



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 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 listed on the IBEX 35. This long-awaited return has been made possible by the positive performance of the Company in recent years. Today, our team is made up of more than 44,000 people of over 140 nationalities, operating in 43 countries and with a rich mix of generations who bring enthusiasm and motivation. Meliá Hotels International also added a total of 8,284 people to its worldwide team this year, 21% of them in Spain.

The Company's environment and internationalisation, as well as its cultural 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.

Throughout our history we have faced up to the typical difficulties facing a 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.

Since its inception Meliá Hotels International has grown not only in size and scope, but also in experience, self-discipline and responsibility. So, among the attributes that characterise the company I would like to emphasise our adaptability, desire to excel and, above all, our firm commitment to continuous improvement. This process was intensified six years ago when we overhauled 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 transformation and growth.

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.

The digital transformation that we are undergoing and the new management model that focuses on providing global experiences to our customers have been recognised by the markets. This successful combination has enabled us to strengthen our relationships and knowledge and to customise our management, basing it on proximity. Today we can celebrate the fact that the revamped melia.com has become the Company's main sales channel, generating €427.9 million in sales, and that MeliáRewards, our loyalty programme, will soon have over 7 million members. The positive evolution of MeliáPro, with growth of 71%, has also strengthened the link with our business partners (B2B), making it an excellent platform for contacting the more than 30,000 agencies registered on it. In general, Meliá Hotels 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 a year that closed with a net profit of \le 100.7 million, an improvement of 180% over the previous year. These results, together with positive financial management, which has reduced our debt by \le 226 million (placing it at the lowest level in our history), have exceeded market expectations.

I would like to highlight one important milestone in particular. Our Chairman and Founder has announced his resignation and transferred his executive 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.

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. Over time, we have built strong relationships and shared commitments with all of them. We also evaluate their priorities through a materiality analysis that, year after year, serves as a catalyst for a model of dialogue that is based on trust, closeness and transparency. It is precisely our commitments to our stakeholders that form a major part of the strategic priorities of Meliá Hotels International.

Ensuring the cultural change and transformation that Meliá Hotels International 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.

I think we are setting out to face our future from an excellent position and 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 that is motivated and committed to generating shared value.

Gabriel Escarrer Jaume

Vice Chairman and Chief Executive Officer



VISION, MISSION & VALUES

GRI 102-16

In the year that Meliá Hotels International celebrates 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 long-term vision common to family businesses with the ability to adapt to dynamic environments and to create social and economic value for the 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 in the future. This is particularly relevant, given that the company business model is based on its values.

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 Meliá Hotels International's wish to be acknowledged as a responsible company that generates wealth for its environment and acts as a central support for the different societies of which it is a part.

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 set up a business model that has responsibility as its central support. This responsibility stems from the corporate values that have led Meliá Hotels 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

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

Myanmar, a new destination in the Asia Pacific region

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 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



