotels are concerned, we should mention the good results obtained by the Gran Meliá Colón and Meliá Barcelona Sky hotels. Lastly, we should also give a nod to the relaunch of the Gran Meliá Palacio de los Duques hotel in Madrid, which, despite a recent inauguration, has already managed to bring its rates into line with its competitive set, achieving an ARI (Average Room Index) of 96%.

CONSOLIDATED FIGURES	<b>2016 ~</b> € million	• <b>2015</b> € million	% Variation
Total Aggregate Revenues	533.0	511.5	4%
Owned	210.3	200.7	
Leased	322.6	310.8	
Of which Room Revenues	370.5	355.2	4%
Owned	144.8	147.3	
Leased	225.7	207.9	
EBITDAR Split	134.1	128.3	5%
Owned	57.7	59.3	
Leased	76.4	69.0	
EBITDA Split	68.4	66.9	2%
Owned	56.5	59.3	
Leased	11.9	7.6	
EBIT Split	34.6	37.3	-7%
Owned	32.9	39.4	
Leased	1.7	-2.1	

MANAGEMENT MODEL	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Revenue from the Management Model	56.1	44.9	25%
Third Party Fees	3.2	2.7	
Owned and Leased Fees	31.7	28.6	
Other revenues	21.3	13.6	

#### United Kingdom

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France

During the 4th quarter, the first 40 days remained negative, with equally positive, with RevPAR growth of around 5%. no recovery from the downturn in business dating from October 2015. However, starting in November the city's hotels recovered In Italy, due to the normalisation of the comparable figures significantly, and the upward trend continued till the end of the year. (without the post-Expo effect) the situation also seems favourable, suggesting that 2017 will be a good year for the hotels As a result of this situation, the 4th guarter reached the same level of RevPAR as the previous year, recovering a significant amount of in the country. volume, but also registering a general drop in prices, so that the Company still considers it is still too early for full recovery. The situation in Spain will suffer a one-off drop in the first guarter

#### Italy

Italy was a major challenge for EMEA. The post-Expo factor was second quarter, with very good prospects for premium hotels in very significant throughout the year in the city of Milan. However, Spain, in both urban and resort hotels. this city was the only one that showed a negative trend in Italy, while Rome and Genoa registered slight growth rates.

Meliá Paris La Défense

nerated by the performance of the pound and the possible by the hotels in Düsseldorf. pact of Brexit. A significant milestone in its evolution were in 2017, with a better performance in the first quarter being this situation will not affect the first quarter of the year. expected compared to the previous year.

#### OUTLOOK

The recovery experienced during the fourth quarter of In Germany, although 2016 was a great year thanks to the large e year in the United Kingdom has many similarities to the volume of trade fairs held in the country, prospects for the first uation experienced in France, in addition to the uncertainties guarter of 2017 also look favourable thanks to good performance

e figures recorded in the last quarter of the year, which saw Throughout 2017, although the Company will notice a certain improvement in RevPAR of 0.2%, after falling during the rest lack of trade fair days as compared to last year (in 2016 there of the year. This improvement in the situation could continue were 188 trade fair days, while only 132 are expected in 2017),

> France and the UK also have good prospects for 2017. In the United Kingdom, the Company expects double-digit revenue growth in the first quarter of 2017, while in France the forecast is

> of the year, due to the calendar effect of the Easter festivities (which in 2016 took place in March and in 2017 are in April). However, it is expected that the gap will be recovered in the



#### MANAGEMENT REPORT MEDITERRANEAN

#### RESULTS

The general trend in 2016 has been for all holiday destinations, Looking forward to 2017, the Company's objective is to primarily the coastal areas of mainland Spain, the Balearic Islands, Canary Islands and CapeVerde, to improve their results compared to the previous year, bringing a significant improvement in their rates.

Balearic Islands, growth was linked to their good performance, especially during the summer season. The growth was generated social and economic return from this tourism model. by the successful positioning of the Meliá Calviá Beach hotel, which has had an excellent performance after its relaunch in As far as Brexit is concerned, the Company has not seen any 2016, especially in regards to its room rate positioning, the good "Best Innovation in Service in 2016" by the European Hospitality the Company is expected to be able to offset the anticipated Awards, and the excellent performance of the Sol House Mixed by Ibiza Rocks hotels in Mallorca and especially Ibiza, with both hotels being very well received by the market. Lastly, there was the positive behaviour of the hotels that operate under the Sol Overall, Meliá Hotels International sees a wide window of Beach House brand , a new concept designed specifically for adults in Spain, the the major exponents of which are the Sol Beach House hotels in Cala Blanca, Ibiza and Menorca.

The contribution by Cape Verde also stands out, as the Company almost doubled its results here with an additional contribution of €27 million.

#### OUTLOOK

continue its successful strategy of focusing on repositioning mature destinations, as has been the case in the Balearic Islands, extrapolating its experience and know-how to other tourist destinations like Torremolinos (Malaga, Spain). These investments not only aim to improve the conditions of the hotels, but must Overall, in regard to the behaviour of the resort hotels in the also be a tool to improve their competitiveness in the market and attract a greater diversity of traveller profiles, to increase the

slowdown in the sale of holiday packages through tour operators. results of Sol Katmandú Hotels & Resorts, a hotel recognised for Although no significant impact can be seen on the UK issuing market, slowdown in the high season and in the more expensive segments with increased demand from other alternative markets.

> opportunity with regards to advanced sales. Reservations made through tour operators seem to have accelerated (presenting higher figures than last year), as people are booking earlier than usual. There has also been a general increase in demand for allinclusive products, as well as higher demand during the mid and low season, while the peak season maintains a more moderate growth rate.

CONSOLIDATED FIGURES	Jung	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Aggregate Revenues		245.7	205.7	19%
Owned		82.3	95.7	
Leased		163.5	110.0	
Of which Room Revenues		165.9	3 .	27%
Owned		53.0	58.0	
Leased		2.8	73.1	
EBITDAR Split		66.5	43.7	52%
Owned		19.9	14.8	
Leased		46.5	29.0	
EBITDA Split		29.2	16.5	77%
Owned		19.9	14.8	
Leased		9.3	1.7	
EBIT Split		17.3	-2.5	
Owned		3.8	0.1	
Leased		3.5	-3.5	

MANAGEMENT MODEL	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Revenue from the Management Model	39.0	29.4	33%
Third Party Fees	12.6	14.3	
Owned and Leased Fees	15.8	.4	
Other revenues	10.6	3.7	
Other revenues	10.6	3.7	



Meliá Cala Galdana

The results were very positive in general at all the hotels in the east of Spain, especially in Catalonia, Valencia and the Balearic Islands. The results have improved considerably, largely as a result of the Company's leadership in the leisure segment, where its experience as a resort company allows it to maximise revenues in urban destinations with a strong leisure component. In addition, in a context of revenue maximisation, the Company implemented a sales policy based on the mandatory inclusion of half-board in specific hotels in Palma de Mallorca and Alicante, which generated additional income from food and beverages.

During the fourth quarter, October saw the posting of very good results. However, in November and December there were no Granada: this destination has benefited from intense conference significant events in the city, in addition to this, this might have activity, together with the recent remodelling of the Melia been down to the fact that the traditional long weekends (due to Granada hotel, including 80 rooms and its restaurant, Garbo. various public holidays) were not as strong as in previous years. However, the figures racked up in Madrid for the year 2016 Seville: excluding the impact of the closure of the Meliá Lebreros showed significant improvements over last year, thanks to the hotel for 2 months due to remodelling, the destination sealed positive trend in the individual segment and, to a lesser extent, 2016 as an excellent year. the meeting, incentive, congress and event area.

The southern region of Spain presented much better annual Northern Spain figures than the previous year for almost all the hotels included, except for the Meliá Lebreros (undergoing remodelling during The highlights were the performances of the hotels in Galicia, the summer of 2016) and the Meliá Sol y Nieve (affected by a poor snow season in 2015-2016). In the latter case, it should by the holding of biannual fairs, especially during the first half of be noted that the poor results of January, February and March the year.

#### MANAGEMENT REPORT SPAIN

#### RESULTS

#### Eastern Region

#### Central Region– Madrid

#### Southern Spain



2016 were partially offset by the very good snow season that began in December 2016.

By destinations, the following results stood out:

Malaga: rose up in 2016 as one of the top fashion destinations during the summer.

Bilbao and Zaragoza. In the case of the latter, the city was affected

	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Aggregate Revenues	278.1	252.4	10%
Owned	72.6	65.7	
Leased	205.5	186.7	
Of which Room Revenues	199.5	179.7	11%
Owned	50.2	45.6	
Leased	149.3	134.2	
EBITDAR Split	70.2	58.4	20%
Owned	17.3	14.0	
Leased	52.8	44.4	
EBITDA Split	15.9	8.0	99%
Owned	17.3	14.0	
Leased	-1.5	-6.0	
EBIT Split	0.1	-7.4	
Owned	10.2	6.3	
Leased	-10.1	-13.7	

MANAGEMENT MODEL	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Revenue from the Management Model	34.6	30.8	12%
Third Party Fees	5.8	7.1	
Owned and Leased Fees	17.2	14.5	
Other revenues	11.6	9.2	

#### OUTLOOK

Taking into account the extensive presence of Meliá Hotels Congress (February-March). International in the city of Madrid, between January and March 2017, higher monthly figures were reported than last year, In the southern region, the first quarter of 2017 points towards especially during the month of January, even though the high season for the conference and event segment only begins at the end of February.

In the eastern region, during the first quarter of 2017 all hotels are expected to report revenues above those of the previous year. It is worth mentioning the good performance expected from the hotels located in Palma de Mallorca, especially INNSIDE Palma and the Gran Meliá Palacio de los Duques hotel in Madrid, which underwent a rebranding process in 2016, which will allow for a significant improvement in its profitability during 2017.

We should mention that as of the second quarter of 2017 the this natural drop in demand. Company will have the contribution of the Palacio de Congresos in Palma de Mallorca in addition to the adjacent hotel, the Hotel Meliá Palma Bay.

In the specific case of Barcelona, the MICE segment is expected to be the main driver of good results, especially the Mobile World

significant increases in the indices. Although some destinations will suffer due to the change in the Easter season (which fell in March in 2016 and April in 2017), there have been good results at the ski resorts, which are expected to contribute to results well above those of 2016.

Regarding the prospects for the hotels in the north of Spain, in the first quarter all the cities are showing better results than in previous ones, except perhaps for Galicia, which will suffer due to there being no Basketball World Cup this year, and Zaragoza, because of the absence of the biennial fairs that took place in the first quarter of 2016. The Company is therefore working to offset

The revenues generated by the Company in Cuba continued to Unless there are drastic changes in US government policy in RevPAR reached 10.3% thanks to excellent rate improvements continuing expansion of tourism in Cuba. (+17.1%), particularly in the four urban hotels that the Company operates in Santiago de Cuba and, above all, in Havana.

quarter of the year there were 14 daily direct flights between the United States and Havana. In addition, direct air connections were extended to Varadero, Santiago de Cuba, Holguín, Santa Clara and Camagüey.

#### RESULTS

As a result of this increased connectivity and the strengthening of 2017. bilateral relations, the number of US visitors arriving in Cuba in 2016 exceeded 284,000 (up 176% from 2015), while the country reached the forecast target of 4 million arrivals.

#### OUTLOOK

strengthen in 2016, reaching the figure of €26 million. The growth towards Cuba, the outlook for 2017 looks favourable for the

Preliminary data for January show a 10.1% increase in the total revenues of hotels operated by Meliá Hotels International in A sign of the continuing normalisation of relations between the Cuba. Both Havana and Varadero, the main tourist centres in the United States and Cuba has been the fact that during the last country, show a constant momentum in their occupancy rates and average prices, which makes for a very good start to the high season in the country.

> A preliminary estimate based on these trends makes it possible to predict that Meliá Hotels International's total revenues could register an additional medium-high single-digit growth rate in

MANAGEMENT MODEL	2016 € million	<b>2015</b> € million	% Variation
Total Revenue from the Management Model	26.2	19.1	38%
Third Party Fees	25.5	19.5	
Owned and Leased Fees	0.0	0.0	
Other revenues	0.8	-0.5	



#### MANAGEMENT REPORT BRAZIL

#### RESULTS

Brazil due to the country's political and economic situation. The significant drop in demand triggered a price war in the industry, which in the case of Meliá Hotels International, translated into an average price drop of about 10% over the previous year.

It is important to mention that the hotel portfolio of the economies. Company in Brazil is mainly urban, meaning that any reduction in corporate travel expense budgets has a significant impact on this type of hotel. It should also be noted that the Company's major accounts include state-owned companies, which have suffered a significant reduction in the number of rooms due to the political and economic situation.

Also, high levels of inflation and associated increases in wages and energy costs have led to a reduction in the profitability of hotels.

During the last week of December 2016, the Central Bank of Brazil announced that during 2016 and especially during the last quarter the country's economy had grown at a slower-thanexpected pace, lowering its projections for 2017, which has led to expectations that the country's economic recovery will be slower and more gradual than initially expected.

#### OUTLOOK

2016 was a particularly difficult year for the hotel industry in Looking ahead to 2017, despite the correction in the country's expected GDP growth that will reach a growth rate of between +0.5% and +1%, the Central Bank estimates a favourable trend in inflation of around 5%. In addition, key aspects for the stabilisation of its economy are considered to be the normalisation of US monetary conditions and the uncertainties in certain advanced

	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Revenue from the Management Model	4.2	5.3	-21%
Third Party Fees	2.3	4.1	
Owned and Leased Fees	0.0	0.0	
Other revenues	1.9	1.2	



The above figures are considered especially positive considering that the figures for 2016 were greatly influenced by the process of opening new hotels as well as the remodelling of a large number In an analysis by geographical area, the following points on the of rooms. Melia Hotels International considers that another significant milestone was the fact that in 2016 a practical breakeven point was reached at corporate cost level in Asia, taking into Indonesia: Indonesia is the most important Asian destination for account that during the year the structural costs in the region were practically covered by the generation of management fees.

#### MANAGEMENT REPORT ASIA

#### RESULTS

The Company obtained favourable results in terms of RevPAR and a 25% improvement in management revenue.

assumed in terms of expansion, enhancement of an active positive GOP just 4 months after its opening. relationship between the Company and its main stakeholders and positioning in one of the most important markets worldwide both as an issuing market and a receiving market for tourism.

#### OUTLOOK

In 2017, taking into account the new projects under development, the Company expects that the new openings will help to improve the return on investment as well as the overall profitability of Meliá Hotels International in Asia.

future evolution of the results are highlighted:

the Company due to the number of rooms currently in operation. In general terms, the evolution of the hotel business was affected by the renovation process of several hotels. However, a positive The Company reiterates that the existence of a corporate note in the country is due to the excellent performance of the structure in Asia is considered to be extremely necessary to Meliá Bali hotel and the Sol Beach House Benoa hotel, as well meet the Company's expectations in terms of results obtained as the positive evolution of the Meliá Makassar hotel, already by hotels already in operation, compliance with the commitment positioned as one of the best hotels in the area and shows a

> China: The Company currently operates two hotels in the country, the Gran Meliá Xian and the Meliá Jinan, which had very positive results during the period. The Company emphasises China's importance not only as a receiving market, but also as an issuing market. In this regard, the Company anticipates that Chinese tourists will once again travel to Europe in 2017.

Vietnam: In 2016, Melia's hotels in Vietnam showed the highest growth rates in the entire portfolio of Meliá Hotels International in Asia. The progress made at the Meliá Hanoi hotel has been particularly significant, while the Meliá Danang has also been a success, allowing the Company to negotiate an expansion of the hotel's capacity with the owner.



MANAGEMENT MODEL	<b>2016</b> € million	<b>2015</b> € million	% Variation
Total Revenue from the Management Model	6.8	5.4	25%
Third Party Fees	3.8	3.2	
Owned and Leased Fees	0.0	0.0	
Other revenues	2.9	2.3	



#### MANAGEMENT REPORT

#### REAL ESTATE

Sol Parque San Antonio holiday complex located in Puerto de la Cruz (Spain), the only asset sales transaction conducted in 2016.

gains of approximately €4 million. As of the time of the sale, Meliá Hotels International no longer manages the hotel.

asset turnover, with the following transactions being carried out:

The sale of 6 vacation hotels to a joint Venture made up of 80% Starwood Capital Group and 20% Meliá Hotels International. This deal generated €178.2 million (and net cash of approximately €150 to improved service and care aspects for Circle by Meliá members million) and net gains at EBITDA level of €40.1 million.

The sale of the Calas de Mallorca complex (Mallorca, Spain) with 875 rooms.The deal reached a sale price of €23.6 million and generated capital gains of approximately €3.3 million.

The sale of the Sol Falcó hotel with 450 rooms (Menorca, Spain).The gains of approximately €3.9 million.

In this way, at income level, the Real Estate division generated €18 million in 2016 compared to €70 million in 2015.

asset sales by leveraging the pace of real estate cycles and reinforcing the Joint Ventures model as a dynamic and essential part of the Meliá RevPAR. Hotels International strategy for transforming assets that require significant investment for repositioning.

#### **CIRCLE BY MELIÁ**

In November 2016, Meliá Hotels International sold the 246-room The year 2016 can be defined as a year of transition for the Circle by Meliá business. This new product replaces the previous Club Meliá product. Circle by Meliá is a new proposal focusing on the world of customer experience and exclusivity, while offering greater flexibility The deal involved a sale price of €8 million and generated capital and variety of use, as it is fully aligned with the MeliáRewards loyalty programme.

The efforts made during the year were oriented towards the By comparison, in 2015 the Company was very active in terms of implementation of a series of initiatives framed within the strategy of Meliá Hotels International, of which the highlights include:

> Reorganisation and integration of operational and management structures: The more effective use of human resources will lead while maximising revenue generation.

> Optimisation and standardisation of sales processes and attraction of potential customers, where the digitalization of the sales and distribution process is the central axis.

Maximisation and structuring of assets set for activity: Varying transaction reached a sale price of €20 million and generated capital the strategy for inventory and available-for-sale product, bringing it into line with the company's overall strategy for asset rotation and maximisation.

Comprehensive inventory management: The flexibility with which the Company manages the availability of inventory and the speed In 2017, the Company intends to carry out non-strategic additional of digital distribution processes are key elements in improving the occupancy rates of the available inventory, as well as in strengthening



Paradisus Playa del Carmen La Esmeralda





Our governance model is based on the principles of rigour, transparency and diligence in decision-making and its execution, control and follow-up

# corporate 03 governance 03

# KEY FIGURES



#### **KEY FIGURES**

# CORPORATE GOVERNANCE

GRI 102-18 GRI 102-22

#### **GOVERNANCE MODEL**

Meliá Hotels International, a listed company since follow-up. 1996, requires an increasingly solid and integrated corporate governance model.

The Board of Directors meeting held on 13 December 2016 approved the resignation of Mr. Gahad been holding up to that date.

company, Meliá Hotels International has guided its tourism activity and its decisions in a rigorous manner which is based on the principles of trans- The Company's Corporate Governance estabparency, diligence and separation of functions be-

tween its management bodies, both in the making

tablished framework for adopting and implementing decisions reinforces a medium- and long-term vision that ensures the sustainability of its activity, briel Escarrer Julia from the executive powers he the fulfilment of the expectations of its stakeholders and the generation of economic and social the CNMV on 18 February 2015. value from its commitment and corporate values: ness and consistency.

conform to the principles, commitments and lines porations Act by the Accounts Auditing Act. Ac-Having a hierarchical, transparent and clearly es- that Meliá Hotels International must ensure com- to this Board. pliance with current laws, but it must also work recommendations in the Code of Good Governance of Listed Companies, which was approved by

> rent needs, as well as updating and adjusting its to the Stock Market. Authority Delegation Model.

#### MAJOR MILESTONES AND RELEVANT FACTS IN THE AREA OF CORPORATE GOVERNANCE

Resignation of Mr. Gabriel Escarrer Juliá from the executive powers he had been holding. The Board of Directors meeting of 13 December accepted the voluntary resignation of Mr. Gabriel tory framework, update it and adjust it to fit the Escarrer Juliá from the executive powers he had DLA. been holding to date. Mr. Gabriel Escarrer Juliá will continue as Chairman of the Board of Directors and the General Shareholders' Meeting, as a non-executive and Proprietary Director.

Alterations to the regulations: Approval by the Shareholders' General Meeting of 23 June of the amendment to Article 39 Bis of the Articles of Association, corresponding to the regulation of the Audit and Compliance Committee, to adapt it to the amendments incorporated in the Cor-

of decisions and in their execution, control and of action defined in the Policies, Internal Rules and cordingly, on that same date, the Board approved in the Code of Ethics that was adopted in 2012. the amendment of Article 14 of the Regulations The fact that it is a listed company not only means of the Board of Directors, which also corresponds

> towards the progressive implementation of the Appointments of Directors: Ms. Carina Szpilka Lázaro was appointed on 25 February 2016 as Independent External Director by co-optation.

ICC Modification: Approval by the Board of Di-Throughout these 60 years, as a responsible Dedication to service, excellence, innovation, close- The Company has begun a process of reviewing rectors on 29 November of the modification of and adapting its regulatory framework to its cur- the Internal Code of Conduct in matters relating

> Protocol for the Prevention and Detection of Crimes: As a result of the amendment of the Criminal Code, the Protocol for the Prevention and Detection of Crimes, still in progress, was updated in 2016.

> Regulatory Framework: This year saw the com-





#### BOARD OF DIRECTORS

#### MISSION

This is the Company's top management and supervisory body and its functions are regulated by Article 34 of the Articles of Association and Article 5 of the Regulations of the Board of Directors

II members:

of ''Other''

COMPOSITION OF THE BOARD OF

DIRECTORS AT THE END OF 2016

I Executive Director (Vice Chairman

and Chief Executive Officer)

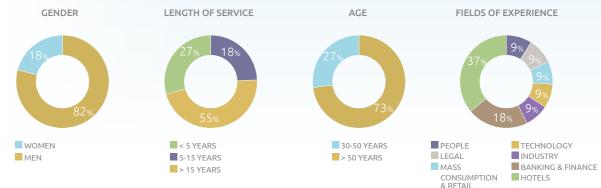
4 External Proprietary Directors

5 External Independent Directors

#### **FUNCTIONS**

- Has the representation and legal personality of the Company, • Performs and awards all types of contracts, acts and documents
- Convenes the Shareholders' General Meeting and executes and ensures compliance with the resolutions made by I External Director with the category
- this Body
- Identifies the major risks
- to the Company
- Approves Company Policies

## MAIN INDICATORS FOR THE BOARD OF DIRECTORS



	Director	Position	Type of Director	Audit and Compliance Committee	Appointments and Remuneration Committee	Independent Director Coordinator
1	Mr. Gabriel Escarrer Julià	Chairman	Proprietary			
2	Mr. Juan Vives Cerdá	Board Member	Proprietary	Board Member		
3	Mr. Gabriel Escarrer Jaume	Vice Chairman and Chief Executive Officer	Executive			
4	Mr. Sebastián Escarrer Jaume	Board Member	Proprietary			
5	Hoteles Mallorquines Consolidados, SA (repres. NP Ms Maria Antonia Escarrer Jaume)	Board Member	Proprietary		Board Member	
6	Mr. Juan Arena de la Mora	Board Member	Independent	Board Member		
7	Mr. Francisco Javier Campo García	Board Member	Independent		Chairman	
8	Mr. Fernando D'Ornellas Silva	Board Member	Independent	Chairman	Board Member	Yes
9	Ms. Carina Szpilka Lázaro	Board Member	Independent	Board Member		
10	Mr. Alfredo Pastor Bodmer	Board Member	External- Other	Board Member		
11	Mr. Luis Mª Díaz de Bustamante y Terminel	Secretary	Independent		Board Member	

Article 6 of the Regulations of the Board of Directors establishes that the criterion that should always govern the performance of the Board is to act with diligence, loyalty and good faith and in the best interests of the Company, by safeguarding the viability and continuity of the Company and maximising its long-term value, without any shareholder receiving more privileged treatment than the others.



