

General

Period covered by your Communication on Progress (COP)

From: 02/2009 To: 02/2010

Statement of continued support by the Chief Executive Officer (CEO)

As we already stated in our subscription to the Global Compact in 2008, its ten principles have become part of our strategy, culture and day-to-day business. Human rights, labour rights, the environment and anti-corruption are of the utmost importance to us and that's why we have made the Global Compact principles one of our four public commitments.

These four commitments represent a merger of the external dimensions of sustainability and corporate social responsibility with the internal and operational dimension, due to the action plans we need to introduce to maintain our commitments. All four are focused on constant improvement.

With this, our first COP, we want to renew our subscription to these principles. We think we have improved significantly in several areas, but we know there is still a lot of work to be done, and we are confident that, with time and perseverance, we will become much more than a leading company in our sector. We will become an example of a sustainable and profitable business.

Sebastián Escarrer Jaume
Vicechairman Sol Meliá

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle

2: make sure that they are not complicit in human rights abuses (For more information on the principles, [click here](#))

Assessment, Policy and Goals

Sol Meliá has an Executive Code of Conduct supervised by the Remuneration and Appointments Committee of the Board of Directors and by Group Human Resources which deals with the following points:

- Conflict of interest policy
- Non discrimination (sex, race, religion...)
- Harassment (work, sexual...)
- Dignity at work
- Employment of family members
- Equal opportunities

This code applies to 100% of our executives.

Implementation

All security personnel have been trained in company policies and procedures with regard to human rights.

Sol Meliá has a firm commitment to the welfare of the children, our future generations, for whom we are building our legacy. This is why it is fundamental that all the company areas ensure that none of their activity entails any potential risk to children's rights.

Sol Meliá has signed an agreement to implement a Code of Conduct to protect children from sexual abuse in the tourism industry, condemning all forms of child sexual exploitation and supporting all legal actions to prevent and punish these crimes.

Measurement of outcomes

Sol Melia undertakes random audits every year to ensure that hotels and providers are followings this principles. No incidents have been reported or accounted for during the reporting period.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Sol Meliá currently manages 35 collective agreements, and also participates in 12 bargaining platforms. The minimum period of warning about organisational changes depends on each country and on each collective agreement.

The Company always applies the corresponding labour legislation, applicable collective bargaining agreement or labour agreement. At Sol Meliá the number of employees represented by a collective agreement is 100% (excluding Bulgaria, Croatia, Cuba and China). Sol Meliá guarantees the right of its workers to belong to a trade union or work association.

Sol Meliá employees are the company's greatest asset, and that is why the greatest efforts are made to minimise work-related accidents and guarantee the health and safety of the workforce. As a company that operates in more than 30 countries, Health and Safety policies vary according to local legislation and the idiosyncrasies of each location, but in every case company policy demands strict compliance with the law and the development of preventative measures for specific hazards detected in each area.

Implementation

Average salary per gender (Men vs. Women)

CORPORATE

Executive Vice President*	NA
Senior Vice President	104%
Vice President	8%
Director	2%
Manager	-15%
Responsible	2%
Coordinator	5%
Executive	5%

HOTELS

Managers	15%
Assistant Managers	17%
Heads of Department	0%
General Staff	6%

* There are currently 5 EVP, all men.

The diversity of regulations makes a standardised health and safety policy for all the company's employees very difficult to implement. Each case has to adapt to the local situation in the country. In this report we can therefore only offer data on Spain. However, this information is still quite significant as it indicates the line followed by the company, and given that half of the hotels in the company portfolio are located in Spain. The rest of the employees are protected by other preventative services present in the country in which they are located.

In 2009 the company had 6,078 workers registered under the responsibility of the Health and Safety Department in Spain, compared to the 6,767 in 2008. During the year, the company registered 411 work-related accidents, compared to the 547 in 2008, which resulted in the loss of 7,835 days, compared to the 10,401 in 2008. The rate of absenteeism is 5.25%, compared to 4.45% in 2008.

Men's salaries at Sol Meliá are on average 6% above that of women's salaries. The minimum salary that Sol Meliá pays its employees is, on average, 56% above the legal minimum of the countries in which the company operates.

In Sol Meliá no person is discriminated for reasons of race, gender or disability.