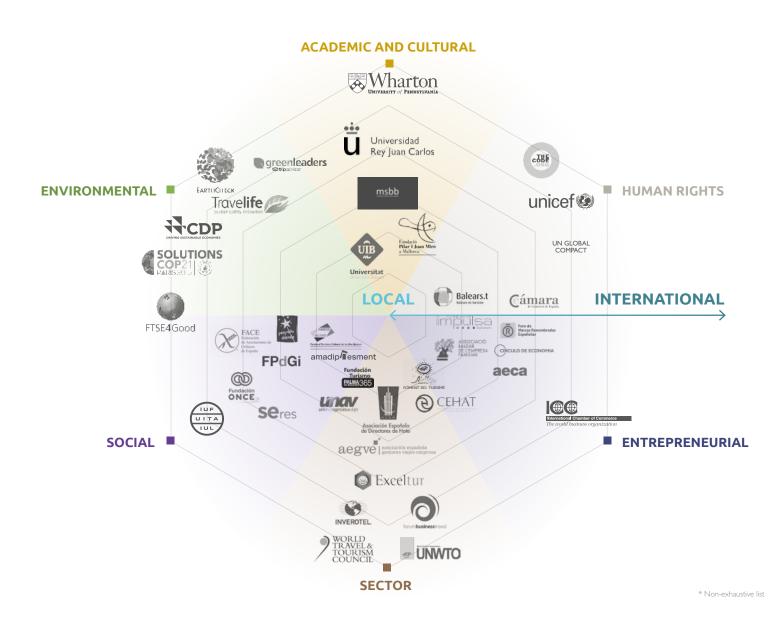
MAP OF POSITIONING & AREAS OF RELATIONS

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

Over the last 60 years Meliá Hotels International has established a reputation that today is an essential asset for creating and transmitting trust, solidity and reliability among its different stakeholders, and attracting talent. This reputation allows Meliá Hotels International to differentiate itself by responding to the expectations that its stakeholders place in the Company in numerous tangible areas, such as its product and service, as well as intangibles, such as the Company's reputation.

For Meliá Hotels International, therefore, it is essential to manage its reputation as a benchmark hotelier since it is a concept that is intrinsically linked to contributing economic and social value. This improvement in its reputation, in a year that 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

in which the Company has once again been listed in the IBEX 35.

The recognition it has received goes beyond the product and the hotel service, since Meliá Hotels International is being recognised by the main monitors that measure Corporate Reputation in 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 out a Mission that leads Meliá Hotels International to "offer global accommodation experience and services using criteria of excellence, responsibility and sustainability. And, as a family business, we want to contribute to achieving a better world".



ENTRY INTO THE MERCO LATAM TOP 100

	2014	2015	2016	Evolution
MATCOCHARGEAS	31	18	17	(+1)
PR NEWSPAN CONTRACT	64	21	25	(-4)
mercouberes	52	48	44	(+4)
T T T T T T T T T T T T T T T T T T T	31	20	16	(+4)



REPUTATION & RECOGNITION



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 rooms	



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



GABRIEL ESCARRER JULIÁFounder 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
- Tourism Personality of the Year - Torremolinos Town Council
- TOP 100 Most Influential People in Spain 2017 - Diario ABC Newspaper



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 hot refurbishment in Spain (Gran Meliá Palacio de los Duques)	
TUI GROUP	TUI Environmental Champion (Meliá Salinas)	
TRIPADVISOR	Ecoleaders (105 hotels)	



4. FINANCIAL STRENGTH AND CORPORATE 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



6. QUALITY OF PRODUCT, SERVICE AND EXPERIENCES		
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)	
WORLD LUXURY HOTEL AWARDS	Recognition for luxury	
EUROPEAN HOSPITALITY AWARDS	Recognition of new hotel openings or remodelling	



















PRESENCE

INTRODUCTION

Meliá Hotels International promotes its commitment to international growth and diversification as a key lever to minimise risks, manage opportunities, strengthen its business model and improve the Company's profitability. During 2016 the Company opened 17 new hotels adding more than 4,800 rooms to the operating portfolio of Meliá Hotels International. Our entry into four important destinations, some of them highly desirable, not only allows us to enrich our hotel portfolio but also to promote the diversity of destinations with an important 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 the main European and world cities all follow the vision that the Company has set for the coming years. This year we celebrate our entry into traditional holiday markets, such as Jamaica, Morocco and Myanmar, and bleisure destinations, such as New York and Miami, all with the leading brands of Meliá Hotels & Resorts, ME by Meliá, INNSIDE by Meliá and the updated Sol House.

The openings of INNSIDE New York NoMad and ME Miami mark the entry into the US market of these two brands, which are so representative and often-requested. Another highlight was the opening of the Gran Meliá Nacional Rio de Janeiro, which reinforces the presence of Meliá Hotels International in the Brazilian market and in one of the most important holiday destinations in Latin America.

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

REBRANDINGS

Meliá Hotels International reinforces its strategy with strong brands and personalised experiences, adapting them to the destinations and expectations of its customers. During 2016 the Company invested heavily in more than 150 hotels to build up and renew its portfolio 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.