## GRI 102-20 GRI 102-27

#### **DELEGATED COMMITTEES**

Meliá Hotels International progressively adopts the recommendations of the Code of Good Governance for Listed Companies. The Chairmanship of the Audit and Compliance Committee underwent changes in 2016, with Mr. Fernando d'Ornellas Silva taking over as Chairman from Mr. Juan Arena de la Mora, who will continue as a member of the committee. Also, Ms. Szpilka Lázaro joined as a member of this Committee.

Also in 2016, the visibility of the Company's Corporate Responsibility has been promoted in its different management and control bodies. These topics also figure in the meetings of the different Strategic Planning Committees and Operating Committees held throughout the year. In fact, the new strategic impulse of Meliá Hotels International has a strategic line that focuses on the reputation and recognition of the Company.

#### COMMITTEES

#### AUDIT AND COMPLIANCE COMMITTEE

#### **CURRENT COMPOSITION - 5 MEMBERS**

3 Independent External Directors (one of whom is its Chairman), one Proprietary Director and one External Director under "Others"

#### REGULATION

Article 39 Bis of the Articles of Association Article 14 of the Regulations of the Board of Directors

#### ASSIGNED FUNCTIONS

- Supervise the process of preparing and presenting the financial information
- Maintain relations with the Company's external auditors
- Review Company Accounts
- Examine compliance with the Internal Code of Conduct on the Stock Markets, the Regulations of the Board and, in general, the Company's governance rules
- · Report to the Board before meetings on all matters provided for in the Law, the Articles of Association, the Regulations of the Board and, in particular, on: (i) financial information that the Company must publish periodically; (ii) the creation or acquisition of interests in special purpose entities or those domiciled in countries or territories considered to be tax havens and (iii) operations with related parties

#### APPOINTMENTS AND REMUNERATION COMMITTEE

#### **CURRENT COMPOSITION - 4 MEMBERS**

3 Independent External Directors (one of whom is its Chairman) and a Proprietary Director

#### **REGULATION**

Article 39.3 of the Articles of Association Article 15 of the Regulations of the Board of Directors

#### ASSIGNED FUNCTIONS

- Formulate and revise the criteria to be followed for the composition of the Board
- It submits proposals for the appointment of Independent Directors to the Board and reports on proposals for the appointment of the remaining Directors
- Proposes the members who must be on each of the Committees to the Board
- Proposes the Directors' Remuneration Policy to the Board
- · Reports on transactions that involve or could involve conflicts of interest
- Coordinates the report evaluating the quality and efficiency of the functioning of the Board and Committees
- Reports to the Board before meetings on all matters provided for in the Law, the Articles of Association, the Regulations of the Board

#### SENIOR MANAGEMENT

#### CHIEF EXECUTIVE OFFICER

Mr. Gabriel Escarrer laume, as Vice-Chairman and Chief Executive Officer of the Company. has been delegated all the powers of the Board of Directors, except those that cannot be delegated and carries out the normal functions of the Company's Executive Officer.

#### SET (SENIOR EXECUTIVE TEAM)

Mr. Mark

Officer

Hoddinott

Chief Real Estate

The Company's Senior Management is made up of the Senior Executive Team (SET), a multidisciplinary team whose members are responsible for the day-to-day management and operation of all of the Company's areas of activity.

Among its main functions of a collegiate nature are the adoption of transversal operational decisions and the implementation of the organisational model, supporting the Vice Chairman and Chief Executive Officer in his management, and executing the Company's priorities.

In 2016 the posts of the members of the SET have been updated, to match the nomenclature frequently used in multinational companies.



Mr. Gabriel

Escarrer

& CEO

Vicepresident

Ms. Pilar Dols

Chief Financial

Officer

Mr. Gabriel

Chief Human

Resources Officer

Cánaves

Mr. Juan Ignacio Pardo Chief Leaal & Compliance Officer

Mr. André P. Gerondeau Chief Operating Officer

Since then the Company has had a Crime Prevention Model in place that allows it to identify the criminal risks to which the organisation is exposed, as well as the controls and procedures for mitigating them.

The analysis process conformed to the following stages:

#### CORPORATE GOVERNANCE

GRI 102-17 GRI 205-2

#### PROTOCOL FOR THE DETECTION OF CRIMES

In 2010 an Organic Law came into force that reformed the Criminal Code and established the Criminal Responsibility of Legal Persons. Subsequently, in July 2015, a new amendment to the Criminal Code entered into force, clarifying the measures that extinguished or mitigated legal liability, as well as the minimum content that the organisation and management model must comply with.

Meliá Hotels International reviewed its protocols and supervisory and control bodies to adapt them to the requirements introduced after the reform of the Criminal Code.



Model for the Prevention and Detection of Crimes

#### MODEL OF GOVERNANCE FOR THE CODE OF ETHICS AND THE COMPLAINTS CHANNEL

Throughout its 60 years of history, Meliá Hotels International has gone through different stages of growth, consolidation and transformation. Although its corporate values have evolved with the times, its nature as a family business has remained unchanged. This evolution has allowed it to review and improve its behavioural framework, align it with the new values and guarantee maximum cohesion and protection for all its employees, while contributing to its day-to-day relationship with its stakeholders. In 2012, the Board of Directors approved the Company's first Code of Ethics and defined the necessary channels for its implementation through Given the importance of the Code of Ethics and its Complaints Channel the Appointments and Remuneration Committee of the Board.

principles that organise and give meaning to the Company's values. It is not a sanctioning code or a standard, but rather the summit of the reports or complaints. Meliá Hotels International internal policy framework, establishing the

basis on which the internal policies, rules, processes and procedures are brought into line with this code. Today, everyone who joins Meliá Hotels International, in addition to reading the Code, has access through the corporate intranet to its content (available in six languages). It is designed expressly to guide the Company's ethical relationship and commitments to its main stakeholders, including employees, tourism and competition, managers, society at large, customers, the environment, shareholders and investors, public administration, suppliers and the media. The Code includes all the principles and public commitments taken on by the Company and has its own model of governance.

as management tools for the Company, in 2016 an information campaign was carried out, with a global reach, to reinforce the message to all The Meliá Hotels International Code of Ethics is a set of action employees that the Company has made an independent channel available to them that is managed by the Ethics Committee, so they can submit any

#### OFFICE OF THE CODE OF ETHICS

#### MISSION

60

58

Recommendations

22

Exposure to crimes

Acts as a Coordinating Committee for all the activities An independent collegiate body, whose function is the The main tool for sending in reports and complaints relatthat take place regarding the Code

It is a conduit that represents all the areas involved in the follow-up, implementation and operation of the Code

#### MAIN FUNCTIONS

Interprets and resolves doubts Performs timely updates Raises awareness and provides training on the content Provides support to all departments Advises on a permanent basis

#### ETHICS COMMITTEE

#### MISSION

management and resolution of complaints

#### MAIN FUNCTIONS

Ensures the correct implementation and operation of the Guarantee the objectivity and anonymity of the com-Complaints Channel

Manages each of the complaints received, following the established procedure, responding to the parties involved in each of the reported cases, as well as managing the and Compliance Committee and to the VP of the Internal adoption of corrective measures in cases that require this Audit Department as a result of the investigation carried out.

Ensures confidentiality

Analyses the complaints, classifies them according to their relevance and type, and then reports regularly (in a general summary) to the Audit and Compliance Committee.

#### COMPLAINTS CHANNEL

#### MISSION

ing to the observance of the Code of Ethics, laws currently in force, any issue regarding regulatory non-compliance and situations or events that may require the attention of Senior Management

#### MAIN FUNCTIONS

plaints received, whose receipt and safekeeping is managed by an independent third party

Complaints come directly to the Chairman of the Audit





Complaints logged

Participants in the complaints channel information campaign

## CORPORATE GOVERNANCE CONTROL MODEL

GRI 205-1

A governance model at a company like Meliá Hotels International requires constant verification and control systems in which technological support tion from the Internal Audit Department has been becomes ever more important. For this reason, the Internal Audit function plays a key role in this rent and future growth in this region. In this way, the model as it ensures the organisation's compliance with the rules, processes and procedures in force, and prevents any management risks. The rigour of There are three types of audit processes: this department is reinforced by having its own established structure and reporting lines, which are external and independent of management.

In addition, the cross-cutting nature of this function allows the control system to be applied to areas as varied as:

- Accounting and operational management Compliance with standards, processes and procedures
- Contracts with third parties
- Changes in hotel management
- Global, corporate and business centre management
- Regulatory compliance in health and occupational hazards
- Protection of data and information
- Internal Control System on Financial Reporting (SCIIF)

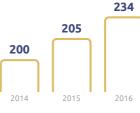
As a result of the needs identified and linked to reputation, a model is being promoted that will allow us to integrate the commitments that the Company has assumed over the years into the audit processes.

In addition, to ensure that the control and compliance model takes on a regional scope this year, a delegaopened in the Asia Pacific Region to respond to curdepartment ensures that there is a global model.

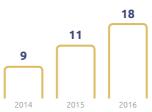
A mixed model consisting of a corporate auditing process and a hotel auditing process. This allows the optimisation of computer systems, adequate control of the costs associated with the process and a reduction in time, helping the audit team to work together more effectively. This model, which is in force in the Americas Region since 2015, has been extended to Europe through a pilot scheme before its analysis and systematic extension to the whole organisation.

A remote audit, facilitated by digitalization and the availability of computer systems. In addition to the benefits in the previous point, this model enables greater control. Implemented in Spain in 2014, it has been expanded internationally.

Internal self-assessment audit. As a pilot scheme in the Americas Region, a checklist has been prepared at a control group of hotels. These pilot schemes facilitate control using CSA (Control Self-Assessment) methodologies. This technology allows the capture of operational management and the identification of best practices.



Audit reports issued



Remote audit processes



Transversal audits



Audited countries and number of audits

Germany	14	Italy	4
Argentina	1	Jamaica	1
Austria	1	Luxembourg	1
Bahamas	2	Mexico	12
Brazil	2	Other	1
Cape Verde	1	Panama	1
China	3	Реги	3
Cuba	6	Qatar	1
Spain	151	United	8
United States	4	Kingdom	
of America		Dominican	4
France	11	Republic	
Indonesia	1	Vietnam	1

#### Data Analytics, information analysis for risk management

This year, due to the interest expressed by the Audit and Compliance Committee and the strategic objectives focusing on operational excellence and the strengthening of the Meliá Hotels International corporate reputation, an initial phase has been implemented to monitor a massive amount of data on mitigating potential risks.

Meliá Hotels International has been working with PricewaterhouseCoopers (PwC) as an advisor for this project, which has made the Qlik Sense tool available to the Company. The first pilot scheme has been applied in the Purchasing Department, using historical information for 2014 and 2015.

#### Fostering knowledge and cross-pollination between control areas

The Company promotes teamwork and knowledge exchange to enhance talent. This year, internal auditing and management teams have conducted joint audits to drive continuous improvement in the control processes. This model, launched in the Americas Region in 2015, has been extended to the EMEA Region.

The use of initiatives of this nature also enriches the knowledge of the teams from different perspectives.

## CORPORATE GOVERNANCE **RISK MANAGEMENT MODEL**

The current geopolitical circumstances, the characteristics of a dynamic and changing industry like tourism and the growing international presence of the Company, now operating in 43 countries, together with significant growth, means that Meliá Hotels International is exposed to risk factors of varying types.

The Integral Risk Management Model, which cuts across the entire Company, allows Meliá Hotels International to identify and assess the main risk factors it faces. Preventive risk management ensures, among other things, homogeneity in the assessment criteria and the implementation of control measures and action plans to anticipate, control, mitigate or avoid circumstances of risk.

Risk management is a key factor at Meliá Hotels International and a key lever for improving continuous, sustainable value generation, which brings confidence to its stakeholders in a manner consistent with its corporate values.

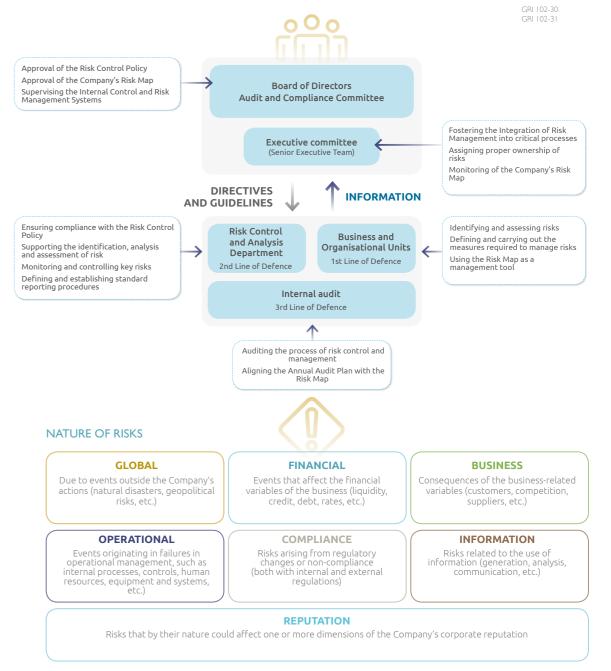
Risk management has its own model of governance and a specific area of responsibilities. The model is based on the Integrated Framework for Corporate Risk Management (COSO II) (Committee of Sponsoring Organizations of the Treadway Commission) and its main pillars are:

#### Policy and Risk Regulation

Establishing the basic principles that govern risk management and the rules, guidelines and criteria that the model must follow in a way that aligns with the Company's strategic drive.

#### Governing bodies with responsibilities for risk management:

- Board of Directors and Audit and Compliance Committee
- Executive committee
- Strategic Planning Committee
- Investment Committee
- **Expansion** Committee



Note: the reputational factor applies equally to all the types of risk

#### Segregation and independence of functions

Following the 3 Lines of Defence model, the difrisks and therefore those responsible for identifying, assessing and managing them (1st line).

and constant development of the risk management model and for periodically monitoring the main risks.

plan with the Risk Map (3rd line).

#### Digitalization

Meliá Hotels International's integration of digital tools complexity, etc.) into its key processes has led to the implementation of SAP GRC to facilitate the process of complying with and managing the different risk maps:

Strategic	Reputational
Criminal	Public Prosecution Service

This tool has enriched the analysis process and considerably expanded its scope and the management teams involved. This year, for the first time, all the members of the regional Executive Committees participated. Also, the tool has allowed integrated document management and the assessment and supervision of the entire risk management model.

#### Transparency in information

After reflecting on and analysing the risks idenferent organisational units are the owners of the tified and categorising them into different types based on their nature, the probability and impact variables are assessed, taking into account different quantitative and qualitative perspectives, including There is a Risk Control and Analysis function (2nd reputation. The results are presented to the Board line) that is responsible for the smooth operation of Directors and to the Audit and Compliance Committee on a recurring basis.

The average value of the risks identified has increased by 10% compared to the previous year. Lastly, the Internal Audit function ensures the cor- By risk category, global and compliance risks are rect operation of the model and aligns the audit the ones that have most increased their average value. These categories include geopolitical risks (terrorism, Brexit, political instability, etc.) and legal or regulatory risks (legislative changes, regulatory



#### EVOLUTION OF AVERAGE VALUE OF RISKS



#### EVOLUTION OF AVERAGE VALUE BY RISK CATEGORY



#### CORPORATE GOVERNANCE | RISK MANAGEMENT MODEL

The following graph shows the most significant risks according to the assessment made that are linked with the strategic priorities. These are risks that, because of their nature and/or effect could have an impact on several strategic priorities, have been located in the quadrant in which it is considered they would have the greatest relative impact.



e: The	identifica	tion (	of these ris	sks does	not imply	that they v	will occur	- during	the year.	Neverthe	eless, Meliá	Hotels I	International	
				ns that i	t considers	opportune	e to redu	ice the	probability	of their	occurrence	e or the	impact they	
ld hav	e if they o	occun	red.											

RISK	DESCRIPTION:	TREND	MATERIALITY	MANAGEMENT
MANAGEMENT OF TALENT AND HUMAN RESOURCES	Opening up of the labour market, which could lead to: • Loss or turnover of key personnel • Difficulty in appealing to or attracting talent • Lack of sufficient qualified staff • Some dependence on key personnel in some positions		People management Attraction and retention of talent Employer brand	Continuity of internal development programmes Increase of talent pools in key positions Leadership development programme Training plans Social networking strategy Promoting the relationship with the academic world Positioning in rankings
EXPANSION AND GROWTH	Expansion plan that requires: • Resource needs and ability to keep up the pace • Appropriate choice of zones, countries and partners		Current presence and future expansion	Existence of an Expansion Committee to define, monitor and approve projects Preparation of risk analysis sheets for each project
COST- EFFECTIVENESS OF HOTEL MANAGEMENT MODEL	As a hotel management company, the following are fundamental aspects: • Competitiveness of the management model • Capacity to adapt the model to each country		Sales channels Price improvement Margin improvement New products, markets, segments Brand and product strategy Innovation	
SALES AND MARKETING STRATEGY	In an increasingly competitive and complex environment, more importance is attached to aspects such as: • Pricing/revenue management and policy • Loyalty programmes • Customer knowledge and communication channels		Sales channels Price improvement Product quality Customer satisfaction Relationship with the customer Loyalty programme	Promotion of distribution channels (melia.com, call centre) Optimisation of the loyalty model Revenue Management Digitalization of revenue management processes Enhancement and redefinition of the MICE model Lifting and positioning of the brands Innovation and incorporation of new attributes,
COMPETITION AND SECTOR	Emergence of new competitors, sectoral restructuring, maturing or stagnation of the sector: • Growth of collaborative consumption • More numerous, aggressive and revamped competition with strong customer relationships • Possible loss of leadership in certain areas • Possible mergers, acquisitions		Context of tourism and economic sector Innovation Brand and product strategy Customer experience	services, etc. Strategy and new concepts in F&B
DEPENDENCY ON AREAS, REGIONS AND/OR CUSTOMERS	Balanced distribution of the Meliá portfolio: • Concentration of hotels in certain areas • Dependence on certain markets or segments		Expansion and growth Brand and product strategy New segments and markets	Strategic plan for selective and qualitative expansion focusing on the following areas of action: Main focus on resort and urban-leisure destinations. Growth in major world cities Prioritisation of asset-light formulas and strengthening of alliances with strategic partners Growth of the portfolio as a lever for generating brand recognition and revenue
INVESTMENT AND RENEWAL OF ASSETS	Preparation of an Annual Investment Plan: • Investment process (allocation, execution, control and follow-up) • Cost-effectiveness and feasibility of investments • Wear and tear of facilities and equipment		Financial capability Brand and product strategy Increase in price Product quality Customer satisfaction	Existence of an Investment Committee responsible for the identifying, monitoring and controlling the investment plan Definition of an Annual Investment Plan: Inclusion of risk prevention or minimisation in the Annual Investment Plan
TECHNOLOGICAL AND INFORMATION SECURITY	Referring to: • Protection and security of information • Cybercrime, cloud computing • Management of users, access and profiles • Technological obsolescence • Information management		New technologies Digitalization Processes	Strategic Technology Plan Cyber attack prevention plan Cybersecurity training and awareness Computer equipment renewal plan Information security policy and standard Preparation of an annual internal audit plan Control processes on data and information protection
LEGAL OR REGU- LATORY	International presence in more than 43 countries means being exposed to risks such as: • Legislative or regulatory changes • Excessive complexity and regulatory dispersion • Contractual risks		Context of tourism and economic sector Human rights and working conditions Transparency of information	Existence of a Code of Ethics and a Complaints Channel Director Behaviour Policy signed annually Identification, communication and monitoring of regulatory changes Relations with prestigious external consultants, as required Development and implementation of a crime prevention and detection model
GEOPOLITICS	Aspects related to geopolitical instability in certain areas: • Terrorist attacks • Political instability • Wars, civil unrest or military revolts, etc. • Crisis or insecurity in countries where present		Context of tourism, economic, political and social sector	Establishment and implementation of emergency plans for crises Crisis management protocol, depending on the nature of the situation

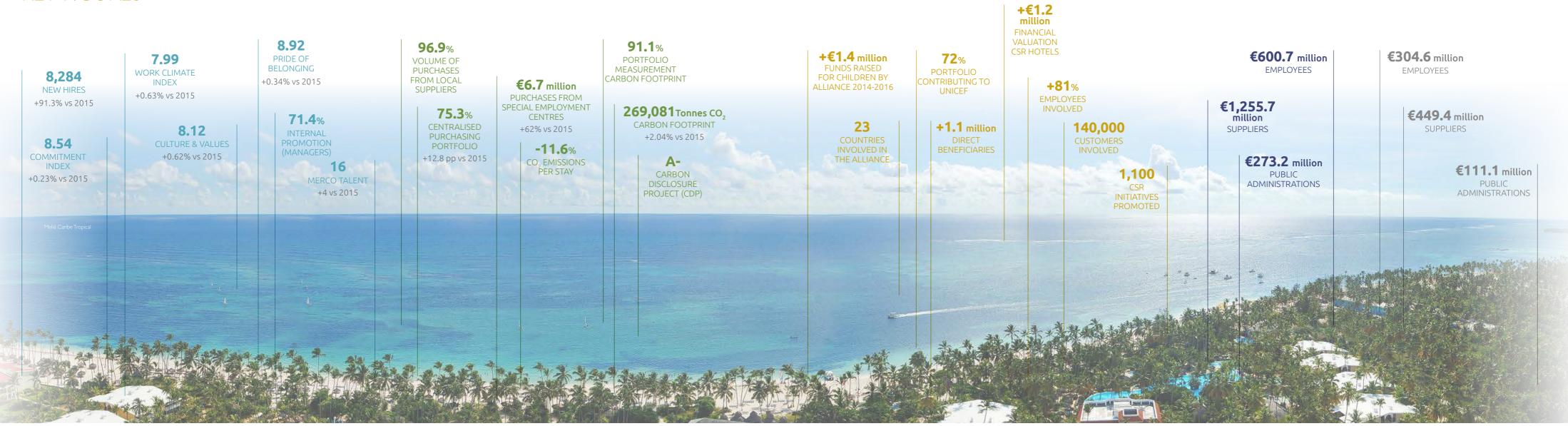


We aspire to generate shared value and become a benchmark in the destinations in which we are present through responsible behaviour with a strong social impact

State Balling of T

# CITIZENSHIP 04

# **KEY FIGURES**



CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND

#### **RESPONSIBLE SOURCING & ENVIRONMENT**

SOCIAL POSITIONING & LOCAL DEVELOPMENT

SOCIAL CASH FLOW GLOBAL

SOCIAL CASH FLOW SPAIN

# GUIDING PRINCIPLES OF THE GLOBAL COMPACT **PRIORITY AND VALUES**

Meliá Hotels International aims to be recognised After 60 years of history, the current situation of as a world leader in excellence, responsibility and Meliá Hotels International and its growth mean sustainability. It therefore plays a leading role in that the Company has become increasingly interpromoting the generation of shared value for so- national and coexists with numerous social realiciety.