Minimum monthly gross salary: Sol Meliá vs. Legal Minimum

EUROPE (€)	Legal Minimum	Sol Meliá Minimum
Spain	633.30	1,218.80
UK	1,130.00	1,318.26
Portugal	475.00	612.00
France	1,420.61	1,420.61
Germany	NA	1,300.00
Italy	NA	1,494.42
Bulgaria	123.00	324.67
Croatia	385.00	585.61
Greece	739.56	1,298.50
Luxembourg	1,682.76	1,851.50
Egypt	16.75	56.45

AMERICA (\$)	Legal Minimum	Sol Meliá Minimum
Dominican Rep.	170.50	363.63
Brazil	279.48	371.22
Peru	193.05	193.05
Argentina	388.50	587.03
Mexico	135.21	163.27
Venezuela	244.78	399.44
Puerto Rico	1,160.00	1,160.00
Costa Rica	380.00	380.00

ASIA (\$)	Legal Minimum	Sol Meliá Minimum
China (Shanghai)	142.00	308.00
Vietnam	71.00	92.00
Indonesia	86.00	108.00
Malaysia	NA	128.00

Sol Meliá does not employ anyone under the age of 16 and, through the Sustainable Development clause in agreements signed with suppliers, our suppliers are also committed to not using child labour in their production processes, accepting the possibility of being audited and running the risk of contract rescission withdrawal if found in contempt.

The professional and human qualities of every person that forms part of the company are decisive when it comes to transmitting to customers the passion for service that has always characterised the company and which has become one of the keys to our business success over time. In 2009 the team at Sol Meliá was formed by 33,378 people, compared to 34,305 in 2008.

Measurement of outcomes

Nationality					
	% 2009	% 2008		% 2009	% 2008
Albanian	0,01	0	Irish	0,03	0,02
American	1,18	0,19	Israeli	0,01	0
Angolan	0,01	0	Italian	1,47	1,96
Algerian	0,08	0,08	Ivorian	0,01	0,01
Argentinean	0,98	1,05	Japanese	0,01	0,03
Armenian	0,01	0	Letonian	0,01	0
Austrian	0,03	0,02	Libyan	0,01	0,01
Azerbaijani	0,06	0	Lithuanian	0,03	0,02
Bangladeshi	0,01	0,04	Luxembourgian	0,02	0
Belgian	0,21	0,19	Malagasy	0	0,01
Belarusian	0,01	0,01	Malaysian	0,62	0,77
Bolivian	0,15	0,08	Malian	0,01	0
Brazilian	4,31	4,82	Moroccan	0,72	0,58
British	0,3	0,26	Mauritian	0,11	0,12
Bulgarian	0,11	0,08	Mauritanian	0,01	0,02
Burmese	0,01	0,01	Mexican	5,45	7,35
Cameroonian	0,03	0,04	Moldovan	1,6	0,02
Canadian	0,01	0	Nepalese	0,01	0
Cape Verdean	0,01	0	Nicaraguan	0,09	0,15
Chilean	0,12	0,14	Nigerian	0,09	0,09
Chinese	0,15	0,19	Norwegian	0,02	0,02
Colombian	1,01	0,79	Pakistani	0,12	0,12
Congolese	0,04	0,04	Paraguayan	0,05	0,04
Costa Rican	1,87	2,73	Peruvian	0,89	1,02
Croatian	0,01	0,03	Polish	0,27	0,26
Cuban	0,4	0,3	Portuguese	0,36	0,34
Czech	0,07	0,04	Romanian	0,43	0,27
Danish	0,01	1,28	Russian	0,14	0,13
Dominican	11,16	13,19	Salvadoran	0,01	0
Dutch	0,13	0,11	Senegalese	0,19	0,14
Ecuadorean	0,88	0,7	Sierra Leonean	0,01	0,02
Filipino	0,1	0,1	Slovak	0,07	0,05
Finnish	0,02	0,01	Spanish	50,09	42,22
French	0,71	0,74	Sri Lankan	0,04	0,08
Gambian	0,02	0,02	Swedish	0,05	0,04
Georgian	0,01	0,01	Swiss	0,03	0,03
German	2,2	2,68	South African	0,01	0,01
Ghanaian	0,03	0,04	Tanzanian	0,01	0
Greek	0,21	0,04	Thai	0,01	0,03
Guinean	0,07	0,03	Tunisian	0,04	0,06
Haitian	0,08	0,08	Ugandan	0,01	0
Hindu	0,01	0	Ukrainian	0,26	0,12
Honduran	0,02	0	Uruguayan	0,32	0,13
Hong Kong	0,01	0	Venezuelan	2,08	3
Hungarian	0,05	0,01	Vietnamese	1,41	1,79
Indian	0,05	0,06	Yugoslavian	0,04	0,03
Indonesian	5,56	8,44			
Iraqi	0,01	0	Others	0,12	0,17

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

(For more information on the principles, [click here](#))

Assessment, Policy and Goals

Travel and tourism generates considerable pressure on the natural environment, not so much due to the danger of their impact, but rather the sheer size of the industry. Hotels must minimise their consumption of natural resources and their impact on their local ecosystems, harmonising their business activity with respect for and protection of the natural environment.