It is worth mentioning the rebranding of the Gran Meliá de Mar and the Meliá Calviá Beach in Mallorca, as well as the Meliá Campinas hotels in Brazil and the undoubted flagship of the Gran Meliá brand in Spain, the Gran Meliá Palacio de los Duques, all of which demonstrate the Company's hotel know-how and its commitment to remaining at the forefront of international hospitality.

PORTFOLIO ALIGNMENT

In line with the Company's strategy of building a portfolio of strong, top-quality products and features, during the year, twenty divestments took place, most of them hotels in the midscale segment under franchising or management.



INNSIDE NewYork NoMad

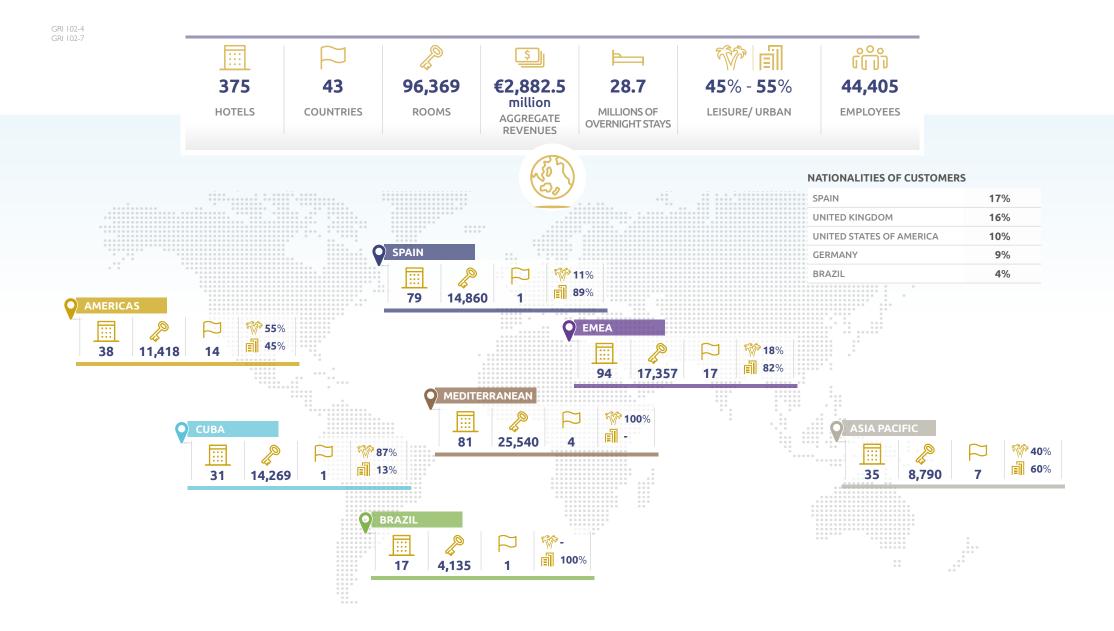


Meliá Calviá Beach



ME Miami

PRESENCE



SOCIAL CASH FLOW

GRI 201-1

Meliá Hotels International has generated wealth of €2,878 million, distributed among numerous stake-**GLOBAL SOCIAL CASH FLOW** holders. This authenticates the solid values on which the Company is founded, as its activity works to directly benefit society in general and, in particular, its stakeholders. This contribution has been distributed Shareholders Owners around the globe, due to the international presence of the Company in 43 countries and on 4 continents, €197.9 million €12.4 million as well as in the country where the Company was founded, Spain: Investments €260.4 million **INFLOW VALUE** Public Administration €273.2 million Customers Other €35.1 million **Employees Customers** €600.7 million €2,806.6 Outflow value Inflow value million €2,878.0 million €2,878.0 million Rentals +3.3% **€242.7** million **OUTFLOW VALUE Public** Shareholders **Employees** Investments Rentals Administration Owners and Others Payments to Payments for investments owners of real corporate offices to benefits, social made, and owned and charges, taxes on maintenance or payments to owners, financia refurbishment of Company assets other activities **Suppliers** €1,255.7 changes ir the exchange Divestments €71.3 million rate, loans to ssociates, etc million +2.7% +2.9% -3.2% +40.1% +38.3% vs 2015 vs 2015 **-50.1**%