The driving force of the Guiding Principles of the Global Compact, a responsible hotel model and As part of its strategic drive, in 2016, Meliá Hotels the public commitment it has taken on reinforce the role of Meliá Hotels International within society and within its own global CSR model.

These principles, which were signed by Meliá Ho- edge of that local reality. tels International in 2008 and fit in with the UN's Millennium Development Goals (MDG), allow an understanding of the CSR-related developments when reading this report.

ties, each with its own problems, which it would like to contribute to alleviating.

International defined 3 major global priorities for its CSR Model and three others that are strongly driven by the regions, taking into account the autonomy of each region and an in-depth knowl-

In 2016, Meliá Hotels International combined the development of global priorities with the promotion of high-impact local initiatives that were in line with its corporate values

#### **GLOBAL PRIORITIES REGIONAL IMPULSE** Human rights & childhood Leadership & recognition °°° VyV $\widehat{}$ Employability Culture Climate change & local University development & knowledge

#### DEDICATION INNOVATION CONSISTENCY EXCELLENCE TO SERVICE Commitment to business ethics. For society through value creation To encourage continuous As a lever of wealth creation for all good governance, transparency and and knowledge sharing improvement when engaged in its its stakeholders rigour in management activity

To reinforce the dialogue with its stakeholders from the proximity of a leading company

#### GUIDING PRINCIPLES FROM THE GLOBAL COMPACT I PRIORITY AND VALUES

Energy efficiency and responsible consumption of resources rely on

innovation and constant investment as a key asset for the protection

Encourages the protection of the environment, contributing to

of the environment from the hotel infrastructure

the fight against climate change in the tourist industry

Promotes a strategy focused on preventing the

impact of the operation on the destinations



#### **PRINCIPLE 10\***

Features a system of crime prevention, anti-corruption and compliance, as well as a global risk management model

**PRINCIPLE 9** 

**PRINCIPLE 8** 

**PRINCIPLE 7** 

#### PRINCIPLE 1 & 2

UN GLOBAL

COMPACT

Supports and respects the protection of internationally recognised Human Rights in the destinations in which it operate and does not cooperate with or encourage their violation



.....

#### PRINCIPLE 3

Promotes freedom of affiliation and recognises the right to collective bargaining

#### PRINCIPLE 4

Promotes high-quality work, decent work environments and conditions, respect for people and the integration of their expectations

#### **PRINCIPLE 5**

Protects and defends the rights of children and does not allow child labour



#### **PRINCIPLE 6**

Commitment to employability and talent development, non-discrimination and the promotion of equal opportunities

\* See Corporate governance

















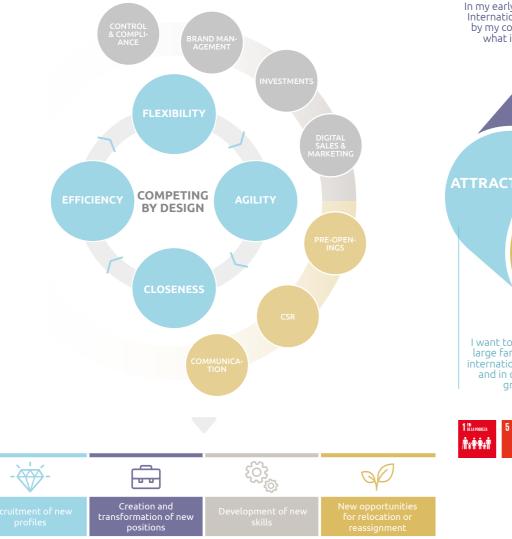


# CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND

#### CULTURAL CHANGE AND TRANSFORMATION FROM AN ORGANISATION FOCUSED ON EXCELLENCE, DEVELOPMENT AND EFFICIENCY

The cultural change and the transformation that Meliá Hotels International is undergoing to underpin its growth is based on the "Competing by design" project, an initiative that adapted the organisational structure of the Company to provide it with the necessary agility, providing more autonomy to the different regions at an international level, while keeping the strategic vision and overall control centralised.

The current organisational model of Meliá Hotels International is a simpler model, lighter at the global level and with a clear focus on decentralisation. This model provides more resources to the regions, to strengthen the relationship with and closeness to the customer, proximity to the business and add to the knowledge of each area. Together, these lead value creation and allow the model to grow based on the strategic needs of the Company.





#### 60 YEARS OF HOSPITALITY FOCUSING ON PEOPLE AND THE PROMOTION OF THE EMPLOYER BRAND

growth process at the heart of which are people, future will be aligned with the corporate values.

This global thrust means that the needs of a digital factor is of vital importance. Meliá Hotels digital perspective in order to have a more agile, efficient and productive management.

To achieve this, Meliá Hotels International has attractive value proposition. reinforced its employer brand strategy with the aim of improving its external projection as an attractive environment in order to attract the best talent, promote professional development, strengthen its relationship with the academic world, refocus its global model of practices towards a more dynamic environment and its global position as a responsible, leading company.

In addition, the Company has made a significant commitment to the development of a highly diverse team, in which different generations of people come together as a result of their Meliá Hotels International is facing an important extensive experience in hotels. This fact means keeping the review of its needs up-to-date with the main engine to ensure the future of the the Talent Map, in order to reinforce the existing Company and an essential axis for bringing about development programmes and to define new a cultural transformation that ensures that the programmes that match the needs identified, as a result of the momentum of the sector and the Company's own growth.

highly dynamic and changing business must be This cultural transformation of Meliá Hotels balanced by the attraction of the best talent and International is based on the launch of a new the development of the people who are part of Recognition and Leadership Programme, the Meliá Hotels International, in a way that meets evolution of its Performance Review and the their needs and expectations. In this process consolidation of the e-Meliá online training platform of constant improvement and adaptation, the as a key lever for learning and sharing knowledge.

International is improving its processes from a This strategy is based on a 4-pronged model called the Employee Journey that leverages the reputation of Meliá Hotels International and the attributes of the brand in order to structure an



## CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND COMMITMENT TO EMPLOYEES, BASED ON CENTRALISED PEOPLE MANAGEMENT

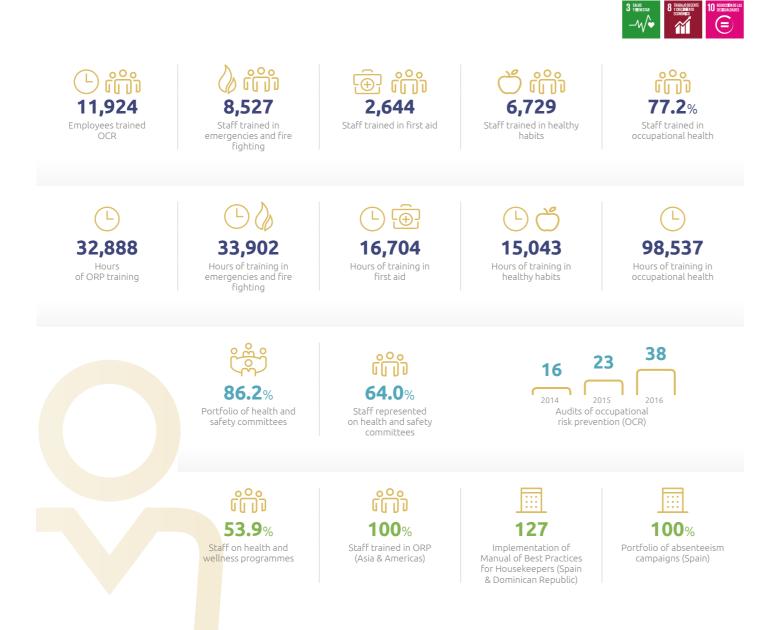
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#### MELIÁ HOTELS INTERNATIONAL, COMMITTED TO PEOPLE

Meliá Hotels International works to offer the best opportunities for professional development, based on the stability of a family business and the solidity of a major international leader that knows how to recognise commitment, talent and achievements fairly. The growth that Meliá Hotels International is experiencing has led it to promote a management style that focuses on the development of its teams as a key factor in achieving the challenges in its strategy. These goals go beyond merely filling vacancies. Meliá Hotels International needs to ensure that its employees have a quality working environment, worthy of a Company that is a benchmark for the hotel industry.

Its international dimension, together with accelerated digital and cultural transformation, are assisting with and promoting the evolution of its talent management model. With the help of tools and processes that fit the business, this model allows people to develop and a knowledge of Meliá Hotels International to spread.

Another part of the transformation that it promotes year after year at the global level are respect for and compliance with the labour regulations in force in all countries, the defence of labour rights, the assumption of the labour principles promoted by the International Labour Organization (ILO) and a commitment to the growth of people and of Meliá Hotels International as a responsible company.



In 2016, given its international dimension, Meliá Hotels International made progress in this area through the following initiatives:

Meliá Hotels International is promoting a safe and healthy environment for its employees by integrating best practices in the fields of occupational health and occupational risk prevention (ORP) and in some cases going beyond mere compliance with the applicable legislation in some of the countries in which it operates. It takes the Spanish

#### INTERNATIONAL PROMOTION OF THE CRITERIA OF OCCUPATIONAL HEALTH

Incorporation of Occupational Risk Prevention (ORP) criteria in the internal audit process to In 2016, therefore, Meliá Hotels International promote continuous improvement in the in- made advances in this field by: ternational arena

End of the 1st phase of the international implementation of the Occupational Safety and Health Management Manual with its dissemination in EMEA and Asia Pacific, based on international best practices

Start of the 2nd phase of implementation of the occupational health and safety management manual in the Americas region

#### AN ENVIRONMENT FOCUSED ON PROVIDING PEOPLE WITH THE BEST WORKING CONDITIONS

model of health criteria and preventive management of occupational risk as its reference and uses technology and digitalization to ensure smooth, homogeneous dissemination and knowledge and to train its teams in this field. In addition, Meliá Hotels International has increased its internal audit processes for occupational health by 65%.

Promoting health examinations for employees from all areas, with an increased emphasis on those with greater exposure to occupational diseases. It has also developed programmes to promote health among employees that cover musculoskeletal disorders, cancer prevention, vaccinations and Zika, among others.

Taking part in workgroups promoted by the Trade Union Institute of Labour (project to study psychosocial aspects among housekeepers)

I<sup>st</sup> edition of the Manual of Best Practices for Housekeepers. The manual was incorporated into the e-Meliá online training and knowledge management platform, starting with its distribution to all the hotels in Spain and the Dominican Republic and government agencies.



## CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND CLOSE TO THE UNIVERSITY, CLOSE TO FUTURE TALENT

#### AN EMPLOYEE VALUE PROPOSITION, THE **KEY TO PROMOTING A BENCHMARK** EMPLOYER BRAND

The vast experience of Meliá Hotels International allows it to offer excellent opportunities for The commitment by Meliá Hotels International professional development in the dynamic hotel to identifying talent in influential academic envienvironment and in a company in which diversity ronments has led the Company to strengthen its is a factor that sets it apart. In addition, elements ties with the universities in numerous fields of exand attributes such as an extensive international presence, continuing growth and an excellent cover the needs identified in the Talent Map. corporate reputation, coupled with strong values that place people at their heart, complete this excellent employee value proposition.

The combination of these attributes has enabled and collaborations in a variety of areas, including Meliá Hotels International to be recognised as recruitment, research, knowledge sharing, reone of the best companies to work for by Merco search, scholarships and training. Talent Spain and Top Employer China, due to its employee value proposition.

tels International is its great diversity. Over the last achieve the objectives of incorporating young 60 years it has been able to create an international talent and reinforcing the dialogue model. These multidisciplinary team, in which people from di-universities were chosen because of their alignverse nationalities, cultures and groups of different ment with the strategy of Meliá Hotels Internaages and sensibilities all work together.

#### PROXIMITY TO THE ACADEMIC ENVIRONMENT IN ORDER TO SHARE KNOWLEDGE. EXPLORE OPPORTUNITIES AND IDENTIFY TALENT

pertise. As a result, the Company can more than

This closeness can be seen in its stable relationship with the academic world, both nationally and internationally, and with more than 300 agreements

In 2016, Meliá Hotels International identified 20 universities that it considers to be strategic and One of the attributes that best defines Meliá Ho- with which it will be working very closely to tional, bringing closer links between the worlds of education and business to ensure the future employability of young people.







#### CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND I NEAR THE UNIVERSITY, CLOSE TO FUTURE TALENT

real work situations, both in its hotels and corporate offices.

Meliá Hotels International has launched "Generation M", a pilot training route project that is open to current Meliá Hotels International trainees and DEGREE IN SERVICE SCIENCE, a cooperation agreement with Meliá Hotels Inter- URIC national.

# Generation-M

#### THE GABRIEL ESCARRER JULIÀ CHAIR

After 15 years, the Chair that was created in 2002 by Meliá Hotels International and the Universidad promote innovation and its incorporation into the presence in Spain. UIB Network of Innovation Chairs.

The relationship involves the participation of directors from Meliá Hotels International in different university degree courses, cultural exchanges, professionals for the service sector. the organisation of workshops and seminars and periods of national and international study, as well as the implementation of projects in which bringing together different types of knowledge plays an essential role.

In addition, Meliá Hotels International is strength- In 2016, the Master's Course in e-Tourism was ening its links with academic environments to developed and promoted jointly, with the aim of identify talent and offer learning opportunities in providing students with the skills to meet the new challenges in the online sales and marketing of tourism businesses. Many executives from Meliá Hotels International actively participate in the var-As a result of this commitment to future talent, ious programme modules as part of their development programmes.

# final year students at institutions that have signed MANAGEMENT AND ENGINEERING AT THE

The Rey Juan Carlos University (URJC) is working with companies such as Eulen, IBM and Meliá Hotels International to encourage scientific exchange and facilitate the identification of areas of collaboration. Meliá Hotels International has served on the programme's Working Committee since its launch. The promotion of this degree aims to go beyond the transmission of specific technical conde las Islas Baleares to encourage the teaching, tent, since it incorporates technology, the developresearch and promotion of tourism has been re- ment of social and analytical skills and a knowledge viewed jointly by both organisations in order to of the service sector, which currently has a limited

> Once again this year, Meliá Hotels International is continuing to support this innovative, unique degree, which has the aim of training highly qualified









#### CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND PEOPLE, AT THE HEART OF MELIÁ

#### A DIGITAL DIALOGUE WITH TALENT ON SOCIAL NETWORKS AND PLATFORMS

Meliá Hotels International is continuing its traditional mass recruitment campaigns, entitled Open Day, to cover positions in newly opening hotels. In 2016, in keeping with the digitalization of its recruitment process and innovative ways to approach talent, the Company has significantly increased its presence and positioning on the social networks as part of its commitment to social media as a channel for communicating its value proposition.

cial networks with special campaigns to boost its presence on these networks, such as #lovemyjob, In addition, this year Meliá Hotels International #OpenDay and #WorkShop in SHIbiza. It has made a major commitment to LinkedIn by including different displays that depend on the language access to over 600 international universities with used. LinkedIn has become a strategic partner for hospitality and tourism courses. As of the end of strengthening the employer brand of Meliá Hotels 2016 Meliá Hotels International had more than Hotels International has therefore adapted the

International. This line of work is providing more 5,500 followers. During the month of October employment opportunities to groups that use the social networks to actively search for vacancies.

Meliá Hotels International was recognised by LinkedIn for its efforts and the results achieved BASE by being named the "Most Attractive Company To Work For'' based on the conversion rate between applicants and page views in August 2016. The Company has a dedicated Human Resources profile on Twitter, @MHICareers, through which job opportunities are sent out around the globe. The goal is to promote this channel as a tool support-It has taken the Open Day concept to the so-ing the employer brand and recruitment strategy.

> signed a partnership with Hosco, an online platform with nearly 60,000 members that offers

2016, it was the second most attractive company on the platform.

# **ORIENTATION PROCESS WITH A DIGITAL**

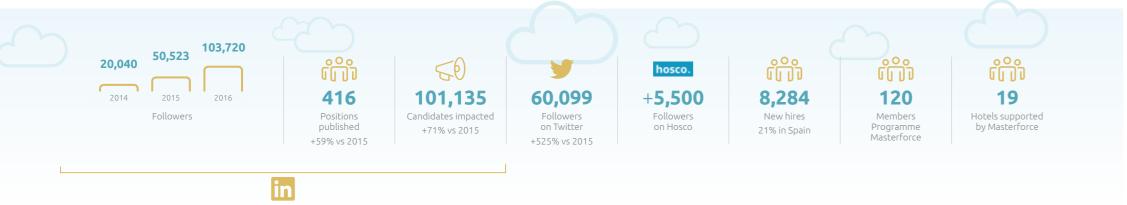
ternational is always hiring people. The new talent first goes through a reception and orientation process designed to help them to quickly adapt to their new positions and give them a detailed knowledge of Meliá Hotels International, its corporate culture and values. Although the reception and induction process involves classroom pres- while reinforcing their role as ambassadors of the entations, especially for management positions, Meliá Hotels International has also digitalized it in opening, being re-branded or taken over, recognisorder to standardise and streamline the process ing them as experts in their field. and to ensure that knowledge of the company is evenly distributed to all the regional offices. Meliá

process, giving it a technological and digital base, and implemented its e-Meliá online training platform to ensure access to the best knowledge from the outset. The process also allows for better monitoring.

The reception process is open to employees of Because of its constant growth, Meliá Hotels In- both the corporate offices and hotels. For hotel staff, orientation also involves an additional tool called the Masterforce Program.

> Masterforce, which was revised and updated in 2016, trains employees to be agents of change and knowledge leaders for Meliá Hotels International, company's culture and values at hotels that are





#### THE EMPLOYEE'S OPINION AS A LEVER FOR **TRANSFORMATION**

its employees and includes their expectations, thoughts and opinions in its improvement proensures that there is direct, voluntary communication regarding important aspects of the workplace, professional development and, in general, the different issues that directly affect its employees, whose opinion is essential for continuous improvement in people management.

The survey, conducted annually, is aligned with the Meliá Hotels International corporate values and is the basis for strengthening the future of the Company by integrating internal customer expectations and retaining talent.

Based on the findings of the 2015 "Have your say" survey, Meliá Hotels International has renovated its corporate offices to turn them into collaborative spaces that are more open, dynamincrease the closeness of its teams. This process of improving the working environment, making it much more transparent, has benefited nearly 650 employees at the corporate offices in Spain and is also enhancing teamwork, coordination, smooth communication and synergies between departments. Its is scheduled to be completed in the first guarter of 2017.

#### BALANCE AND FLEXIBILITY, KEY ATTRIB-UTES FOR SATISFACTION

The Company maintains an open dialogue with To strengthen and promote a productive, agile and efficient organisation and advance its cultural transformation, Meliá Hotels International continues to cesses. "Have your say" is the digital space that make progress in incorporating measures to reconcile the personal and professional lives of its employees. In 2016 the following should be mentioned:

> Flexible working hours for employees at corporate headquarters, leaving early on Fridays and continuous working hours, with no effect on pay, for mothers with children under three years of age

> Introduction of a summer timetable for all corporate office employees

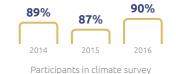
> Special arrangements with day care centres near hotels and corporate offices

> Camps for employees' children at the corporate office in Madrid during school holidays

#### REMUNERATION, COMPENSATION AND BENEFITS

ic and flexible, with no barriers and designed to Meliá Hotels International offers its employees a complete social benefits plan which, falling under the Company's Human Resources Policy, complements the Compensation and Benefits Policy and reinforces the Company's commitment to its employees. This plan has two aspects, social benefits of a general nature that are available to all members of Meliá Hotels International and specific benefits that can be earned (o enjoyed) by certain countries and groups depending on their role in

the organisation, the model of adaptation to cultural diversity, the environment and the habits and customs of each country. The plan strengthens the Company's bond with its teams and offers a flexible remuneration model with access to certain products and services.



്പ്പ് and the construction of th €® A THE 8.0 8.2 8.2 8.5 8.1 8.9 Culture Commitment index Work climate Professional Company image Responsibility & & values recognition Sustainability +0.2% vs 2015 index = vs 2015 +0.6% vs 2015 +0.6% vs 2015 +0.7% vs 2015 +0.5% vs 2015 ്ലാ Ø 8.2 8.1 8.9 8.6 8.0 Satisfaction Pride of belonging Motivation Employment Recommendation index as a company stability = vs 2015 +0.3% vs 2015 +0.2% vs 2015 +0.4% vs 2015 +1.0% vs 2015 ്ല് 10 7.8 7.8 6.1 8.0 8.2 Teamwork Workina Working hours and Internal Equality work-life balance environment and communication +1.3% vs 2015 +0.6% vs 2015 equipment -9.3% vs 2015 +0.4% vs 2015 +0.8% vs 2015 **G** ິເຕົາ  $\bigcirc$ \$ €1.4 €12.8 +70050% 850 51.4% million million Beneficiaries Hotel management Other benefits Estrellas card for Production linked Flexible of flexible flexible retribution (products) to Estrellas card remuneration emplovees remuneration plan | plan (Spain) (Spain) +50.0% vs 2015 +3.4% vs 2015 (Spain)

#### PERFORMANCE ANALYSIS AND MANAGEMENT, THE FOUNDATION FOR FACING NEW CHALLENGES

review as a tool for managing and increasing the performance of its people, Meliá Hotels International has evolved towards a performance The enrichment of the profile also allows Meliá management model.