Environmental management forms an integral part of Sol Meliá's strategy as part of company's global sustainability policy, from which a number of activities and principles are included in the Strategic Plan 2008- 2010 and in the Sustainable Development Manual. These activities and principles must be adhered to by all company hotels and corporate offices and define the criteria for performance with regard to social, environmental and cultural issues. Corporate headquarters defines the global environmental approach to ensure hotels reduce their environmental footprint and assume respect for and protection of the environment within their daily operations.

Implementation

The different activities aim to respect the principle of "thinking globally – acting locally". To achieve this, firstly we aim to preserve the natural environment in the destinations where the company operates, and secondly we must consider our activities on a global level, aiming to reduce the overall effect of our activity on the planet. There is also a forum for hotels to share their experiences and best practices. Communications between the hotels and corporate offices is encouraged, as well as between the hotels themselves, in order to convert best practices into standard practices.

Measurement of outcomes

Energy consumption is directly related to the release of pollutants into the atmosphere. That is why the Sol Meliá Works and Maintenance Department continues to work towards the consolidation of the SAVE project focused on energy savings and efficiency in hotels. The SAVE project section on the company Intranet was also created so that all employees could view measures introduced by hotels and corporate offices, best practices, standardisation agreements and improvements in technical systems. There are currently 155 hotels participating in the SAVE project, compared to 143 in 2008. The hotels involved in the project must have accurate and up-to-date historical data on energy use for the past five years loaded in the SAP BW system. Every month energy and water use in all of the hotels that take part in the project is monitored and analysed and any differences are examined.

The consumption of diesel oil has been reduced mainly due to several hotels replacing it with natural gas. Natural gas has advantages over other fuels thanks to its low level of emissions, low cost, continuous supply and reduced maintenance. The method used to calculate savings, emission efficiency and reductions is based on the comparison of the values of average total consumption from the period 2007 to 2009 and average total consumption from the period 2004 to 2006.

The objective of this multi-year comparison is to make the comparison more rigorous, helping to avoid climate distortions and the misinterpretations that may be generated by an annual comparison. This also avoids any misinterpretations produced by increases or decreases in guest occupancy rates. The values per guest from 2007 to 2009 are corrected so they can be compared to the same levels of occupancy for the period 2004 to 2006. The percentages of decreased energy consumption per stay allow true comparisons of occupancies, eliminating the climate factor, and see real improvements in energy efficiency due to different energy and water use. This method of measuring consumption and emissions is endorsed and certified by Bureau Veritas and has meant that Sol Meliá is recognised by the Ministry of the Environment, Rural and Marine Affairs and its SAVE project is included in the voluntary system to reduce emissions.

	CONSUMPTION			SAVE SAVINGS		
	2009	2008	Weighted differential	2009	2008	Weighted differential
Electricity (kw/Gj)	382,083,091/1,375,499	332,650,780/1,197,543	+5.96%	1,883,971/6,782	2,118,22/7,626	-17.94%
Natural gas (m³/Gj)	7,093,300/276,710	6,355,482 /247,927	+2.96%	150,000/5,852	-156,568/-6,108	+95.8%
GLP (kg/Gj)	4,557,560/226,055	3,951,668/196,003	+6.40%	NA	NA	
Diesel oil (l/Gj)	7,743,410/306,325	7,057,070/279,174	+1.23%	512,090/25,400	1,229,504/60,983	-58.34%
Total Giga joules	2,184,589	1,920,647		38,033	62,501	

Type of waste	Ton/year/hotel		Percentage	
	2009	2008	2009	2008
UNSEPARATED	199.57	252.71	86.04%	76.92%
PAPER AND CARDBOARD	12.66	18.54	3.51%	2.66%
GLASS	10.21	13.86	4.40%	11.77%
PACKAGING	8.15	5.12	5.46%	6.65%
VEGETABLE OIL	1.22	2.24	0.53%	1.67%
OTHERS	0.05	0.20	0.02%	0.16%
DANGEROUS WASTE PRODUCTS	0.10	0.11	0.04%	0.18%

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery (For more information on the principles, click here).

Assessment, Policy and Goals

In 2008, the Sol Meliá Board of Directors implemented a self-appraisal process through which the Board evaluates its own performance every year. With regard to possible conflicts of interest that may arise within the Board, article 28 of the Regulations of the Board of Directors defines a control mechanism which obliges directors to report any situation or direct or indirect conflict which may affect company.

Implementation

This principle is the one we still have to improve our actions on. Even though there is a general in-house culture of corruption rejection, we still need to progress on documenting this culture and establishing procedures to ensure its proper and homogenous knowledge across the organization.

Measurement of outcomes

Find more information about Sol Meliá's public commitments in our annual report:

<http://www.solmelia.com/sustainabledevelopment/>