SPAIN SOCIAL CASH FLOW Shareholders Owners €12.3 million €67.5 million Investments **€171.4** million Public Administration **€111.1** million Other €-1.6 **Employees** million €304.6 million Outflow value Inflow value Rentals **€1,235.9 €1,235.9** million million **€121.2** million **Suppliers** Divestments **€449.4** million **€71.1** million



Customers €1,164.7 million



Gran Meliá Fénix



Gran Meliá Palacio de Isora

BUSINESS MODEL

GRI 102-9

The Company has an established, successful business model. It has grown from being a family-owned holiday company in Mallorca (Spain) to a listed, international, diversified company, with recognised brands and influence in the market that focuses on growing while using formulas with low capital intensity.

Meliá Hotels International's business model focuses on generating value for its stakeholders. This model is the result of the Company's evolution over six decades 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.

This business model is constantly evolving and is mostly updated, to meet the requirements of customers, owners and employees. Through a philosophy of constant reflection on and implementation of improvements to this business model, it also keeps up with changes in the environment, the new technologies available and the opportunities which the global scale of the Company offer. This update to the business model involves all areas of the Company worldwide, from hotels and regional areas to its corporate headquarters.







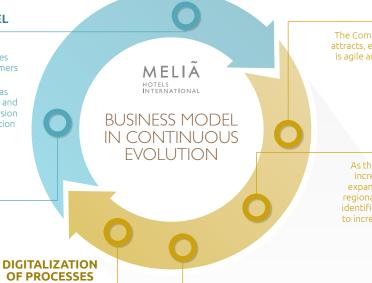
DIGITALIZATION OF THE SALES AND DISTRIBUTION MODEL

The sales and distribution model has been strengthened by the arrival of new technologies offering an improved value proposition to customers and a greater degree of personalization.

The greater customer-based personalisation has improved satisfaction ratios and other operating and business ratios, such as an increase of the conversion ratio, an increase in revenues and their contribution to the profitability of the business

CUSTOMER ORIENTATION

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



TALENT

The Company has an organisational structure that attracts, empowers and manages talent worldwide, is agile and efficient, and meets the challenges to Meliá Hotels International

EXPANSION

As the Company's international expansion increases, the Meliá Hotels International expansion department is being increasingly regionalised so that new opportunities can be identified at the local level that will contribute to increasing its global presence in the world's leading destinations

BACK-OFFICE

To improve efficiency and effectiveness

Technology applied to the digitalization of processes to improve productivity.

Meliá Hotels International promotes a culture that is based on the incorporation of cutting-edge technological solutions to give processes greater resolution, simplicity and speed and improve the quality of the results

BUSINESS MODEL

GRI 102-10

PORTFOLIO SEGMENTATION

Meliá Hotels International maintains a balanced portfolio, with 55% urban hotels and 45% leisure hotels, reinforcing its aspiration to position itself among the leading global hotel groups in the urban segment and consolidate its leadership in the holiday segment in line with Vision 2020.

Like the openings in 2016, the Company continues to focus on portfolio diversification, with 83% of the hotels opened being for leisure or bleisure. After 60 years' experience in the leisure segment, Meliá Hotels International is recognised as being a benchmark for the management of the world's major holiday destinations and for incorporating local best practices worldwide.

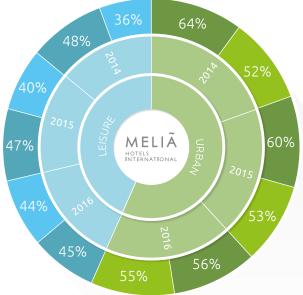
Innovation in the leisure segment

As a result of its leadership position and extensive experience in the leisure segment, plus its excellent management of customer knowledge, the Company has managed to develop its leisure brands to fit today's more demanding travellers. The continuing search to match the brands and products to the customers' expectations has allowed the Company to create recognised leisure brands with great growth potential on every continent. The repositioning of the internationally recognised and award-winning Sol Hotels brand has brought high added-value experiences compared to the traditional model, allowing it to position itself in new destinations like Indonesia, Vietnam, Morocco and Thailand.