This new digital format, which is more agile, simple time when there are major opportunities resulting and practical, focuses on the future development from the international growth of the Company. of employees by incorporating their expectations and identification of talent by analysing the The results also provide Meliá Hotels International potential of our people and their skills. This time with key information for the definition of for personal evolution is crucial for employees professional challenges, allowing team managers to as they can receive direct feedback from their perform integral management of their employees manager or director within the framework of the based on objectivity and continuous improvement. Meliá Hotels International leadership model and With this new approach, the evaluator becomes discuss their professional interests, such as direct the evaluee's coach and role model during the involvement in corporate volunteering initiatives development process, which will undoubtedly or being part of the group of internal trainers at improve the present and future employability of Meliá Hotels International, among others.

These last two points were incorporated in 2016 with the objective of enriching the profile of Meliá Hotels International employees and enhancing the human factor as an internal and external factor of After the consolidation of the performance change, by being able to identify people who place their skills and knowledge at the service of society.

> Hotels International to better manage the development of people and their mobility, at a

> the participants.



## MY COMPANY

Content applicable to all jobs and positions

## MY WAY

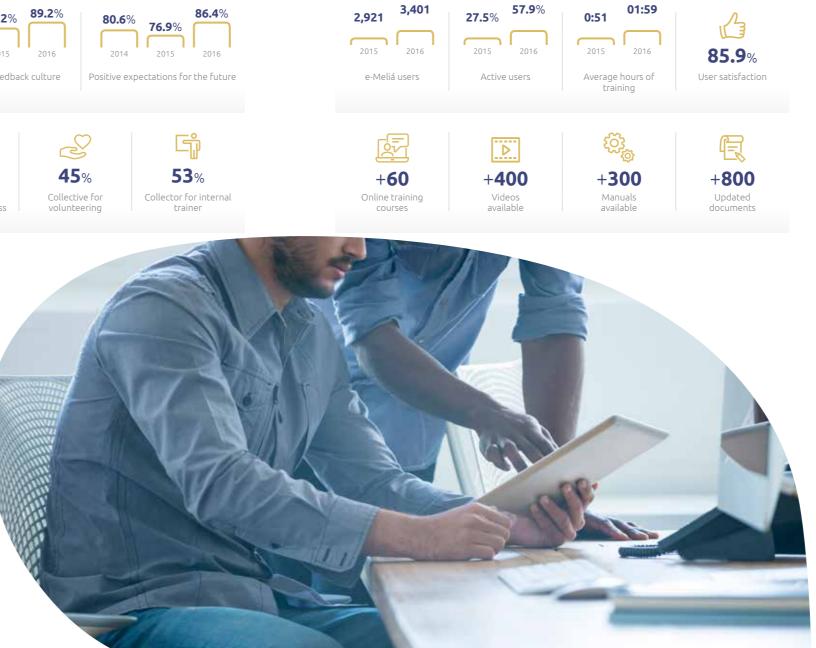
Unlimited access learning environment with content tailored to the needs of employees

## MY PERFORMANCE

Training programmes to develop competencies evaluated in performance management

## MY ACADEMY

Training plans aimed at key or critical groups



#### CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND I PEOPLE, AT THE HEART OF MELIÁ

#### KNOWLEDGE MANAGEMENT AND LEARNING EXPERIENCES, THE KEY TO ALIGNING EMPLOYEE EXPECTATIONS WITH THE STRATEGY

2016 marked the 1<sup>st</sup> anniversary of the new e-Meliá learning and knowledge platform. In addition to bringing tools and continuous training to people, the platform has positioned itself as a key factor in the quest for efficiency by providing employees with an essential channel for training and knowledge about the Company and active participation in their evolution. The digitalisation of the training processes at Meliá Hotels International has had an excellent reception from the more than 3,400 users due to both the quality of the content and its flexibility and dynamism.

This improvement in productivity and the enhancement of internal knowledge received a contribution from the dissemination, through e-Meliá, of the analyses and improvements made by different departments, such as management control, sales & marketing, brand management, legal & compliance, as well as the 60+ corporate procedures manuals distributed and translated into five languages (Spanish, English, German, contributes to improving the training of people French and Portuguese).

This means that an innovative training philosophy, the type of training that best suits their needs and methodology and guidelines were produced to expectations of continuous self-learning and the make the learning experience unique. The "learn place in which they want to experience them in & experience" philosophy proposes a different the following stages: My company, My way, My way of understanding learning in the work performance & My academy. In short, e-Meliá is environment, in which employees can take charge structured to promote corporate values, such as of their own development. This development excellence and innovation.



and, of course, to loyalty and the retention of talent.Through e-Meliá, each employee can choose

## CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND NEW CHALLENGES, NEW TRAINING OPPORTUNITIES ADOPTED

# SPECIFIC TRAINING TO FACE A DYNAMIC

of high-quality, innovative training and internal needs and expectations.

education clearly focused on improving service. AND CONSTANTLY EVOLVING CONTEXT... This need has led Meliá Hotels International to promote new training programmes by join-The growth of Meliá Hotels International in presence, countries and cultures, with new products, different subject areas. A leading company in an innovative approaches and customer segments, industry that is in a permanent state of transrequires its teams to have access to a wide range formation must offer content that fits the new



	<b>PASSION FOR LEADING</b> Strengthen leadership, develop commitment, talent and involvement of people in overcoming challenges	TRAINED PEOPLE	HOTELS INVOLVED	UPseling Consulting
	PASSION FOR COOKING Enhance the technical knowledge related to cooking, bringing new trends in gourmet cuisine to chefs and promoting innovation	ເິຼົາ 35	31	basque culinary center
N N A	<b>OWN THE CITY SECRETS</b> Strengthen the quality of the conversation between employees and customers, by incorporating new techniques and tools to promote contact with guests	ິເງົາ 1,353	<b>50</b>	ccocrea
	<b>EXECUTIVE TRAINING</b> Develop creative thinking and collaborative intelligence as a way to innovate and manage change	ເຖົງງ 76	<u></u> 14	CECE eCornell
	<b>REBRANDING</b> An ever-changing business requires the teams to stay up- to-date on aspects relating to brands, attributes, products and services	ເງົາ 2,249	26	MELIÃ HOTELS INTERNATIONAL

#### CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND | NEW CHALLENGES, NEW TRAINING OPPORTUNITIES ADOPTED

#### ...AND A DEVELOPMENT MODEL THAT PRO-MOTESTALENT BASED ON THE IDENTIFICA-TION OF REGIONAL NEEDS

the Company's growth process. This process is founded on internal promotion and the professional development of employees.

strategic planning of talent, having expanded the leadership skills. scope of analysis to key corporate positions, managerial positions and hotel middle management. To promote internal mobility and professional in the short, medium and long term. This global jectives. vision allows Meliá Hotels International to face its strategic challenges as a Company in the devel- **Opening** – opportunities in newly opened hotels opment of its people with greater guarantees of success.

Meliá Hotels International is therefore continues its process of adopting and evolving towards a Sign up - opportunities for mobility between homodel of organisational and cultural transforma- tels for staff members tion, focusing on promoting an agile, efficient and innovative company, with the support of technology and the development of its talent as a key element for its future.

In 2016 the talent map allowed support to be provided to 60 processes, including opening or rebranding hotels around the world, and strengthening positions in corporate areas internationally. The internationalisation and diversity of the Meliá Hotels International team is a valuable asset that

helps to expand the wealth of know-how within the organisation. The in-house development programmes, already consolidated, have made significant progress both in the development of talent The definition of the talent map contributes to programmes in hotels and corporate positions.

The commitment to digital support has been a key element in providing the people involved with agile, dynamic learning environments that allow 2016 was a year of progress in the forecasting and them to increase their scope and develop their

This analysis has allowed the talent map to be development Meliá Hotels International has, in more accurate and detailed and for more infor- addition to mentoring and coaching programmes, mation on the need for key talent to be extracted different channels with different targets and ob-

**Moving Up** – opportunities in offices, corporate and regional functions







#### CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND EMPLOYABILITY AND SUPPORT FOR TALENT IN SITUATIONS OF VULNERABILITY

#### PROMOTING THE INTEGRATION AND DEVELOPMENT OF TALENT IN GROUPS AT RISK

Meliá Hotels International seeks to generate towards becoming hospitality professionals. shared value to society and pays special attention to groups at risk of exclusion. In 2014 Meliá Hotels The bond that Meliá Hotels International establishes International incorporated the promotion of employability into its global CSR strategy through shared commitments and objectives and specific initiatives that provide better qualifications to roles and functions focusing on improving the people who could perform well in the tourism sector and are currently at risk of exclusion.

initiatives aimed at promoting employability among at-risk youth, adding to their skills and abilities by going beyond theoretical technical training.

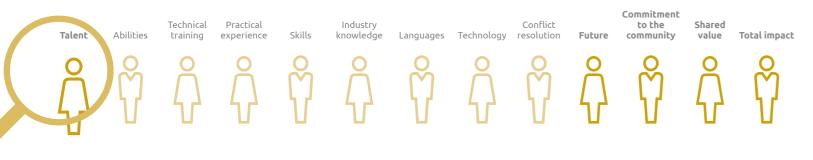
In this way Meliá Hotels International, besides offering opportunities for the growth of its teams, shares opportunities with groups at risk so that they can join the labour market.

Meliá Hotels International supports social organisations that work with groups of young people at risk of exclusion who have demonstrated talent, passion n and commitment

with these organisations has a long-term focus, employability of these groups. The organisations select the candidates that fit the professional profile required by Meliá Hotels International and assist The activity is carried out in a collaborative manner in their integration with the professional teams at on a platform, which is the key to implementing the Company, opening up their options of being included in the team in the future.







#### IST PROFESSIONAL EXPERIENCE. 3RD EDITION

In 2016 the project started its 3rd edition with a group of 150 new participants. The initiative has grown so that now, as well as Meliá Hotels International, nine companies are committed to boosting the employability of these young school dropouts. Ten of these young people have joined Meliá Hotels International to continue the hotel apprenticeship process, which will continue to focus on combining top-level technical training with practice in a real environment, training in values, languages and new technologies. 40% of the participants in the 2nd Edition (2015) have already joined the Meliá Hotels International team.

After learning from the previous two editions, this year's joint effort has led to the admission of a smaller group of students and extending the programme from four to seven months so as to offer a more intensive education that increases the employability of these youngsters. In this new edition, Meliá Hotels International continues to foster the sharing of experiences, hotel knowhow, people management and customer service to promote the employability of this group. In addition to the selection and management work carried out by Pinardi, the contributions of JP Morgan as a sponsor and the Accenture Foundation as a technology partner are essential for the viability of this project.

During the FITUR 2017 International Tourism Fair, the group of young people joined the team from

cocktail event designed by the Torres brothers, who are highly respected on the international gastronomic scene.



GRAN MELIA MANDIO DE LOS DUQUES

Participants in the 1st Professional Experience with Gabriel Escarrer, Vice Chairman & CEO of Meliá Hotels International, at



Participants in the 1st Professional Experience with the Torres brothers at FITUR



## PROYECTO #coachExit

#### **#COACHEXIT.** COACHING BY THE EXIT FOUNDATION

In 2016 Meliá Hotels International joined the EXIT Foundation's corporate volunteer initiative to boost the employability of at-risk youth through coaching and mentoring.Through the #CoachExit project, the participants received guidance from volunteers from Meliá Hotels International to help them find the motivation to continue their studies, as well as professional orientation using real situations in the company, while boosting their self-esteem. Nine volunteers from Meliá Hotels International, including corporate and hotel managers from the regional offices in Spain and EMEA took part in the editions at Palma de Mallorca and Barcelona.



Volunteers and participants at the Meliá Palas Atenea Hotel (Palma)







#### **CSR MODEL INTEGRATED INTO THE** ENVIRONMENT TO PROMOTE LOCAL HIRING, SOCIAL IMPACT AND TRAINING FOR DEVELOPMENT IN THE ROCINHA FAVELA IN RIO DE JANEIRO, BRAZIL

Creating opportunities for young people through quality training has led Meliá Hotels International to promote a training and employability initiative at the recently inaugurated Gran Meliá Nacional Hotel in Rio de Janeiro. Together with the Carioca Vocational Training Centre (CCFP) and the Carioca Hotel and Gastronomy School (Escola Carioca de Hotelaria e Gastronomia), a joint employability project has been promoted to encourage the development of technical and personal skills throughout 300 hours of training. In addition, the hotel directly sponsors the annual training of a group of 32 students,. Managers give more than 20 hours of lectures to supplement the training programme. In addition, the hotel's priority for attracting local talent prompted a three-day Open Day focused on hiring local staff living in the Rocinha community.









#### CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND I EMPLOYABILITY AND SUPPORT FOR TALENT IN SITUATIONS OF VULNERABILITY

#### CALVIÁ BEACH, AN ENVIRONMENT OPEN TO QUALITY LEARNING THROUGH DUAL TRAIN-ING WITH THE AMADIP PROFESSIONAL SCHOOL

Esment Escola Professional has been promoting a dual training model since April 2015. 'Ever since' o 'subsequently', it has launched three classes (April 2015, October 2015 and April 2016), having Meliá Hotels International taken the lead in promoting the 3rd edition through the following cooperation channels:

Announcement of the selection process through its communication channels

Participation in an open day to introduce Meliá Hotels International to the candidates

Direct involvement in selecting the candidates and testing their skills and attitudes

Sol house IBIZA ROCKS

Meliá Hotels International, led by the Esment Escola team

Implementation of additional, supplementary training for the group during the months of reduced hotel activity

Mallorca has embarked on a project of these characteristics to support training models that combine theoretical training with practical training in the workplace. and a professional qualification that improves their possibilities of entering the labour market.

> 14 Students sponsored

Direct participation in the training for tutors from In the Esment Escola model, apprentices can opt for a training course leading to a level II professional certificate in the hospitality industry, with two streams: kitchen technician and catering service technician. The training also includes 720 hours of language training (English and German) for a period of three years alternating with weeks of real work in hotels and weeks of theoretical/practical training at the Es-This is the first time that Meliá Hotels International in ment School. Meliá Hotels International has made a major commitment to promoting the training of young people with difficulties of insertion as a lever for their development. The Company's aim is to offer Together with Esment Professional School (Esment Es- an opportunity to young people who have not had cola Professional), a benchmark institution in Mallorca, any training or work experience, and to raise public Meliá Hotels International has opened the doors of its awareness of technical training models that respond hotels in Calviá so that fourteen passionate youngsters to new challenges and social needs and that concan acquire knowledge, practice, paid work experience stitute true engines of competitiveness in countries where there are high rates of unemployment and academic failure.

> MELIÃ CALVIÀ BEACH MALLORCA

720

Hours of training In languages







## CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND EMPLOYABILITY AND SUPPORT FOR TALENT IN SITUATIONS OF VULNERABILITY

#### AUSBILDUNG, PROMOTING DUAL TRAINING IN GERMANY

Meliá Hotels International has added dual training in Germany (Ausbildung) with the purpose of promoting quality training that combines technique with real, practical work in hotels. This model is used by the Company as a key mechanism for contributing to groups of young people learning an occupation in real environments as it both provides them with an opportunity to learn and also identifies talented youngsters who will be able to join the Company in key positions in its hotels.

Meliá Hotels International in Germany uses the programmes defined by the IHK, the German Chamber of Commerce (Industrie- und Handel-

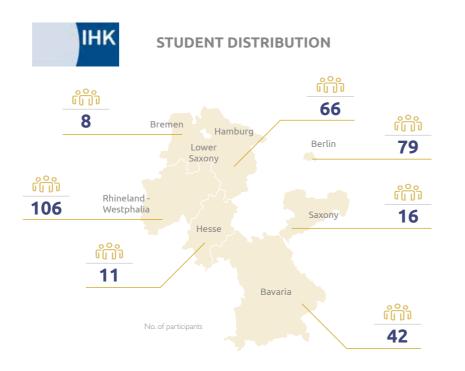
skammer).The main training programmes in which Meliá Hotels International takes part are the following:

General programme for hotels (Hotelfachmann/Hotelfachfrau)

Programme focusing on F&B (Restaurantfachmann/Restaurantfachfrau)

Programme focusing on back-office departments (Hotelkaufmann/Hotelkauffrau)

Kitchen-oriented programme (o 'kitchen-focused' programme) (Koch/Köchin)



#### TRAINING PROGRAMMES FOR EMPLOYABILITY IMPROVEMENT

YEAR 1	YEAR 2	YEAR 3
Work in kitchens Work in service Work in company store	Customer service and catering Marketing Housekeeping Control of goods	Reception (front-desk) Sales and Distribution Administration Leadership



ິເຖົາ 28 328 Hotels involved Students sponsored

€2.7 million

programme

+120,000 Hours of technical training (Chamber of Commerce)

ŝ

**G** 

(L) +305,000 Hours of practical Investment linked to the training (hotels)

11% Direct hiring

Meliá Berlin



## RESPONSIBLE SOURCING **ECONOMIC VALUE CREATION**

GRI 204-1 GRI 308-1 GRI 414-1

The constant international growth of Meliá Hotels International, This bond of trust between Meliá Hotels International and its the reworking of its brands, the incorporation of new hotel, leisure and gastronomic products have led the Company to review its purchasing strategy. This review aims to find a balance between the globalisation of the procurement process, obtaining economies of scale and a local impact through the inclusion of In turn, the contribution of Meliá Hotels International to local new suppliers, both global and local, who will contribute to the process of continuous improvement.

Currently, Meliá Hotels International has purchasing centres in km0 products and services provided by special employment Spain, Germany, Italy, Mexico and the Dominican Republic and is in the process of gradually incorporating new countries into the global supply management system.

Meliá Hotels International and its suppliers want to generate economic and social value through lasting alliances with responsible entities, with which it shares its own commitments and CSR model. For this reason, Meliá Hotels International is promoting the purchase of sustainable products. An example of this is purchasing pillows manufactured efficiently using raw materials other than petroleum derivatives. This has led to significant savings in water for the production process, energy efficiency and the installation of filtered water distribution systems, among others.

Trust requires focusing on exploring opportunities together, providing quality supplies and promoting a model relationship with suppliers in which CSR is essential when setting the objectives and joint commitments between the parties.

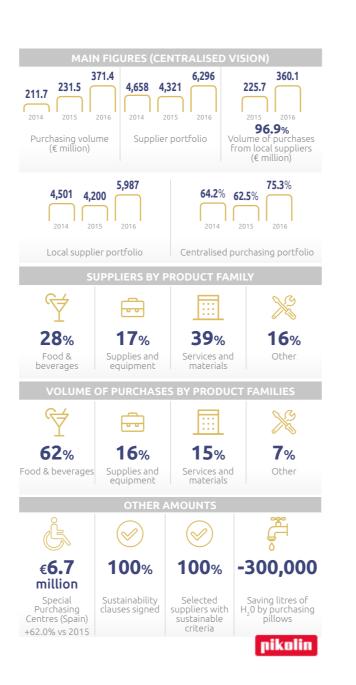
To ensure consistency between the procurement and CSR models, suppliers to Meliá Hotels International are selected based on clearly defined, transparent criteria, to ensure that the Company's commitments are known, shared and driven by its suppliers in such a way that the criteria for sustainability, ethics and responsibility extend to the supply chain.

suppliers means the latter are invited to become involved in social causes and appeals to contribute to humanitarian emergencies and crises, among others.

economies takes place through a commitment to a supply chain that promotes closeness and inclusivity. Therefore, the Meliá Hotels International portfolio includes locally-sourced products, centres with the aim of promoting the integration of disabled people into the labour market. These special centres are working environments in which at least 70% of the workforce has some kind of disability (o 'is disabled') This year, the commitment to special employment centres was recognised and appreciated by Amadip Esment, the leading centre for the integration of groups at risk in Mallorca, with which Meliá Hotels International has been working for many years.

The commitment of Meliá Hotels International extends to other groups with special dietary needs, such as people with coeliac disease. Meliá Hotels International is allied with the Federation of Coeliac Associations of Spain (FACE), to ensure the knowledge, management and adequate training in assisting, preparing and designing a special diet for this group.







#### COMMITTED TO THE RESPONSIBLE USE OF PEOPLE-FRIENDLY CHEMICALS WITH A LOW ENVIRONMENTAL IMPACT.

Together with Sealed Air, a partner for more than 35 years, Meliá Hotels International is promoting the responsible use of chemical products change in its supplier's production process. for cleaning floors and machinery, as well as the inclusion of detergents, air fresheners and hand soaps with a low environmental impact. The man-

agement of these approaches is not new for Meliá Hotels International. In 2010 this supplier started a process of transformation in the production and packaging line of its products, making them more sustainable and environmentally friendly. Meliá Hotels International has benefited directly from this



Meliá Hotels International has progressed in the implementation of innovative water supply systems for its customers through value propositions that seek to balance the quality expected by its cation systems eliminate impurities, chemicals and customers and respect for the environment. During 2016, it launched a pilot project at the Meliá Caribe Tropical (Dominican Republic) with Vero Water, a leading provider of purified water distribution solutions, to provide efficient, sustainable, high-quality water by implementing an innovative bottled water purification process. During the year, new hotels such as the Meliá Orlando (USA) and Gran Meliá Puerto Rico as well as the Meliá

Hotels International corporate office in Miami, joined the project. This system allows hotel restaurants to purify water and bottle it, without losing quality and eliminating the plastic waste created by the consumption of traditional bottled water.

This system represents a significant progress in environmental impact since the proposed purifiimperfections without altering the quality of the water drunk by the customer and it also reduces storage space, costs and time due to the logistical management of the product.



-43.6%

Plastic packaging

+**80.6**9

Cardboard

packaging

-20.3% -31.1% \$ Total waste CO<sub>2</sub> emissions 631,032 21,013 -49.3% +3.9% Fewer bottles and Saving on plastics Economic impact Economic impact containers (1.5 l & 20 l) (kg) (savings) improves productivity MELIA CARIBE TROPICAL

PUNTA CANA - ALL INCLUSIVE



## THE ENVIRONMENT **RESPONSIBLE RESOURCE MANAGEMENT**

ment and the surrounding landscape, taking care (CDP) as a leading tourism company in the fight of the impact of its tourism activities and, at the against climate change. This recognition allows same time, promoting awareness and sensitivi- Meliá Hotels International to bring to its stakety among its stakeholders is the commitment of holders a key factor in the materiality matrix and Meliá Hotels International. The paradigm shift and to promote the commitments made at COP21 the current environmental circumstances mean in Paris in 2015 and the principles in the Global that the tourism sector must play a leading role in Compact. the fight against climate change, efficient resource management and the promotion of innovation to In addition, this commitment is shared by its cusserve sustainability.

Meliá Hotels International continues to make progress in integrating energy efficiency programmes Hotels International's strategy integrates proactive and the responsible consumption of resources risk management with opportunities of an enviinto its business model, making a commitment to ronmental nature. the control, management and mitigation of the associated risks throughout the entire cycle of a The Meliá Hotels International SAVE Project, hospitality property, from the design, renovation which was set up 10 years ago , focuses on peror rehabilitation of a hotel.

vestment in energy efficiency and the integration construction processes. of sustainability criteria and has once again been

Contributing to the preservation of the environ-recognised by the Carbon Disclosure Project

tomers, as shown by the fact that 45% of guests of Meliá Hotels International have expressed their

manently monitoring the commitment to energy and water efficiency and integrating the Com-This year the Company has made a significant in-



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# TCDP

#### Meliá Hotels International continues to lead the fight against climate change in the tourism industry one more year Score A-

Scope I         48,002         47,945         49,144           Scope 3*         55,434         51,863         42,022           Total (tCO <sub>2</sub> )         269,081         263,712         268,440	MELIÁ HOTELS INTERNATIONAL CARBON FOOTPRINT					
Scope 2         165,645         163,905         177,274           Scope 3*         55,434         51,863         42,022	<b>(7)</b>	2016	2015	2014		
Scope 3*         55,434         51,863         42,022	Scope I	48,002	47,945	49,144		
	Scope 2	165,645	163,905	177,274		
Total (tCO <sub>2</sub> ) <b>269,081</b> 263,712 268,440	Scope 3*	55,434	51,863	42,022		
	Total (tCO <sub>2</sub> )	269,081	263,712	268,440		

\* Scope 3 includes: emissions from waste management within Spain and from employee transport to their workplaces and business travels.





GRI 305-1 GRI 305-3

GRI 305-2 GRI 305-5











## THE ENVIRONMENT | PROCEDURE DE APPLICATIONS PRESPONSABLES

GRI 302-4 GRI 302-5

CQ.	EMIS	SIONS (SCOPE	1 + 2)
	Average 2012-2016	2012-2016 vs 2007-2011	Average 2007-2011
issions ) <sub>2</sub> (kg)	236,719,819	-6.7%	253,758,191
· Room )	13.3	-11.6%	15.1

2-						
	ENERGY CONSUMPTION					
	Average         2012-2016         Average           2012-2016         vs 2007-2011         2007-201					
D. Cooling (kWh)	42,282,830	<b>6,239.8</b> %	666,943			
D. Heating (kWh)	27,242,134	<b>98.</b> 4%	3,732, 94			
Total Combustible consumption (kWh)	228,175,859	-12.3%	260,255,594			
Propane (kg)	3,704,182	-15.9%	4,404,936			
Natural Gas (m³)	9,355,606	11.7%	8,372,114			
Diesel (I)	6,270,043	-34.5%	9,579,079			

	WATER CONSUMPTION			
	Average 2012-2016	2012-2016 vs 2007-2011	Average 2007-2011	
Water consumption (m³)	8,948,341	<b>-2.9</b> %	9,215,914	
Per Room (m³)	0.5	-8.0%	0.6	

	ELECTRICITY CONSUMPTION			
	Average 2012-2016	2012-2016 vs 2007-2011	Average 2007-2011	
lectricity onsumption <wh)< td=""><td>373,725,721</td><td>-7.0%</td><td>401,805,346</td></wh)<>	373,725,721	-7.0%	401,805,346	
er Room <wh)< td=""><td>21.0</td><td>-11.9%</td><td>23.9</td></wh)<>	21.0	-11.9%	23.9	

#### PORTFOLIO

92 79%

83

84%

Environmental Environmental initiatives awareness initiatives for customers



rental service



### THE ENVIRONMENT INVESTMENT IN HOTEL SUSTAINABILITY TOGETHER WITH STRATEGIC ALLIES

#### DIRECT INVESTMENT AND TRAINING IN EFFICIENCY, KEYS TO ENSURING SUSTAINABILITY AND ITS MANAGEMENT IN HOTEL OPERATIONS

The fight against climate change, reducing environmental impact, sustainability and respect for external investment in energy efficiency, in colthe environment have been present since the laboration with companies that are experts in beginning of our hotel construction, renovation the field. Overall, the actions in this field have and refurbishment projects to promote the fight against climate change in our hotel operations. As and economic savings of more than €900,000, as a result, both in its international growth and rehabilitation, Meliá Hotels International incorporates 4,111 TCO<sub>2</sub>. sustainability criteria into the hotel infrastructure, installing efficient lighting, smart cooling and heat- THE USE OF CERTIFIED ENERGIES FROM ing systems, efficient kitchens and systems to ensure energy management control, among others. In addition, by placing an emphasis on technical In 2015, the company signed an agreement with and technological criteria, it promotes the training a major electricity supplier, Endesa, to ensure that of people to ensure the best management of the all its hotels and corporate offices in Spain use hotel business from an environmental perspective. 2016 was the year in which the Gran Meliá Palacio 2016 the initiative was extended to hotels in Italy de los Duques hotel, one of the benchmark luxury through an agreement signed with A2A, the sechotels in Madrid, which opened in November, was ond largest Italian producer of renewable energy recognised as one of the best sustainable refurbishment projects in Spain.

#### MELIÁ HOTELS INTERNATIONAL CON-TINUES TO REDUCE ITS ENVIRONMENTAL IMPACT TOGETHER WITH STRATEGIC PARTNERS WHO SPECIALISE IN ENERGY MANAGEMENT

Meliá Hotels International is committed to implementing initiatives with its key partners through the use of ESCO models, in order to modernise

the infrastructure and installations, lower operating and maintenance costs, and improve the quality of customer service.

In addition, other projects have been promoted internally, giving continuity to the initiatives, with represented a reduction in energy consumption well as an impact on CO<sub>2</sub> reductions estimated at

# **RENEWABLE SOURCES AS A COMMITMENT**

100% renewable electricity by the end of 2017. In and the national leader in environmentally friendly energy generation services.



#### THE ENVIRONMENT I INVESTMENT IN HOTEL SUSTAINABILITY TOGETHER WITH STRATEGIC ALLIES

#### ENERGY AUDITS AND IMPLEMENTATION OF ENERGY MANAGEMENT PLATFORMS BASED ON ISO 50001. THE BASIS FOR CONSTANT ANALYSIS AND CONTINUOUS IMPROVEMENT

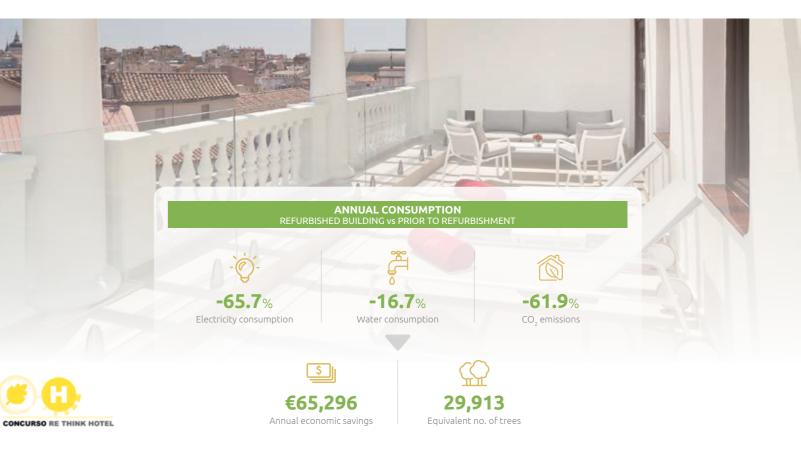
During 2016 an energy audit plan was launched affecting a total of 98 hotels. The process analysed the distribution of the energy consumption of the different buildings and defined an energy baseline for each energy source in each of the hotels audited. In addition, there was a review of the current state of the facilities, resulting in proposals to improve energy saving and efficiency. The potential savings identified in the 98 hotels represents a 14.3% reduction in the total energy consumption of these establishments.





PALACIO DE LOS DUQUES M A D R I D • S P A I N

Gran Meliá Palacio de los Duques hotel recognised as one of the best sustainable refurbishment projects in Spain.



## THE ENVIRONMENT A SUSTAINABLE, CERTIFIED, RECOGNISED BUSINESS MODEL

#### PROGRESS TOWARDS A SUSTAINABLE AND CERTIFIED HOTEL MODEL

Meliá Hotels International bases its business modconstantly improving the integration of sustainability into the hotel business processes.

certification strategy, Meliá Hotels International works with the main international certification bodies, endorsed by the Global Sustainable Tourism Council, whose main focus is tourism, such as EarthCheck, Travelife, Biosphere and GreenLeaders (Tripadvisor).

2016 was a very active year for Meliá Hotels International as it significantly boosted the recognition by third parties of its hotels' commitment to sustainability. This recognition is vital as it allows Meliá Hotels International to bring its progress in this area to the attention of its stakeholders, especially when it is one of the key materiality issues passed on by stakeholders and an important part of the public commitments assumed by the Company in environmental matters. The recognition of Meliá Hotels International in the Carbon Disclosure Project (Score A-) emphasises the positive assessment of the Company's strategy to combat climate change in the tourism industry and the progress made on the commitments in COP21 in Paris.

#### CALVIÁ BEACH, THE FIRST DESTINATION IN EUROPE CERTIFIED BY EARTHCHECK

An important milestone for Meliá Hotels Internael on responsible action aimed at assuring the tional in the year of its 60th anniversary, in which Company's economic viability and as a process of important fruits were garnered from its commitment to the transformation of the Magaluf des-Calviá Beach project, which includes all ten hotels

providing Magaluf with a higher quality, socially and approval. Certification by EarthCheck goes beyond environmentally sustainable offering, Meliá Hotels International, together with EarthCheck, an international benchmark and Meliá Hotels International's partner for over 10 years, promoted the certification of the Calviá Beach project.

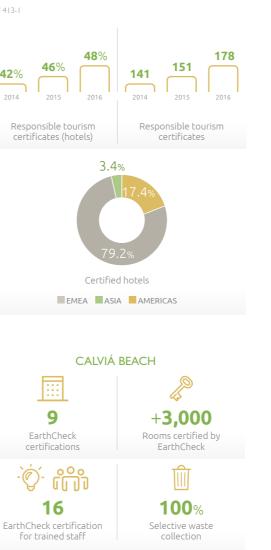
tination, has been the certification of the entire Eight of the hotels managed by Meliá Hotels International in Magaluf have followed in the wake of To this end, as part of its responsible tourism in the area. In 2016, in line with the objective of the ME Mallorca hotel, which already has this seal of the last hotels recently inaugurated in the area.

obtaining a sustainable tourism seal, since it involves the continuous improvement and real measurement of the impact on the management of efficiency and the use of resources at the hotel property. Meliá Hotels International and EarthCheck began the process with a preliminary stage of specific process will end in 2017 with the certification of

\* MELIÃ INNSIDE GRAN MELIÁ PARADISUS 48 28 40 CERTIFIED HOTELS 3.228 1.970 14.397 9.684 6.986 CERTIFIED ROOMS 1.400 765 **RESPONSIBLE TOURISM** 13 11 64 33 42 CERTIFICATIONS



#### THE ENVIRONMENT | A SUSTAINABLE, CERTIFIED, RECOGNISED BUSINESS MODEL











CDP









An initiative to increase awareness of caring for marine turtles, the importance of the coastal ecosystems of the Riviera Maya and the proper management of solid waste. Employees and guests can visit the mangrove swamp two days a week to learn about its environmental riches and the need to protect them.

## THE ENVIRONMENT LOCAL IMPACT TO CONTRIBUTE TO THE PROTECTION OF DESTINATIONS

To advance on meeting commitments to the surroundings, environment and biodiversity requires the involvement of employees, going beyond awareness-raising and training to ensure that the principles of sustainable tourism are fully integrated. In response to the Company's global commitment, employees are also involved individually, driving the initiatives proposed by the hotels and those of the teams themselves.

# OFFSETTING EMISSIONS THROUGH THE REFORESTATION OF THE SA DUAIA ESTATE (ARTÁ, MALLORCA)

To offset the carbon footprint that companies produce in their activities is also a commitment and an objective of environmentally responsible institutions and companies. In collaboration with Repsol and the Instituto Balear de la Natura (Ibanat), Meliá Hotels International has therefore supported the repopulation with native forest species of almost two hectares of burned woodland on the Sa Duaia estate in Artá. The Minister of the Environment of the Government of the Balearic Islands and the Manager of Ibanat accompanied Meliá Hotels International and Repsol at the inauguration of the new wooded area, which will be able to absorb more than 120 tons of CO<sub>2</sub> over the next 40 years, equivalent to the emissions produced by 9,519 overnight stays in the Group's hotels (estimated at 12.7 kg of CO<sub>2</sub> per stay).

#### COMBINING SUSTAINABLE MOBILITY WITH BIODIVERSITY "ONE LESS CAR" PROGRAMME

An initiative driven by the Paradisus Playa del Carmen complex focusing on encouraging the use of bicycles to improve the lifestyle of hotel employees and reduce emissions.

#### SUSTAINABLE MOBILITY AND BIODIVERSITY "ECO-TOUR, KNOW YOUR ENVIRONMENT"









# SOCIAL POSITIONING IN SUPPORT OF CHILDREN HERE TO PROTECT THEIR FUTURE

it has made the defence of the Rights of the Child leads us to extend our commitment and the mesthe backbone of its CSR strategy. It is also an essential lever for strengthening the future of the *a presence and in which there are different social* societies of which the company forms a part and giving local children a better future.

To ensure the creation of the greatest benefits for The efforts and involvement of Meliá Hotels Inone of the most vulnerable groups in many of the destinations in which Meliá Hotels International operates, the Company relies on strategic allies, such as UNICEF, to make a positive impact in the field by actively involving employees, customers al for the last 13 years to the rights of children comand suppliers.

As a result of this involvement and the trust of on protecting the most vulnerable children". all its stakeholders, in 2016 the targets set were doubled.

2016 was the year in which the two organisations renewed their strategic relationship for an to their having access to quality leisure, suitable further period of 4 years, with renewed commitments, more challenges and a stronger link with their living conditions. These include initiatives such the business. The alliance's new approach will be as solidarity accommodation, corporate volunstructured around specific action plans developed jointly by Meliá Hotels International and UNICEF that will allow the commitments and challenges set by the two organisations for this new stage to by the Hotel Sol Katmandu Park & Resort is the be achieved.

In the words of Gabriel Escarrer (Vice President region in 2017. & CEO of Meliá Hotels International), "the renewal of this Strategic Alliance and the commitment of our entities unite the principles and corporate values of Meliá Hotels International, which, as an international family company, places childhood at the centre of

As Meliá Hotels International is a family business, its social positioning. In addition, our global presence realities regarding children, who need to be protected from situations of risk or special vulnerability".

> ternational have been acknowledged by UNICEF as, according to Carmelo Angulo, Chairman of the Spanish Committee of UNICEF, "the solid and sincere commitment made by Meliá Hotels Internationbines a respect for and the defence of human rights in its business management with a special emphasis

In addition, Meliá Hotels International actively supports the work of many institutions that act in defence of the rights of children and contributes housing and economic resources so as to improve teering and message dissemination.

The corporate volunteering initiative promoted first step in a work plan that will be extended to different areas of influence in the Mediterranean



INITIATIVES IN FAVOUR OF LOCAL CHILDREN



#### CORPORATE VOLUNTEERING

....

Bringing the magic, games and activities of the Sol Katmandu Park & Reso<mark>rt to ch</mark>ildren on the paediatric oncology ward of the Son Espases Hospital in Mallorca.





#### VALUES THROUGH SPORT

Meliá joined the Jakarta Rusun Festival (JRF) 2016 as a partner. This initiative, promoted by the Governor of Jakarta, Basuki Tjahaja Purnama, seeks to improve the living conditions of children and adolescents at risk of exclusion in this city, by developing the Madrid health service area and values provided by playing football. This initiative has been promoted and Deseo by offering accommodation coordinated jointly between the Spain to children as part of fulfilling their and Asia regions.



+400

Hotel nights in Madrid

+€220.000

Donations for social purposes

ACCOMMODATION AND

Meliá participates in the "Hospital

free stays to children who require

Hotels" programme, offering

SOLIDARITY

SOCIAL ACTION

wishes and dreams.

dependence on agriculture. The economic reforms undertaken by the country, as well as the ty-five dwellings by supplying new roofs, toilets incentives for investment, have made it possible to boost tourism and trade as key factors in the meeting point for the social life of the community, economic and social development of the island. has been rebuilt. The direct investment was more Despite the improvements, there are still numer- than €145,000. ous villages with no access to basic living conditions, such as drinking water and electricity. As a In parallel, the hotel team promotes the proresult, these communities live in conditions of abject poverty.

treatment at hospitals in the supports the Fundación Pequeño

## LOCAL DEVELOPMENT: A BETTER LIFE IN KAIRO PROMOTION OF THE LOCAL COMMUNITY BY THE HOTEL (ZANZIBAR, TANZANIA)

#### CONTEXT

#### PROJECT AND SHARED COMMITMENT: MELIÁ HOTELS INTERNATIONAL & HOTEL PROPRIETOR

hotel's stakeholders, directly involving all the stakeholders (owner, staff, management team, suppliers and the local community) in making a positive impact, by making Kairo a better place to live, sharing their efforts, knowledge, experience, resources and the commitment made by Meliá Hotels International to the destinations in which it operates.

The project, which is led by the hotel team and the owners, has already covered the basic needs The economy of Zanzibar is characterised by its of the villagers by supplying consumables, digging a well for drinkable water and refurbishing thirand bathrooms. In addition, the local mosque, the

duction of local vegetables to be included in its gastronomic offering. The vegetables are grown in its own greenhouse, where villagers are given instruction in basic agriculture so that they can increase their self-sufficiency. In addition, the hotel, where the staff is mainly made up of local people, promotes the economy of the village through the The project promotes a direct dialogue with the purchase of handcrafted decorations and accessories for the hotel, such as wristbands for the all-inclusive package. This commitment also extends to the guests of the hotel, who have the opportunity to visit the village, get to know it directly and contribute to the sustainability of the project and the stimulation of the village's economy.



Best development initiative Sustainable and CSR Worldwide Hospitality Awards 2016



#### ACTION PLAN AGAINST POVERTY

1 FN DE LA POBREZA

**.** 

Accessories and wristbands for guests handmade by local residents to activate the local economy

Products inspired by traditional themes, culture, biodiversity, local wildlife, etc.

Guided visits to the village, to share its way of life and traditions with the quests and to promote the purchase of local products

Together with the hotel's suppliers, sports equipment is collected regularly in order to promote a healthy lifestyle and the transmission of values through sport

#### **BUILDING A BETTER PLACE**

Reconstruction of the local mosque New roofs on homes in the village

Digging a natural water well

Construction of a water distribution. piping and supply system from the well to all houses in the village

Installation of showers and toilets in all the houses in the village











# PROMOTION OF CORPORATE SOCIAL RESPONSIBILITY IN HOTELS

GRI 413-1

The implementation of the Global CSR Model is intended to have a direct impact on the destinations in which the company operates. For this reason, due to the regionalised model, Meliá Hotels International hotels have the autonomy to promote initiatives that are in line with the Global Model and can have an impact at the local level.

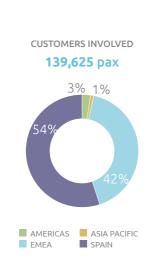
The business units are therefore empowered to contribute to alleviating the social needs and challenges that are faced directly at the destination, without forgetting their own needs and priorities as an integral part of a hotel group.

Feeling close to the destinations and their social circumstances makes the hotels active levers for the enrichment of the model itself while generating shared value in each area.





AMERICAS ASIA PACIFIC EMEA SPAIN

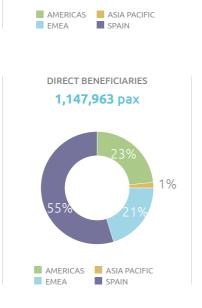


AMERICAS ASIA PACIFIC

EMEA SPAIN

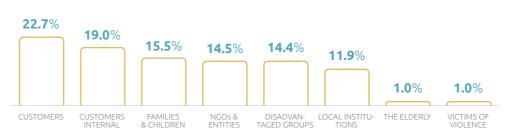
GENERATION OF EMPLOYMENT

**8,284** new jobs



DEVELOPMENT OF INITIATIVES

BENEFICIARY COLLECTIVES





VISION CAPITALS

CULTURAL ENVIRONMENTAL

FINANCIAL VALUATION\*

€1,242,328

AMERICAS ASIA PACIFIC

EMEA SPAIN

SOCIAL VOLUNTEER WORK CORPORATE

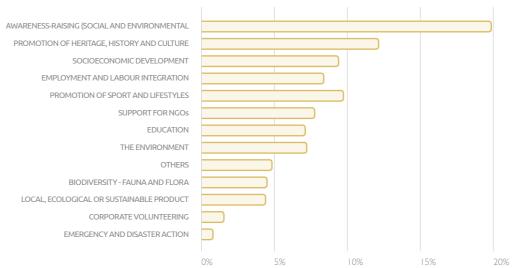
1,101 initiatives

#### ECONOMIC DISTRIBUTION OF ACTIONS BY GROUP

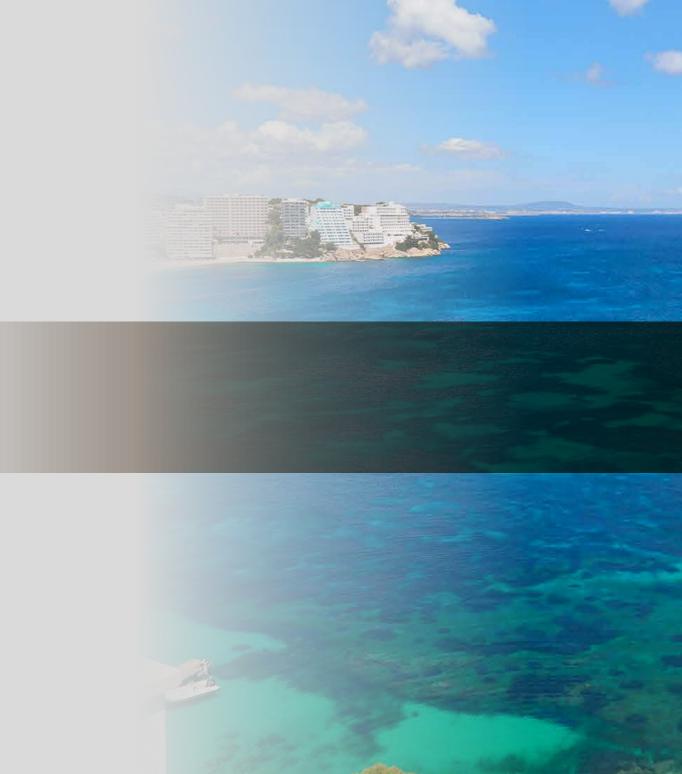




#### AREAS OF ACTION







# calviá beach 05

A leading company like Meliá Hotels International must assume, if possible, a greater commitment to starting the journey. Renew or die

# CALVIÁ BEACH

#### GRI 203-1

In the south-west of Mallorca, a few kilometres of the city of Palma, linos, where the Vice Chairman and CEO of the Company has been is Magaluf, a destination that emerged in the 1960s as a leader in the named "Tourism Personality of the Year", as well as other internationdevelopment of European holiday tourism. Quality hotels, a heavenly beach, marinas and golf courses made it the star destination in the 1970s and 1980s. Over the next two decades, Magaluf fell into The main milestones for the Company in the destination in 2016 decline due to a lack of investment and the absence of a long-term vision on the part of some entrepreneurs, who were more oriented towards a short-term business model, based on high volume, low added value and a low impact on the community. By 2010, the deterioration of the area was obvious. It could be seen in the worsening guality of the hotels and shops, the urban area and the proliferation of businesses promoting the uncontrolled sale of alcohol, as well as the tolerance for antisocial behaviour. At that point Meliá Hotels International made a risky and difficult decision against the backdrop of a serious economic crisis: renew or die.

The different scenarios reflected the need for significant investment in the area, and the commitment, determination, expertise and leadership of Meliá Hotels International promoted an unprecedented project. Despite the magnitude of the challenge, the decision made was resolute in its determination to back the improvement of this destination. It was the right moment to carry out a reconversion like those that had taken place in previous decades in destinations such as Miami Beach and Barcelona. The investment would be made in a detailed plan comprising four stages to be undertaken over six years with an investment of close to €190 million. In 2011, the Company had 8 hotels and 2,895 rooms at the destination. The presentation of the project, a first in Spain, was declared a "Project of Autonomous Community Interest" on 30 October 2011, with the support of public institutions at the highest level and the assistance of the administration in expediting the paperwork that was required and updating the public spaces and promenades.

In 2016, six years into the project, Meliá Hotels International successfully began the final stage, which will add the finishing touches. The project has been a great success and has aroused the interest of local partners in replicating it in destinations in Spain with situations similar to that of Magaluf, such as the Canary Islands and Torremoal destinations, such as South-east Asia.

were as follows:

The remodelling of the old Sol Antillas hotel and its rebranding alongside the Meliá Hotels & Resorts brand has created the new Meliá Calviá Beach, a new luxury hotel on the beach at Magaluf and a significant milestone in the transformation of this destination. The hotel offers 316 rooms and suites with the best views of the bay and the island of Sa Porrassa, three swimming pools, one of which in the form of a lake with a solarium, and direct access to the beach. It also has a Yhi Spa, an exclusive area (The Level) with 5-star service and an extraordinary range of international and Mediterranean cuisine in its Merkado buffet restaurant, Elixir lounge and, on the beach, the Cape Nao Restaurant & Beach Club. The original building has been completely refurbished to give it an entirely new design, inspired by the incomparable Mediterranean light. The shades of white and glass that characterise the hotel merge with the pines and palm trees that nearly reach down to the sea, accompanied by the modern hotels and beach clubs that surround it.

The second most outstanding landmark of 2016 for the Calviá Beach project was the demolition of the old Sol Jamaica Hotel, located on Avenida Magaluf, directly behind the seafront, in order to build a state-of-the-art hotel in its place, which will complete the map of top-quality, innovative hotels created by Meliá Hotels International. The project includes a remodelling in which two buildings will be built that are joined together by a roof terrace with hanging swimming pools. With Façade looking onto Avenida Magaluf and Avenida S'Olivera, the new hotel will include the second and third streets of the town as part of its renewed image, as well as creating a modern 5,000 square metre shopping area with gardens and fountains which is connected to the new pedestrian promenade on Avenida Magaluf, and 200 underground





parking spaces. The result will not only be a state-of-the-art hotel but also a new, high-quality commercial and cateringhub, open to the public and featuring the first underground parking in the area, which will benefit the entire community. The hotel represents an investment of approximately €35 million.

Refurbishment of all the rooms at the Sol Barbados, a modern four-star hotel with direct access to the beach and close to the main commercial and leisure areas of this destination.

## CALVIÁ BEACH



## CALVIÁ BEACH



Sol Guadalupe

\*\*\*\*

Mallorca Beach \*\*\*





IN CALLS' ANY LODGE DECK

146 MELIÁ HOTELS INTERNATIONAL | ANNUAL REPORT 2016

Sol Trinidad \*\*\*







Sol House Mallorca \*\*\*\*

Mixed by Ibiza Rocks



Sol Antillas \*\*\*\*

Sol Guadalupe











Sol Cala Blanca

\*\*\*\*

Sol Magaluf Park \*\*\*





Sol Beach House

Mallorca

\*\*\*\* ADULTS ONLY

Sol Katmandu

















Meliá Calvià Beach







## CALVIÁ BEACH

GRI 203-2

### IMPACT OF THE PROJECT (2016 vs 2011)

The project has had a very positive impact on the area, benefiting all the stakeholders at the destination. It has been possible to correct the negative cycle of ageing and decay that was affecting Magaluf and convert it into a rejuvenated, attractive destination with an improved value proposition.

In 2016 Magaluf had 50% fewer arrests and an 18% reduction in violations of city ordinances, while families and couples decided to return to the destination, representing 72.3% of the total clientèle and displacing the tourism with wilder excesses and reduced profitability of previous years. In addition to the efforts of Meliá Hotels International, these results were obtained thanks to the publicprivate partnership and the firm commitment of those involved to position Magaluf as a benchmark destination for quality tourism.

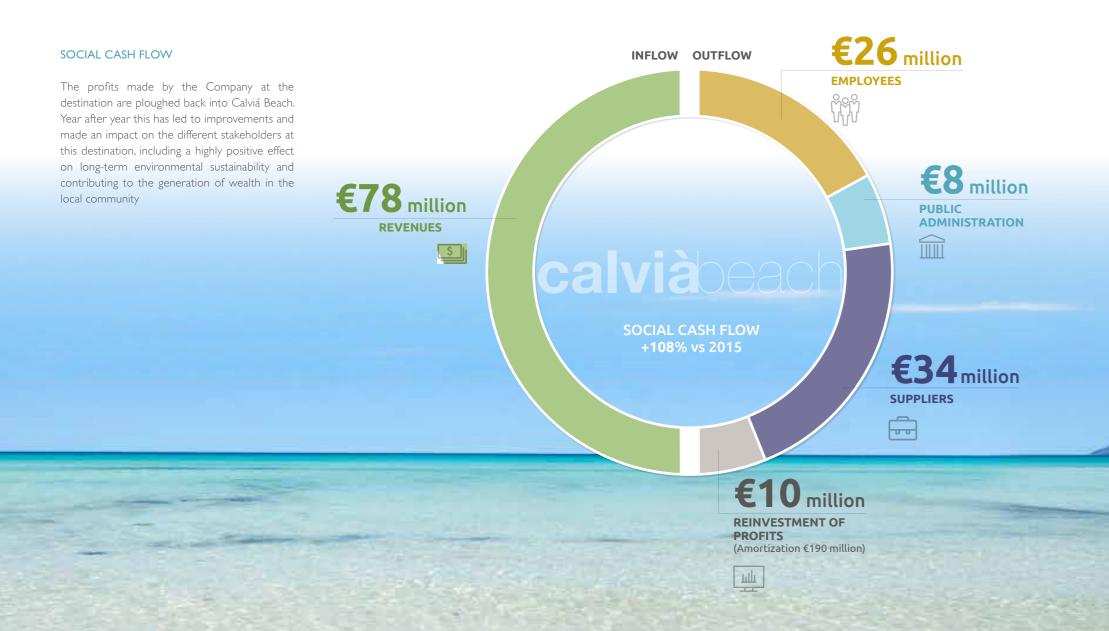
- Promoting sustainable socio-economic development in the area
- Updating and innovating the hotel product
- Improving the quality of the hotels with an increase in prices and occupancy
- Attracting new segments and markets
- Promoting a complementary range of shopping and leisure to fit the new destination
- Promoting a clear strategy and long-term vision of tourism
- Adapting the infrastructure and urban development to the new tourist model (beaches, pedestrian zones, parks, etc.)
- Consolidating an urban management model

In parallel with the project, Meliá Hotels International is promoting new healthy features at the destination, such as the annual organisation of the Sol Half Marathon Magaluf, which has become a highly successful sporting event marking the beginning of the summer season in Calviá.



ME Mallorca

CALVIÁ BEACH







# REPORT PREPARATION PROCESS

GRI 102-53

Meliá Hotels International is aware of the For any queries or suggestions regarding the concerns of its stakeholders and approaches the process of preparing its Annual Re- the Company through the email address: port from the viewpoint of continuous improvement.

After the launch of the Annual Report, the preparation cycle for the next one begins, in a process that consists of 10 major stages. Throughout all these stages the premise is to endow the document with the highest value added, by collecting inputs from different sources that will bring disruption and innovation to the final result.

As this is the Annual Report of a Company that has a presence in 43 countries, the preparation process is necessarily painstaking, due to the wealth of information gathered and the input received. The final document therefore gives a comprehensive, cross-cutting view of Meliá Hotels International and a true picture of the Company.

importance of responding to the material Annual Report, Meliá Hotels International offers you the following direct contact with

> Corporate Social Responsibility csr@melia.com



ASIA



# CORPORATE INFORMATION & CONTACTS

GRI 102-3

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**Owners Relations** owners.relations@melia.com T (34) 971 22 44 68

Shareholders' Club club.accionista@melia.com T (34) 971 22 45 54

Communication and Press comunicación@melia.com T (34) 971 22 44 64



# ABOUT THE REPORT

Cor Hote Otra

GRI 40

GRI 4



### **ABOUT THIS REPORT**

its stakeholders. One of the main underpinnings of this objective is Corporate Social Responsibility strategy. the Company's reporting model, which is defined by the premises of maximum transparency and truthfulness. For this reason, for The consolidated historical series of indicators and the Company Financial Report and, in summary form, in this report. the fourth year running, Meliá Hotels International is aligned with Management Report, a complete table featuring the GRI Indicators, the <IR> standards (Integrated Reporting), set out by the IIRC are also presented as supplementary information. In addition, the The non-financial information has also been subjected to external (International Integrated Reporting Council).

with the new GRI Standards framework, positioning itself at the Independent Review Report. forefront of companies in terms of reporting under this standard.

The model for the preparation of the chapter on citizenship was VERIFICATION OF THE INFORMATION the Global Compact Management Model and the United Nations Meliá Hotels International aims to be a benchmark company for all Millennium Development Goals, which the Company applies in its In relation to economic performance, the information available in

information has been obtained, recorded, analysed and presented so that it can be subjected to evaluation by an external auditor. The which reviews the fit of the contents of the 2016 Annual Report Meliá Hotels International also reports its information in accordance methodology and scope of the external review can be found in the GRI Standards Reporting Guidelines and validates the

the Annual Report has been processed in accordance with current legislation and audited by PwC. The result can be found in the

verification by PwC, resulting in the Independent Review Report, performance indicators proposed in its core option.



# **GRI INDICATORS**

#### AVERAGE WORKFORCE BY GEOGRAPHIC AREA

RI 102-8	SPA	AIN	EMI	EA	AME	RICA	CU	IBA	AS	IA	TO	TAL
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
orporate	700	623	90	107	181	227	48	*	31	26	1,051	983
otel	9,766	9,052	3,938	4,331	2,   38	12,002	12,534	*	3,563	3,117	41,940	39,712
ircle by Meliá	7	44	0	0	348	472	-	*	0	0	356	516
tras Actividades	350	317	260	290	449	457	-	*	0	0	1,058	1,065
TOTAL	10,824	10,036	4,288	4,728	13,116	13,159	12,582	11,209	3,594	3,143	44,405	42,275

\* Data not reported in 2015 Annual Report

#### NUMBER OF CONTRACTS BY GEOGRAPHIC AREA AND GENDER

RI 40 I - I			SPA	IN																	AS	A			тот	AI
	MA	N	NOW	1AN	TOT	TAL													MA		NOW	1AN	TOT	ΓAL		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<30	314	216	338	230	65 I	446	242	248	204	226	446	475	1,438	765	1,130	410	2,568	1,174	183	116	118	82	301	199	3,966	2,294
30-50	418	280	500	285	918	564	152	196	104	107	256	303	I,325	508	1,149	297	2,475	806	156	109	100	69	256	178	3,904	1,850
>50	90	23	84	31	175	54	10	59	6	19	17	78	136	23	61	12	197	35	18	16	8	3	26	19	414	186
TOTAL	822	518	922	546	1,744	1,064	404	503	314	353	718	856	2,899	1,296	2,341	719	5,240	2,015	357	241	226	154	583	395	8,284	4,330

#### WORKFORCE CONTRACTS BY GEOGRAPHIC AREA AND GENDER

RI 401-1			SPA	IN						EA					AME	RICA					AS	ίA			TO	TAL
	MA	N	10W	1AN	TOT	ΓAL													MA		IOW	MAN	TOT	AL		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<30	34.64%	30.04%	34.20%	30.37%	34.41%	30.21%	25.48%	28.30%	21.91%	23.94%	23.72%	26.04%	28.48%	24.02%	31.20%	22.79%	29.62%	23.57%	34.32%	30.28%	33.39%	30.75%	33.95%	30.47%	29.75%	25.68%
30-50	14.59%	11.08%	16.41%	10.52%	15.53%	10.79%	12.62%	17.48%	11.33%	11.93%	12.06%	15.01%	16.03%	10.92%	19.03%	11.35%	17.30%	11.07%	10.33%	7.47%	12.96%	9.80%	.22%	8.22%	15.86%	.09%
>50	5.24%	1.49%	6.50%	2.67%	5.78%	2.00%	5.93%	31.18%	5.41%	15.97%	5.72%	25.22%	7.79%	3.91%	6.26%	3.97%	7.24%	3.93%	5.37%	5.79%	8.57%	5.47%	6.02%	5.73%	6.41%	4.40%
TOTAL	14.96%	10.84%	17.29%	11.82%	16.11%	11.33%	17.37%	23.00%	16.00%	17.97%	16.74%	20.62%	19.25%	15.37%	22.00%	15.22%	20.39%	15.32%	14.99%	11.40%	18.61%	14.98%	16.21%	12.58%	18.66%	14.51%

#### AVERAGE WORKFORCE BY GEOGRAPHICAL AREA AND PROFESSIONAL CATEGORY

GRI 102-8			SPA	IN																	CL	JBA					AS	IA			тот	AI
	MA	N	NOM	1AN	тот	AL													MA		wo	MAN	Т	DTAL	М		WO		тот			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Corporate	316	281	385	339	700	621	39	42	51	51	90	93	81	112	101	116	181	228	33	*	15		* 4	8	* 13	13	18	13	31	26	1,051	967
Director	68	76	30	32	98	109	4	13	I	I	15	14	28	33	10	13	38	46	6	*			*	7	÷ 6	8 8	4	3	12		170	179
Heads of Department	4	100	110	93	224	192	13	18	24	22	37	40	34	34	40	38	75	72	4	*	3		*	7	* 2	2 3	9	5		8	353	312
Staff	134	105	245	214	379	320	12		26	29	38	40	18	44	50	65	69	109	24	*			* 3	5	k <u>-</u>	3 2	5	5	8	7	528	476
Hotel	4,955	4,295	4,812	4,119	9,766	8,414	2,112	1,960	1,826	1,806	3,938	3,766	7,726	7,718	4,412	4,284	12,138	12,002	6,702	*	5,832		* 12,53	4	<sup>k</sup> 2,368	3 2,101	1,195	1,017	3,563	3,117	41,940	27,300
Director	71	77	19	18	90	94	33	35	7	14	40	49	28	46	7	8	35	54	21	*	-		* 2	1	⊧  (	) 7	3	2	13	9	199	207
Heads of Department	872	840	573	564	1,444	1,404	387	338	310	277	697	615	1,369	1,166	724	634	2,093	1,800	210	*	126		* 33	6	⊭ 434	1 318	203	156	638	474	5,208	4,293
Staff	4,012	3,378	4,220	3,538	8,232	6,916	1,692	I,587	1,509	1,515	3,201	3,102	6,329	6,506	3,681	3,642	10,010	10,148	6,47 I	*	5,706		* 12,17	7	∗ 1,924	1 I,775	989	858	2,913	2,634	36,533	22,800
Circle by Meliá	4	13	4	31	7	44	-	-	-	-	-	-	169	242	179	230	348	472	-	*			*	-	*		-	-	-	-	356	516
Other Activities	220	192	131	125	350	317	174	186	86	104	260	290	346	360	103	97	449	457	-	*			*	-	*		-	-	-	-	1,058	1,065
TOTAL	5,494	4,781	5.331	4.615	10,824	9,396	2.325	2.188	1.963	1.962	4,288	4.150	8.322	8.432	4.795	4.727	13.116	13.159	6,735	*	5,847		* 12.58	2 11.209	15.057	2.113	1.213	1.030	16,270	3.143	44,405	42,275

\* Data not reported in 2015 Annual Report

#### AVERAGE WORKFORCE BY GEOGRAPHICAL AREA, TYPE OF DAY AND GENDER

CDL	1	$\sim$	0
GR		7-	8

GRI 102-8			SPA	IN																	CUBA	Ą					ASI	A			то	ται
	MA	N	NOW	1AN	тот	AL												AL	MAN		WOMA	٩N	TOTAL	L			MOM	1AN	TOT			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016 2	015	2016 2	2015	2016 20	015	2016	2015	2016	2015	2016	2015	2016	2015
Corporate	316	281	385	339	700	621	39	42	51	51	90	93	81	112	101	116	181	227	33	*	15	*	48	*	13	13	18	13	31	26	1,051	967
Full time	307	272	339	286	645	558	39	42	49	50	88	92	78	108	100	108	179	216	33	*	15	*	48	*	13	13	18	13	31	26	994	903
Part time	9	10	46	53	55	63	-	-	2	2	2	2	2	4	I	8	3	12	-	*	-	*	_	*	-	-	-	-	-	-	57	65
Hotel	4,955	4,295	4,812	4,119	9,766	8,414	2,112	1,960	1,826	1,806	3,938	3,766	7,726	7,718	4,412	4,284	12,138	12,002	6,702	*	5,832	*	12,534	*	2,368	2,101	1,195	1,017	3,563	3,117	41,940	27,300
Full time	4,677	4,05 I	4,217	3,618	8,895	7,670	2,070	1,929	1,735	1,733	3,805	3,662	5,890	5,852	4,390	3,295	10,280	9,147	6,572	*	5,712	*	12,284	*	2,368	2,101	1,195	1,017	3,563	3,117	40,639	26,417
Part time	277	243	595	501	872	744	43	31	90	74	133	105	1,836	1,866	22	990	1,858	2,855	130	*	120	*	250	*	-	-	-	-	-		. 1,301	883
Circle by Meliá	4	13	4	31	7	44	-	-	-	-	-	-	169	242	179	230	348	472	-	*	-	*	-	*	-	-	-	-	-		- 356	516
Full time	4	9	4	20	7	29	-	-	-	-	-	-	143	214	179	189	322	403	-	*	-	*	-	*	-	-	-	-	-		- 356	501
Part time	-	3	-		-	15	-	-	-	-	-	-	26	28	-	41	26	69	-	*	-	*	-	*	-	-	-	-	-			15
Other Activities	220	192	131	125	350	317	174	186	86	104	260	290	346	360	103	97	449	457	-	*	-	*	· -	*	-	-	-	-	-		- 1,058	1,065
Full time	198	168	3	103	311	271	102	186	53	104	155	290	346	357	102	93	447	450	-	*	-	*	-	*	-	-	-	-	-	-	914	1,017
Part time	21	24	18	22	39	46	71	-	33	0	105	I	0	3	1	4	2	7	-	*	-	*	-	*	-	-	-	-	-	-	145	48
TOTAL	5,494	4,781	5,33 I	4,615	10,824	9,396	2,325	2,188	1,963	1,962	4,288	4,150	8,322	8,432	4,795	4,727	13,116	13,159	6,735	*	5,847	*	12,582 11	,209	2,381	2,113	1,213	1,030	3,594	3,143	44,405	42,275

\* Data not reported in 2015 Annual Report

#### AGE PYRAMID BY GENDER AND BY GEOGRAPHICAL AREA

			SPA	JN																	AS	IA			то	TAL
	MA	N	10W	1AN	TO	TAL													MA		10W	1AN	TO	TAL		
	2016		2016	2015	2016	2015	2016	2015		2015		2015	2016	2015	2016	2015		2015	2016	2015	2016	2015		2015	2016	2015
<30	16.48%	15.03%	18.52%	16.42%	17.49%	15.72%	40.83%	40.11%	47.35%	48.18%	43.81%	43.92%	33.53%	37.76%	34.05%	38.04%	33.74%	37.86%	22.36%	18.19%	29.20%	25.98%	24.67%	20.74%	30.02%	29.93%
30-50	52.15%	52.78%	57.15%	58.66%	54.61%	55.67%	51.65%	51.26%	46.85%	45.63%	49.45%	48.60%	54.90%	55.20%	56.76%	55.44%	55.67%	55.29%	63.39%	69.01%	63.58%	68.00%	63.45%	68.68%	55.44%	55.89%
>50	31.37%	32.19%	24.33%	24.92%	27.90%	28.62%	7.52%	8.63%	5.80%	6.19%	6.74%	7.47%	11.58%	7.05%	9.19%	6.52%	10.59%	6.86%	14.26%	12.80%	7.22%	6.02%	.88%	10.58%	14.54%	4. 9%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

#### AVERAGE WORKFORCE BY GEOGRAPHICAL AREA, TYPE OF CONTRACT AND GENDER

GRI 102-8			SPA	IN																	CUBA						ASI	A			тот	
	MA	N	NOM	1AN	TOT	AL												AL	MAN		WOMA	N	TOT	AL	MA		WOM		тот			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016 2	015	2016 20	015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Corporate	316	281	385	339	700	621	39	42	51	51	90	93	81	112	101	116	181	227	33	*	15	*	48	*	13	13	18	13	31	26	1,051	967
Fixed	293	264	345	308	638	572	35	36	41	40	77	76	78	108	98	108	177	216	33	*	15	*	48	*	13	9	17	7	30	16	969	879
Temporary	23	18	40	31	63	49	3	6	10	12	13	18	2	4	2	8	4	12	-	*		*	-	*	0	4	I	6	I	10	) 82	88
Hotel	4,955	4,295	4,812	4,119	9,766	8,414	2,112	1,960	1,826	1,806	3,938	3,766	7,726	7,718	4,412	4,284	12,138	12,002	6,702	*	5,832	*	12,534	*	2,368	2,101	1,195	1,017	3,563	3,117	41,940	27,300
Fixed	3,394	3,096	2,901	2,629	6,295	5,726	1,263	1,149	857	868	2,120	2,016	5,890	5,852	3,381	3,295	9,272	9,147	4,792	*	3,744	*	8,536	*	2,362	2,093	1,195	1,016	3,558	3,109	29,780	19,998
Temporary	1,560	1,198	1,911	1,490	3,471	2,688	849	811	968	939	8   8,	1,750	1,836	I,866	1,031	990	2,867	2,855	1,910	*	2,088	*	3,998	*	6	8	-	1	6	8	8   2,   60	7,302
Circle by Meliá	4	13	4	31	7	44	-	-	-	-	-	-	169	242	179	230	348	472	-	*	-	*	-	*	-	-	-	-	-		- 356	516
Fixed	4	10	3	19	7	29	-	-	-	-	-	-	143	214	147	189	290	403	-	*	-	*	-	*	-	-	-	-	-		- 297	432
Temporary	-	3	0	12	0	15	-	-	-	-	-	-	26	28	32	41	58	69	-	*	-	*	-	*	-	-	-	-	-		- 59	84
Other Activities	220	192	131	125	350	317	174	186	86	104	260	290	346	360	103	97	449	457	-	*	-	*	-	*	-	-	-	-	-		- 1,058	1,065
Fixed	3	118	72	72	202	189	147	158	71	89	219	246	345	357	101	93	446	450	-	*	-	*	-	*	-	-	-	-	-		866	886
Temporary	89	74	59	54	148	128	27	28	14	16	41	44	I	3	2	4	3	7	-	*	-	*	-	*	-	-	-	-	-		192	179
TOTAL	5,494	4,781	5,331	4,615	10,824	9,396	2,325	2,188	1,963	1,962	4,288	4,150	8,322	8,432	4,795	4,727	13,116	13,159	6,735	*	5,847	*	12,582	11,209	2,381	2,113	1,213	1,030	3,594	3,143	44,405	42,275

\* Data not reported in 2015 Annual Report

### VOLUNTARY LABOUR TURNOVER REGARDING AVERAGE WORKFORCE BY AGE, GENDER AND GEOGRAPHICAL AREA

			SPA	IN					EM	EA					AME	RICA					AS	IA			TO	TAL
	MA	'N	NOW	1AN	TOT	TAL .													MA		10W		TOT	ΓAL		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<30	5.14%	3.87%	3.78%	3.77%	4.43%	3.82%	10.03%	9.04%	11.67%	9.89%	10.84%	9.48%	16.62%	. 4%	16.55%	13.29%	16.59%	11.92%	4.49%	4.88%	4.91%	4.53%	4.66%	4.73%	13.26%	9.56%
30-50	1.83%	1.58%	1.42%	1.16%	1.61%	1.36%	6.67%	6.56%	8.03%	6.84%	7.26%	6.68%	10.70%	5.83%	3. 6%	6.66%	11.74%	6.13%	2.50%	1.43%	2.57%	2.16%	2.52%	1.66%	8.07%	4.12%
>50	0.08%	0.07%	0.17%	0.18%	0.12%	0.12%	1.85%	2.82%	3.29%	1.53%	2.42%	2.32%	5.87%	2.70%	4.08%	2.93%	5.23%	2.77%	1.06%	0.89%	1.81%	0.62%	1.22%	0.84%	2.45%	0.90%
TOTAL	1.82%	1.44%	I.55%	1.34%	I.69%	1.39%	7.68%	7.23%	9.48%	7.98%	8.50%	7.59%	12.13%	7.61%	13.48%	8.94%	12.69%	8.09%	2.74%	1.99%	3.20%	2.68%	2.90%	2.21%	8.81%	5.29%

#### WORKFORCE BY NATIONALITIES

	2016	2015		2016	2015		2016	2015		2016	2015		2016	2015		2016	2015
Afghan	0.00%	0.01%	Cambodian	0.00%	0.00%	Filipino	0.17%	0.26%	Japanese	0.01%	0.00%	Nicaraguan	0.01%	0.01%	Surinamese	0.00%	0.00%
Albanian	0.02%	0.03%	Cameroonian	0.01%	0.02%	Finnish	0.01%	0.02%	Jordanian	0.00%	0.00%	Nigerian	0.06%	0.08%	Swedish	0.02%	0.04%
Algerian	0.03%	0.04%	Canadian	0.01%	0.01%	French	0.57%	0.69%	Kazakh	0.00%	0.00%	Norway	0.01%	0.00%	Swiss	0.02%	0.03%
American	1.41%	1.86%	Central African	0.00%	0.00%	Gabonese	0.01%	0.03%	Kenyan	0.04%	0.08%	Pakistani	0.06%	0.10%	Syrian	0.02%	0.02%
Angolan	0.01%	0.00%	Chilean	0.04%	0.05%	Gambian	0.03%	0.04%	Korean	0.01%	0.02%	Panamanian	0.18%	0.24%	Tanzanian	0.55%	0.82%
Argentinian	0.54%	0.83%	Chinese	1.53%	2.23%	Georgian	0.01%	0.01%	Kyrgyz	0.01%	0.01%	Paraguayan	0.02%	0.03%	Tajikese	0.00%	0.00%
Armenian	0.00%	0.00%	Cypriot	0.01%	0.01%	German	2.29%	3.33%	Latvian	0.02%	0.03%	Peruvian	0.46%	0.68%	Thai	0.37%	0.02%
Australian	0.01%	0.02%	Czech	0.04%	0.06%	Ghanaian	0.01%	0.01%	Lesotian	0.00%	0.00%	Polish	0.17%	0.24%	Timor Leste	0.00%	0.00%
Austrian	0.20%	0.28%	Colombian	0.21%	0.29%	Greek	0.11%	0.18%	Lebanese	0.01%	0.01%	Portuguese	0.27%	0.38%	Togolese	0.01%	0.01%
Bahaman	1.39%	2.03%	Congolese	0.05%	0.07%	Guatemalan	0.00%	0.01%	Lithuanian	0.04%	0.06%	Qatarí	0.00%	0.00%	Tongan	0.00%	0.00%
Bangladeshi	0.09%	0.12%	Costa Rican	0.01%	0.02%	Guinean	0.10%	0.15%	Lucian	0.00%	0.00%	Romanian	0.33%	0.37%	Trinidadian	0.00%	0.00%
Belgian	0.06%	0.08%	Croatian	0.05%	0.14%	Guyanese	0.00%	0.01%	Luxembourger	0.01%	0.02%	Russian	0.08%	0.11%	Tunisian	0.04%	0.04%
Beninese	0.00%	0.00%	Cuban	28.44%	0.35%	Haitian	0.09%	0.16%	Macedonia	0.01%	0.01%	Santa Elena	0.00%	0.00%	Turkish	0.04%	0.06%
Belarussian	0.01%	0.01%	Danish	0.00%	0.00%	Honduran	0.01%	0.02%	Malgache	0.01%	0.01%	Salvadoran	0.00%	0.00%	Turkmen	0.00%	0.00%
Birmanian	0.10%	0.02%	Djiboutianan	0.00%	0.00%	Hungarian	0.15%	0.24%	Malauese	0.00%	0.00%	São Toméan	0.00%	0.01%	Ugandan	0.01%	0.01%
Bolivian	0.04%	0.06%	Dominican	11.23%	I 6.80%	Icelandic	0.00%	0.00%	Malay	0.32%	0.55%	Senegalese	0.07%	0.08%	Ukrainian	0.15%	0.17%
Bosnian	0.00%	0.01%	Dutch	0.06%	0.11%	Indian	0.32%	0.38%	Malian	0.02%	0.02%	Serbian	0.02%	0.03%	Uruguayan	0.05%	0.07%
Botswanese	0.00%	0.01%	Ecuadorian	0.11%	0.14%	Indonesian	4.26%	6.07%	Moroccan	0.35%	0.35%	Sierra Leonean	0.00%	0.00%	Uzbek	0.01%	0.01%
Brazilian	3.55%	5.69%	Egyptian	0.11%	0.19%	Iranian	0.01%	0.01%	Mauritanian	0.03%	0.03%	Slovakian	0.06%	0.09%	Venezuelan	1.23%	2.26%
British	0.35%	0.52%	Emirati	0.01%	0.01%	Iraqi	0.00%	0.00%	Mexican	8.70%	12.96%	Solomon Islander	0.00%	0.01%	Vietnamese	1.51%	1.65%
Bulgarian	0.15%	0.26%	Eritrean	0.00%	0.00%	Irish	0.02%	0.02%	Moldovian	0.02%	0.03%	Somali	0.00%	0.00%	Yemeni	0.00%	0.00%
Burkinese	0.00%	0.00%	Eslovenian	0.01%	0.02%	Italian	1.35%	1.95%	Montenegro	0.00%	0.00%	South African	0.00%	0.01%	Zimbabwe	0.00%	0.00%
Burundese	0.00%	0.00%	Estonian	0.01%	0.02%	Ivorian	0.01%	0.01%	Nepalese	0.05%	0.08%	Spanish	22.70%	29.51%			
Cape Verdean	1.66%	2.33%	Ethiopian	0.00%	0.01%	Jamaican	0.61%	0.03%	New Zealander	0.00%	0.01%	Sri Lankan	0.06%	0.10%			

The positive figures are in favour of the men, the negative ones in favour of the women. NA Not Available - The position does not exist in the country.

### EMPLOYEES WITH PERFORMANCE EVALUATION

GRI 404-3			SPA												AMER						ASI	A			TOI	
	MA	N	MOM	1AN	TOT	AL						AL							MA		WOM	1AN	тот	AL		AL
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
HOTEL	623	649	442	451	1,065	1,100	321	287	260	297	581	584	278	211	203	260	482	47 I	8	42	3	98	11	140	2,140	2,295
Director	71	76	19	17	90	92	32	14	7	32	38	47	38	8	7	21	45	29	8	I	3	5		6	184	174
Heads of Department	524	526	356	362	880	888	157	125	142	130	299	255	230	167	182	208	411	375	-	41	-	93	-	133	1,423	1,651
Staff	29	47	67	72	96	119	33	148	2	135	244	283		37	15	31	26	68	-	-	-	-	-	-	366	470
CORPORATE OFFICES	192	181	179	166	371	347	31	31	35	33	65	64	60	60	62	58	123	118	12	12	14	11	26	23	586	552
Director	65	75	29	32	94	107	12	1	1	13	13	14	27		10	24	37	35	8	3	4	7	12	10	156	166
Heads of Department	108	92	102	82	210	174	13	20	21	16	35	36	33	32	36	30	69	63	2	4	6	2	8	6	323	279
Staff	19	13	48	52	67	66	6	11	12	4	18	14	0	17	16	3	16	20	2	5	4	2	6	7	107	107
CIRCLE BY MELIÁ	I	2	0	I	I	3		-	-	-	-	-	6	9	6	6	11	15	-	-	-	-	-	-	13	18
Director		I	-	-	I			-	-	-	-	-	2		2	0	4		-	-	-	-	-	-	5	2
Heads of Department	-	I	-	1	-	2		-	-	-	-	-	4	8	4	6	8	13	-	-	-	-	-	-	8	15
Staff	-	-	-	-	-	-		-	-	-	-	-	-	-	-	0	-	0	-	-	-	-	-	-	-	0
OTHER ACTIVITIES	9	8	2	2	11	10	2	2	-	2	-	4	2	0	2	4	4	4	-	-	-	-	-	-	15	18
Director	4	4	-	-	4	4	I	-	-	I	-	I	1	-	I	2	2	2	-	-	-	-	-	-	6	6
Heads of Department	4	3	2	2	6	5	I	-	-	0	-	0	1	0	1	2	2	2	-	-	-	-	-	-	8	7
Staff	I	2	-	-	1	2	0	2	-		-	3	-	-	-	-	-	-	-	-	-	-	-	-	1	5
TOTAL	825	840	624	621	1,449	1,460	353	320	296	332	649	652	347	281	273	328	620	608	20	54	17	109	37	162	2,755	2,883

## WAGE DIFFERENCE BY GENDER (%)

GRI 405-2	SPAIN	GREAT BRITAIN	FRANCE	GERMANY	MEXICO	DOMINICAN REPUBLIC	UNITED STATES	CHINA
CORPORATE								
CHIEF OFFICER	NA	-	-	-	-	-	-	-
VP	8.54	-	-	-	-	-	NA	NA
DIRECTOR	13.48	NA	NA	NA	-14.25	NA	34.59	-23.95
MANAGER	14.90	18.18	8.19	25.49	38.33	NA	8.09	24.87
EXECUTIVE	11.86	NA	-0.22	1.89	7.02	NA	NA	6.53
ASSISTANT	-7.77	0.00	-3.64	-7.73	4.29	NA	-4.70	-53.32
HOTEL								
DIRECTOR	8.37	NA	NA	NA	NA	NA	NA	NA
HEADS OF DEPARTMENT	9.68	-16.43	14.99	NA	24.65	-14.62	NA	NA
STAFF	-1.16	1.54	4.03	NA	1.20	-6.80	NA	NA

GRI 202-2		EXPATRIATE					LOCAL						TO		
	MA	MAN		WOMAN		TOTAL		MAN		WOMAN		TOTAL		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
SPAIN	3%	4%	0%	0%	3%	4%	76%	78%	21%	19%	97%	96%	100%	100%	
EMEA	27%	22%	3%	4%	30%	26%	56%	49%	14%	25%	70%	74%	100%	100%	
AMERICA	32%	29%	4%	4%	36%	32%	55%	57%	9%	11%	64%	68%	100%	100%	
ASIA	58%	65%	23%	23%	81%	88%	19%	12%	0%	0%	19%	12%	100%	100%	
TOTAL	20%	17%	3%	3%	23%	20%	62%	63%	15%	17%	77%	80%	100%	100%	

### LOCAL DIRECTORS BY REGION

#### SUBSIDIZED TRAINING

GRI 201-4 GRI 404-1	ACTIONS		COURSES		PARTICIPANTS		AVERAGE H/PARTICIPANT		AVERAGE H/EMPLOYEE		TOTAL HOURS	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Subsidized training	222	214	1.052	960	11.998	10.274	5.7	6.8	8.9	11.2	68.563	70.025
Non Subsidized training	0	I	0	23	0	403	0	2	0	2	0	806
TOTAL	222	215	1.052	983	11.998	10.677	5.7	6.6	8.9	10.7	68.563	70.831

### LABOUR HEALTH INDEX (SPAIN)

GRI 403-2	INCIDENCE		FREQUENCY		SEVERITY		AVERAGE DURATION		% ABENSENTEEISM	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Men	61.60	53.56	35.35	30.81	0.53	0.51	14.89	16.68	0.42	0.41
Women	75.80	60.89	43.81	35.08	0.75	0.63	17.10	18.02	0.60	0.51
TOTAL	68.59	57.16	39.50	32.91	0.64	0.57	16.09	17.38	0.51	0

T

GLP

Petr

Dist Dist

TO

GRI 30

NC

GRI 30

SO

### WOKERS' HEALTH INDEX

	INCIE	DENCE	FREQUENCY		SEVERITY		AVERAGE DURATION		% ABENSENTEEISM	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
TOTAL	59.72	57.16	30.63	32.91	0.40	0.57	12.96	17.38	0.32	0.46

GRI 302-1

\*Data 2015 scope Spain

## TOTAL ENERGY CONSUMPTION AND SAVINGS

CONSUMPTION	UNIT	2016	INCREASE %	2015	2016 SAVINGS
100% renewable sources	MWh	220,306	3.92%	211,992	8,314
	GJ	792,964		763,171	29,793
Electricity	MWh	446,193	0.36%	444,578	1,615
	GJ	1,606,158		1,600,482	5,676
Natural Gas	m3	10,131,538	9.44%	9,257,490	874,048
	GJ	388,848		355,302	33,546
GLP	tn	4,008	-4.11%	4,179	-172
	GJ	182,357		190,166	-7,809
Petrol	m3	4,154	-9.73%	4,601	-448
	GJ	149,694		165,833	-16,139
District Heating	MWh	33,141	12.28%	29,515	3,626
	GJ	119,308		106,255	13,053
District Cooling	MWh	51,070	12.10%	45,556	5,514
-	GJ	83,85		64,00	19,850
TOTAL (GJ)		2,630,216	1.87%	2,582,039	48,177

#### NO<sub>x</sub> EMISSIONS

81 305-7	2016	DIFFERENCE	2015
NOx Emissions (tn)	92,454	0.75%	91,674

### SO<sub>X</sub> EMISSIONS

N 305-7	2016	DIFFERENCE	2015
Ox Emissions (tn)	16,679	-8.14%	20,440

## ENVIRONMENTAL EXPENSES (€)

	- ( - )		
	2016	2015	Variation
Bacteriological Analysis	826,108	696,232	18.7%
Quality Audit	82,619	4,757	-28.0%
Environment	81,823	76,993	6.3%
Sewerage Canon	1,573,990	1,541,635	2.1%
Waste	3,670,041	3,734,129	-1.7%
Water Canon	1,816,015	1,500,393	21.0%
TOTAL COSTS	8,050,596	7,664,139	5.0%

#### ENVIRONMENTAL CERTIFICATIONS

			(a)	Ø	Trave <b>life </b>		greenleaders	
BRAND	HOTEL	LOCATION	EARTHCHECK	BIOSPHERE	TRAVELIFE	NORMA ISO	GREEN LEADERS	OTHERS
INNSIDE by Meliá	FRANKFURT NIEDERRAD	Germany					GREEN PARTNER	
INNSIDE by Meliá	MUNCHEN NEUE MESSE	Germany					GOLD	
INNSIDE by Meliá	DUSSELDORF DERENDORF	Germany					SILVER	
INNSIDE by Meliá	DRESDEN	Germany					GOLD	
Meliá Hotels & Resorts	BERLIN	Germany		BIOSPHERE			GOLD	
TRYP	MUNCHEN CITY CENTER	Germany					GREEN PARTNER	
TRYP	BOCHUM- WATTENSCHEID	Germany					BRONZE	
TRYP	DORTMUND	Germany					SILVER	
TRYP	DUSSELDORF KREFELD	Germany					SILVER	
TRYP	CELLE	Germany					GOLD	
TRYP	CENTRO OBERHAUSEN	Germany					GREEN PARTNER	
TRYP	WOLFSBURG	Germany					SILVER	
TRYP	BERLIN MITTE	Germany					GREEN PARTNER	
Meliá Hotels & Resorts	BUENOS AIRES	Argentina					BRONZE	
Meliá Hotels & Resorts	BRASIL 21	Brazil					GREEN PARTNER	
Meliá Hotels & Resorts	IARDIM EUROPA	Brazil					GREEN PARTNER	
Meliá Hotels & Resorts	PAULISTA	Brazil					BRONZE	
TRYP	SAO PAULO NACOES UNIDAS	Brazil					SILVER	
TRYP	SAO PAULO ITAIM	Brazil					SILVER	
TRYP	SAO PAULO TATUAPE	Brazil					SILVER	
TRYP	SAO PAULO IGUATEMI	Brazil					PLATINUM	
TRYP	SAO PAULO BERRINI	Brazil					BRONZE	
TRYP	SAO PAULO PAULISTA	Brazil					BRONZE	
TRYP	SAO PAULO HIGIENOPOLIS	Brazil					GOLD	
Meliá Hotels & Resorts	CAMPINAS	Brazil					BRONZE	
TRYP	SAO PAULO JESUINO ARRUDA	Brazil					GREEN PARTNER	
Gran Meliá Hotels & Resorts	VICTORIA	Spain	EARTHCHECK					
Gran Meliá Hotels & Resorts	FENIX	Spain	EARTHCHECK					
Gran Meliá Hotels & Resorts	DON PEPE	Spain	EARTHCHECK					
Gran Meliá Hotels & Resorts	PALACIO DE ISORA	Spain	EARTHCHECK		GOLD		GOLD	
Gran Meliá Hotels & Resorts	COLON	Spain	EARTHCHECK					
ME by Meliá	MEMALLORCA	Spain	EARTHCHECK					
ME by Meliá	ME IBIZA	Spain	EARTHCHECK				GREEN PARTNER	
ME by Meliá	MADRID REINA VICTORIA	Spain	EARTHCHECK				SILVER	
Gran Meliá Hotels & Resorts	DE MAR	Spain		BIOSPHERE			BRONZE	
Meliá Hotels & Resorts	BARCELONA SARRIA	Spain		BIOSPHERE			GOLD	
Meliá Hotels & Resorts	BARCELONA SKY	Spain					PLATINUM	
Meliá Hotels & Resorts	SANCTI PETRI	Spain			MEMBER		PLATINUM	
Meliá Hotels & Resorts	BENIDORM	Spain			IN PROCESS			
Meliá Hotels & Resorts	CALA GALDANA	Spain			GOLD		BRONZE	
Meliá Hotels & Resorts	CALA D'OR	Spain			IN PROCESS		GOLD	
Meliá Hotels & Resorts	ATLANTICO - ISLA CANELA	Spain		BIOSPHERE	MEMBER		BRONZE	
Meliá Hotels & Resorts	COSTA DEL SOL	Spain		BIOSPHERE			PLATINUM	
Meliá Hotels & Resorts	TAMARINDOS	Spain		BIOSPHERE				
Meliá Hotels & Resorts	SALINAS	Spain			GOLD		BRONZE	
Meliá Hotels & Resorts	JARDINES DEL TEIDE	Spain			MEMBER			
Sol Resorts	COSTA BLANCA	Spain			MEMBER		SILVER	
		- F						

#### ENVIRONMENTAL CERTIFICATIONS

				Ø	Trave <b>life </b>		greenleaders	
BRAND	HOTEL	LOCATION	EARTHCHECK	BIOSPHERE	TRAVELIFE	NORMA ISO	GREEN LEADERS	OTHERS
ol Resorts	PELICANOS / OCAS	Spain			MEMBER			
ol Resorts	BARBADOS	Spain	EARTHCHECK					
ol Resorts	CALA D'OR APARTAMENTOS	Spain					SILVER	
ol Resorts	FALCO	Spain			MEMBER		SILVER	
ol Resorts	PALMANOVA - MALLORCA	Spain	EARTHCHECK					
ol House	HOUSE IBIZA	Spain			IN PROCESS			
l Resorts	ALCUDIA CENTER APARTAMENTOS	Spain					SILVER	
l Resorts	SANCTI PETRI - APARTHOTEL	Spain			IN PROCESS			
Resorts	PRINCIPE / PRINCIPITO	Spain			MEMBER			
Resorts	TIMOR APARTAMENTOS	Spain			IN PROCESS			
Resorts	DON PABLO	Spain					SILVER	
Resorts	DON PEDRO	Spain					SILVER	
Resorts	DON MARCO	Spain					SILVER	
Resorts	BARBACAN (APARTAMENTOS Y BUNGALOWS)	Spain				ISO 9001 / ISO 14001	GREEN PARTNER	
Resorts	LANZAROTE ALL INCLUSIVE (HOTEL Y APTOS.)	Spain			MEMBER			
Resorts	TENERIFE	Spain			IN PROCESS			
Resorts	LA PALMA (HOTEL APARTAMENTOS)	Spain			IN PROCESS			
YP	TENERIFE	Spain			MEMBER			
Beach House	BEACH HOUSE CALA BLANCA	Spain	EARTHCHECK				SILVER	
Beach House	BEACH HOUSE MENORCA	Spain		BIOSPHERE				
Beach House	BEACH HOUSE IBIZA	Spain					BRONZE	
Resorts	GUADALUPE	Spain	EARTHCHECK					
House	HOUSE MALLORCA MIXED BY IBIZA ROCK	Spain	EARTHCHECK					
House	WAVE HOUSE	Spain	EARTHCHECK					
House	HOUSE ALOHA - COSTA DEL SOL	Spain			MEMBER		GREEN PARTNER	
Resorts	KATMANDU PARK & RESORT	Spain	EARTHCHECK					
ISIDE by Meliá	MADRID LUCHANA	Spain					GREEN PARTNER	
iá Hotels & Resorts	ALICANTE	Spain					BRONZE	
iá Hotels & Resorts	PALAS ATENEA	Spain		BIOSPHERE			SILVER	
iá Hotels & Resorts	SITGES	Spain		BIOSPHERE			BRONZE	
iá Hotels & Resorts	GRANADA	Spain					BRONZE	
iá Hotels & Resorts	MADRID PRINCESA	Spain		BIOSPHERE				
iá Hotels & Resorts	CASTILLA	Spain				ISO 14001	BRONZE	
iá Hotels & Resorts	BARAJAS	Spain					BRONZE	
iá Hotels & Resorts	MARBELLA BANUS	Spain					SILVER	
iá Hotels & Resorts	LEBREROS	Spain					SILVER	
iá Hotels & Resorts	SEVILLA	Spain					GREEN PARTNER	
iá Hotels & Resorts	VALENCIA	Spain					BRONZE	
liá Hotels & Resorts	RECOLETOS	Spain					BRONZE	
liá Hotels & Resorts	ZARAGOZA	Spain					GREEN PARTNER	
(P	MERIDA MEDEA	Spain					BRONZE	
(P	PALMA BELLVER	Spain			IN PROCESS	ISO 14001	BRONZE	
(P	PALMA BOSQUE	Spain					SILVER	
ISIDE by Meliá	PALMA CENTER	Spain		BIOSPHERE			SILVER	
/P	BARCELONA APOLO	Spain					GREEN PARTNER	
(P	BARCELONA AEROPUERTO	Spain					BRONZE	
ΎР	CADIZ LA CALETA	Spain					BRONZE	
YP	JEREZ	Spain					SILVER	
YP	MELILLA PUERTO	Spain					GREEN PARTNER	

			Lambaux.	Ø	Travelife 🥟		greenleaders	
BRAND	HOTEL	LOCATION	EARTHCHECK	BIOSPHERE	TRAVELIFE	NORMA ISO	GREEN LEADERS	OTHERS
TRYP C	ORDOBA	Spain					GREEN PARTNER	
TRYP SA	ANTIAGO	Spain					BRONZE	
TRYP SA	AN SEBASTIAN ORLY	Spain					SILVER	
TRYP LE	EON	Spain					GREEN PARTNER	
FRYP M.	ADRID PLAZA ESPAÑA	Spain					SILVER	
FRYP M.	ADRID CENTRO	Spain					SILVER	
FRYP M.	ADRID ATOCHA	Spain					BRONZE	
rryp M.	ADRID AIRPORT SUITES	Spain					SILVER	
	ALAGA GUADALMAR	Spain					SILVER	
	URCIA RINCON DE PEPE	Spain					GREEN PARTNER	
	ALAMANCA MONTALVO	Spain					BRONZE	
	ORT CAMBRILS	Spain					BRONZE	
	ALLADOLID SOFIA PARQUESOL	Spain					BRONZE	
	ARAGOZA	Spain					BRONZE	
	E COLBERT	France					GREEN PARTNER	
	OYAL ALMA						GREEN PARTNER	
		France						
		France					GREEN PARTNER	
	ARIS CHAMPS-ELYSÉES	France					GREEN PARTNER	
	ARIS OPERA	France					GREEN PARTNER	
	TENAS	Greece					GREEN PARTNER	
	KARTA	Indonesia	EARTHCHECK					
	ALI GARDEN VILLAS & SPA	Indonesia	EARTHCHECK					
	JROSANI	Indonesia	EARTHCHECK					
	EACH HOUSE BALI BENOA	Indonesia	EARTHCHECK					
	OMA	Italy	EARTHCHECK					
1eliá Hotels & Resorts M	ILANO	Italy		BIOSPHERE			BRONZE	
1eliá Hotels & Resorts G	ENOVA	Italy		BIOSPHERE			SILVER	
1eliá Hotels & Resorts VI	lla capri hotel & spa	Italy		BIOSPHERE				
1eliá Hotels & Resorts LL	JXEMBOURG	Luxembourg					GOLD	
1eliá Hotels & Resorts KU	JALA LUMPUR	Malaysia	EARTHCHECK					
ol House H	OUSE TAGHAZOUT BAY SURF	Morocco						GREEN GLO
1E by Meliá M	E CABO	Mexico	EARTHCHECK					
1E by Meliá M	E CANCUN	Mexico	EARTHCHECK					
aradisus by Meliá LC	DS CABOS	Mexico	EARTHCHECK					
,	ANCUN	Mexico	EARTHCHECK				SILVER	
,	AYA DEL CARMEN LA PERLA	Mexico	EARTHCHECK				PLATINUM	
	AYA DEL CARMEN LA ESMERALDA	Mexico	EARTHCHECK				PLATINUM	
· · · · · · · · · · · · · · · · · · ·	MA	Peru	C. W. FOREOR	BIOSPHERE				
	RAGA	Portugal		DIGGINIENC			SILVER	
	ADEIRA MARE	Portugal					PLATINUM	
	E LONDON	United Kingdom	EARTHCHECK					
/	/HITE HOUSE	United Kingdom		BIOSPHERE			BRONZE	
	ARIBE TROPICAL	Dominican Rep.	EARTHCHECK	DIOJITILINE	l		SILVER	
	JNTA CANA	Dominican Rep.	EARTHCHECK				SILVER	
			EARTHCHECK				SILVER	
/	ALMA REAL GOLF & SPA RESORT	Dominican Rep.	EARTHCHECK					
,	HE RESERVE (PARADISUS PALMA REAL)	Dominican Rep.					SILVER	
/	HE RESERVE (PARADISUS PUNTA CANA)	Dominican Rep.	EADTH OUT ON				SILVER	
1eliá Hotels & Resorts H,	ANOI	Vietnam	EARTHCHECK					
		46	34	18	23	5	107	3

# GRI - TABLE OF CONTENTS

This Annual Report has been prepared in accordance with the GRI Standards: Core option



GRI CODE	GRI DESCRIPTION	REPORTED	PAGE	COMMENTS/OMISSIONS
GRI 102: Gener	al disclosures			
Organizational p	profile			
102-1	Name of the organization	Yes	I	-
102-2	Activities, brands, products, and services	Yes	36-51	-
102-3	Location of headquarters	Yes	153	-
102-4	Location of operations	Yes	16	-
102-5	Ownership and legal form	Yes	FR IO	-
102-6	Markets served	Yes	46-59	-
102-7	Scale of the organization	Yes	16	-
102-8	Information on employees and other workers	Yes	155-156	-
102-9	Supply chain	Yes	19	-
102-10	Significant changes to the organization and its supply chain	Yes	20-21	-
102-11	Precautionary Principle or approach	Yes	169	Note I
102-12	External initiatives	Yes	10	-
102-13	Membership of associations	Yes	10	-
Strategy				
02- 4	Statement from senior decision-maker	Yes	6-7	-
02- 5	Key impacts, risks, and opportunities	Yes	30-3 I	-
Ethics & integrit	Σγ			
102-16	Values, principles, standards, and norms of behaviour	Yes	8	-
102-17	Mechanisms for advice and concerns about ethics	Yes	99	-
Governance				
102-18	Governance structure	Yes	96-97	-
102-19	Delegating authority	Yes	FR 75-77	-
102-20	Executive-level responsibility for economic, environmental, and social topics	Yes	98	-
02-2	Consulting stakeholders on economic, environmental, and social topics	Yes	24	-
102-22	Composition of the highest governance body and its committees	Yes	96-98	-
102-23	Chair of the highest governance body	Yes	97	-
102-24	Nominating and selecting the highest governance body	Yes	FR  35- 36	-
102-25	Conflicts of interest	Yes	FR 147	-
102-26	Role of highest governance body in setting purpose, values, and strategy	Yes	97	-
102-27	Collective knowledge of highest governance body	Yes	98	-
102-28	Evaluating the highest governance body's performance	Yes	FR 75-77	-
102-29	Identifying and managing economic, environmental, and social impacts	Yes	FR 75-77	-
102-30	Effectiveness of risk management processes	Yes	101	-
102-31	Review of economic, environmental, and social topics	Yes	101-102	-
102-32	Highest governance body's role in sustainability reporting	Yes	165	Board of Directors
102-33	Communicating critical concerns	No	-	-
102-34	Nature and total number of critical concerns	No	-	-
102-35	Remuneration policies	No	-	-
102-36	Process for determining remuneration	No	-	-

GRI CODE	GRI DESCRIPTION	REPORTED	PAGE	COMMENTS/OMISSIONS		
102-37	Stakeholders' involvement in remuneration	No	-	-		
102-38	Annual total compensation ratio	No	-	-		
102-39	Percentage increase in annual total compensation ratio	No	-	-		
Stakeholder er	ngagement					
102-40	List of stakeholder groups	Yes	22	-		
102-41	Collective bargaining agreements	Yes	166	100% (China excluded because it does not allow such agreements)		
102-42	Identifying and selecting stakeholders	Yes	22	-		
102-43	Approach to stakeholder engagement	Yes	22	-		
102-44	Key topics and concerns raised	Yes	22	-		
Reporting prac	Reporting practices					
102-45	Entities included in the consolidated financial statements	Yes	FR 73-74			
102-46	Defining report content and topic Boundaries	Yes	24-25	-		
102-47	List of material topics	Yes	24-25	-		
102-48	Restatements of information	Yes	166	No significant change		
102-49	Changes in reporting	Yes	166	No significant change		
102-50	Reporting period	Yes	166	Ist January 2016 – 31st December 2016		
102-51	Date of most recent report	Yes	166	2015 Annual Report		
102-52	Reporting cycle	Yes	166	Annual		
102-53	Contact point for questions regarding the report	Yes	152	-		
102-54	Claims of reporting in accordance with the GRI Standard	Yes	154	-		
102-55	GRI content index	Yes	154	-		
102-56	External assurance	Yes	54,  70	-		
GRI 103: Mana	gement approach					
103-1	Explanation of the material topic and its Boundary	Yes	Economic: 17-18, 27-31, _ 78-90			
103-2	The management approach and its components	Yes	Social:	In the marked pages, an answer to the different focus of each material topic is given		
103-3	Evaluation of the management approach	Yes	106-129, 138-148 Complaints channel: 99			
GRI 201: Econ	omic performance					
201-1	Direct economic value generated and distributed	Yes	17-18	-		
201-2	Financial implications and other risks and opportunities due to climate change	Yes	166	The risks and opportunities stemmed from climate change are considered in the Company's risk management model		
201-3	Defined benefit plan obligations and other retirement plans	Yes	FR 195, 204	-		
201-4	Financial assistance received from government	Yes	160	Spain's scope, the bonuses for the year amounted to €559,843.44.The governments do not form part of the stock structure		
GRI 202: Mark	et presence					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	No	-	-		
202-2	Proportion of senior management hired from the local community	Yes	160	-		
GRI 203: Indire	ect economic impacts					
203-I	Infrastructure investments and services supported	Yes	44- 48	-		
203-2	Significant indirect economic impacts	Yes	147	-		

GRI CODE	GRI DESCRIPTION	REPORTED	PAGE	COMMENTS/OMISSIONS	
GRI 204: Procu	GRI 204: Procurement practices				
204-1	Proportion of spending on local suppliers		128		
GRI 205:Anti-co	orruption				
205-1	Operations assessed for risks related to corruption	Yes	100	-	
205-2	Communication and training about anti-corruption policies and procedures	Yes	99	-	
205-3	Confirmed incidents of corruption and actions taken	Yes	167	During the year there were no cases of corruption	
GRI 206: Anti-co	ompetitive behaviour				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Yes	167	During the year there were no legal proceedings for monopolistic practices	
GRI 301: Materi	ials				
30   -	Materials used by weight or volume	No	-		
301-2	Recycled input materials used	No	-	-	
301-3	Reclaimed products and their packaging materials	No	-	-	
GRI 302: Energy	/				
302-1	Energy consumption within the organization	Yes	161	-	
302-2	Energy consumption outside of the organization	No	-	-	
302-3	Energy intensity	Yes	167	0.12 GJ/stay	
302-4	Reduction of energy consumption	Yes	3	-	
302-5	Reductions in energy requirements of products and services	Yes	3	-	
GRI 303:Water					
303-1	Water withdrawal by source	Yes	167	10,697,788 m³ . No breakdown by source	
303-2	Water sources significantly affected by withdrawal of water	No	-	-	
303-3	Water recycled and reused	No	-	-	
GRI 304: Biodiv	ersity				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No	-	-	
304-2	Significant impacts of activities, products, and services on biodiversity	No	-	-	
304-3	Habitats protected or restored	No	-	-	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No	-	-	
GRI 305: Emissi	ons				
305-1	Direct (Scope I) GHG emissions	Yes	130	-	
305-2	Energy indirect (Scope 2) GHG emissions	Yes	130	-	
305-3	Other indirect (Scope 3) GHG emissions	Yes	130	-	
305-4	GHG emissions intensity	Yes	167	12,292 Kg GO <sub>2</sub> /stay	
305-5	Reduction of GHG emissions	Yes	130	-	
305-6	Emissions of ozone-depleting substances (ODS)	Yes	167	Fugitive emissions fluorinated gases (3,213.54 CO <sub>2</sub> e)	
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Yes	161	-	
GRI 306: Efflue	nts & waste				
306-1	Water discharge by quality and destination	No	-	-	
306-2	Waste by type and disposal method	No	-	-	
306-3	Significant spills	Yes	167	During the year there were not any significant leaks	
306-4	Transport of hazardous waste	No	-		

GRI CODE	GRI DESCRIPTION	REPORTED	PAGE	COMMENTS/OMISSIONS
306-5	Water bodies affected by water discharges and/or runoff	No	-	-
GRI 307: Envir	ronmental compliance			
307-I	Non-compliance with environmental laws and regulations	Yes	I 68	During the year there were not any breaches of environmental guidelines
GRI 308: Supp	lier environmental assessment			
308-1	New suppliers that were screened using environmental criteria	Yes	128	
308-2	Negative environmental impacts in the supply chain and actions taken	No	-	-
GRI 401: Empl	loyment			
40   -	New employee hires and employee turnover	Yes	155	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	No	-	-
401-3	Parental leave	No	-	-
GRI 402: Labo	our/Management relations			
402-I	Minimum notice periods regarding operational changes	Yes	168	At a Spanish level the minimum deadlines stipulated by collective agreements are met
GRI 403: Occu	upational health & safety			
403-I	Workers representation in formal joint management—worker health and safety committees	Yes	168	88.84% of the workers in Spain are represented in security and health committees
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Yes	160	-
403-3	Workers with high incidence or high risk of diseases related to their occupation	Yes	168	There are no occupations in the Company with a high level of incidence or risk
403-4	Health and safety topics covered in formal agreements with trade unions	Yes	168	The functions that these comittees should develop are clearly spececified in articles 38 and 39 of the Spanish Labour Risks' Prevention Law. There are no other issues considered apart from the ones stipulated by this law.
GRI 404:Train	ing & education			
404-1	Average hours of training per year per employee	Yes	160	Data differentiated by gender or by job category are not reported. The procedure used to register the information does not have differentation by gender or category
404-2	Programs for upgrading employee skills and transition assistance programs	Yes	112-126	-
404-3	Percentage of employees receiving regular performance and career development reviews	Yes	159	-
GRI 405: Dive	rsity & equal opportunity			
405-1	Diversity of governance bodies and employees	Yes	97	-
405-2	Ratio of basic salary and remuneration of women to men	Yes	159	
GRI 406: Non-	-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Yes	168	During the exercise there were no cases of discrimination
GRI 407: Free	dom of association & collective bargaining			
<b>GRI 407: Free</b> 407-1	dom of association & collective bargaining Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Yes	168	100% (excludes China because it does not allow such agreements)
	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Yes	168	100% (excludes China because it does not allow such agreements)
407-I	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Yes	168	100% (excludes China because it does not allow such agreements) This risk does not exist in the Company. Melia Hotels International has an agreement with UNICEF
407-1 GRI 408: Chilo 408-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk d labour			
407-1 GRI 408: Chilo 408-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk d labour Operations and suppliers at significant risk for incidents of child labour			
407-1 GRI 408: Child 408-1 GRI 409: Force 409-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk d labour Operations and suppliers at significant risk for incidents of child labour ed or compulsory labour Operations and suppliers at significant risk for incidents of forced or compulsory labour	Yes	168	This risk does not exist in the Company. Melia Hotels International has an agreement with UNICEF
407-1 GRI 408: Child 408-1 GRI 409: Force	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk d labour Operations and suppliers at significant risk for incidents of child labour ed or compulsory labour Operations and suppliers at significant risk for incidents of forced or compulsory labour	Yes	168	This risk does not exist in the Company. Melia Hotels International has an agreement with UNICEF
407-1 GRI 408: Child 408-1 GRI 409: Force 409-1 GRI 410: Secu 410-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk d labour Operations and suppliers at significant risk for incidents of child labour ed or compulsory labour Operations and suppliers at significant risk for incidents of forced or compulsory labour rity practices	Yes	168	This risk does not exist in the Company. Melia Hotels International has an agreement with UNICEF This risk does not exist in the Company. Melia Hotels International has an agreement with UNICEF

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Note I

• Control of the discharges into the drains or direct discharges into the natural environmental Water and Energy Efficiency

GRI CODE	GRI DESCRIPTION	REPORTED	PAGE	COMMENTS/OMISSIONS
GRI 412: Hum	an rights assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	No	-	-
412-2	Employee training on human rights policies or procedures	No	-	-
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Yes	169	Investment agreements and significant formal contracts do not include human rights clauses. This clause is signed in contracts with suppliers and service creditors, as well as with tour operators
GRI 413: Loca	l communities			
4 3-	Operations with local community engagement, impact assessments, and development programs	Yes	35,  40	-
413-2	Operations with significant actual and potential negative impacts on local communities	No	-	-
GRI 414: Supp	lier social assessment			
4   4-	New suppliers that were screened using social criteria	Yes	128	-
414-2	Negative social impacts in the supply chain and actions taken	No	-	-
GRI 415: Publi	ic policy			
415-1	Political contributions	Yes	169	During the year, no political contributions were made
GRI 416: Cust	omer health & safety			
4 6-	Assessment of the health and safety impacts of product and service categories	Yes	112	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Yes	169	During the year there were no incidents of non-compliance with impacts of products and services on health and security
GRI 417: Marl	xeting & labeling			
4 7-	Requirements for product and service information and labeling	No	-	-
417-2	Incidents of non-compliance concerning product and service information and labeling	Yes	169	During the year, no voluntary regulation or code regarding information and labelling has been broken in the reporting period
417-3	Incidents of non-compliance concerning marketing communications	Yes	169	During the year there were no cases of non-compliance with regulations or voluntary codes relating to communication or advertising
GRI 418-1: Cu	istomer privacy			
4 8-	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Yes	169	During the year, there were no complaints over the violation of privacy or data leakage of customers
GRI 419-1: So	cioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	Yes	169	No significant fines have been received as a result of non-compliance with laws and social and economic regulations

In regards to the initiatives to mitigate the impact of our activity and taking into the account the principles of precaution, within the pre-opening guidelines lies environmental criteria to review before the opening of any hotel that is built or acquired to a third party. The criteria checked are:

Provision of relevant environmental corporate information

Waste management

Control of atmospheric emissions

#### General Notes

Significant investment agreements	Those which make an investment of over €100,000
Local staff	Native of the country in which the person works
Director	In Corporate offices it is considered up to and including the director. In the hotel, it does not consider the directors and deputy hotel managers.
Significant operations	Those in which a hotel is owned or rented, in the case of this information, also include all those countries in the process of economic development.
Local Supplier	One that has headquarters in the country in question
Significant Penalty	One that excedes €30,000 or that seriously affects the operation of a business unit by preventing its nomal functioning.
FR	2016 Financial Report of Melia Hotels International published on the website www.meliahotelsinternational.com and CNMV

# INDEPENDENT REVIEW REPORT



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

#### INDEPENDENT LIMITED ASSURANCE REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY INDICATORS

To the Management of Meliä Hotels International, S.A.:

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators contained in the "GRI Indicators" Appendix of the 2016 Annual Report (hereinafter "CSR indicators") of Meliä Hotels International, S.A. (hereinafter Meliä Hotels International) for the year ended 31 December 2016, prepared in accordance with the general basic and specific content proposed in the Guidelines for the Preparation of the Sustainability Report of the Global Reporting Initiative (GRI) Standards (hereinafter GRI Standards Guidelines).

#### Responsibility of Management

The Management of Meliä Hotels International is responsible for the preparation, content and presentation of the Annual Report of Meliä Hotels International in accordance with the Core option of the GRI Standards. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CSR indicators are free from any material misstatement due to fraud or error.

The Management of Meliä Hotels International is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CSR indicators, is obtained.

#### Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with Meliä Hotels International's personnel from various departments who have been involved in the preparation of the 2016 Annual Report of Meliä Hotels International.
- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.

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- Analysis of the Meliä Hotels International's CSR indicators adaptation to the requirements established by the GRI Standards for the preparation of reports.
- Verification, through random sampling tests revisions, internal control tests and substantive tests on the quantitative and qualitative information used to determine Melia Hotels International's CSR indicators. We have also verified whether they have been appropriately compiled from the data provided by Melia Hotels International's sources of information.

#### Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

#### Limited assurance conclusion

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that Meliä Hotels International's CSR indicators, for the financial year ending 31st December 2016, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the GRI Standards.

#### Use and Distribution

Our report is only issued to the Management of Meliä Hotels International, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Meliä Hotels International's Management.

PricewaterhouseCoopers Anditores S.L.

M<sup>a</sup> Luz Castilla

7 April, 2017

MELIÃ HOTELS INTERNATIONAL