The bleisure component of the urban segment

Meliá Hotels International has positioned itself at the forefront of the development of bleisure (business & leisure) hotels, in order to adapt itself to the new trend of combining business travel with leisure and experiences. The bleisure concept requires excellence when combining the operations of these two segments. The Company is in an excellent position here, thanks to its experience in both segments. It has also achieved international recognition through brands like Meliá Hotels & Resorts, which integrates innovative concepts of leisure, wellness and catering into its city hotels in order to complement the business customer experience and, at the same time, be the ideal choice for weekend getaways.





URBAN PIPELINE

URBAN OPERATIONS

Meliá Paris La Défens

BUSINESS MODEL

Meliá Hotels International has further strengthened its hotel management model, focusing mainly on third-party management and a low-intensity capital growth model, giving the Company greater momentum to drive innovation, continuous improvement, risk minimisation, reputation and recognition.

Following its transformation from being an owner with a few hotels under management to being a management company with

OWNERSHIP

a few hotels of its own, Meliá Hotels International now has a portfolio of hotels in which low capital-intensity models (management and franchise) account for 60% of the rooms under the traditional models of ownership and leasing.

Of the 18 openings during the year, 61% were hotels operating under a management model, and to a lesser extent, as franchises.





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







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

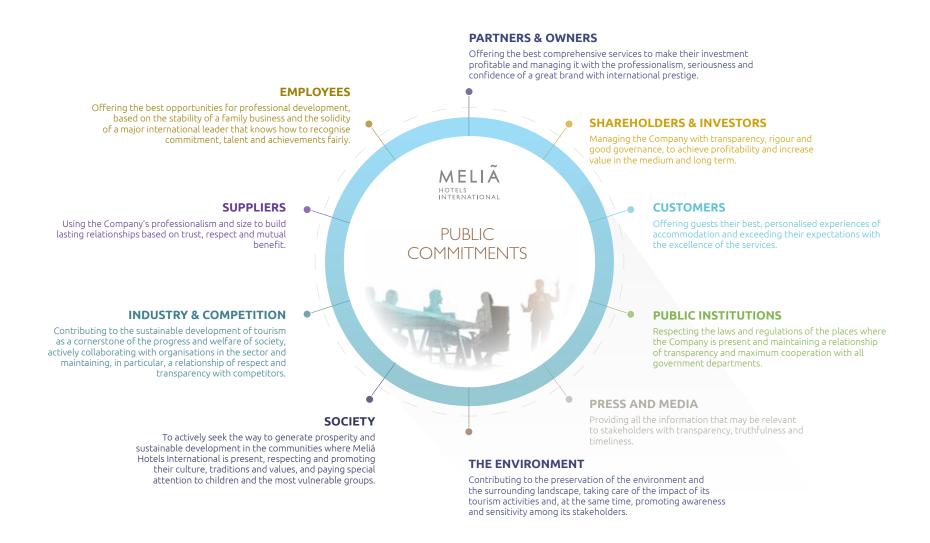
With this model the owners of the hotels operate under one of the Meliá Hotels International brands and contract the sales and marketing services.



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 is to have a smooth, ongoing dialogue with its stakeholders, in addition to listening to their expectations and concerns and keeping them informed of the current state of the Company.

Therefore, building, maintaining and improving solid relationships between Meliá Hotels International and its stakeholders, both external and internal, is a maxim at Meliá Hotels International. This smooth, two-way dialogue is based on transparency, ethics and the issues that are important to the stakeholders and have been identified by the materiality analysis made 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 is the basis for strengthening links with them, as the goal of Meliá Hotels International is to ensure that this relationship is sustainable, excellent and long-term. To achieve this, the Company makes different channels, tools and spaces available to its stakeholders so that a close, transparent and twoway conversation can always take place.

From the corporate perspective, the 60th anniversary year of Meliá Hotels International has been a rewarding time for emphasising major milestones. These included the celebration of six 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.

In 2016. Meliá Hotels International internationalised its corporate communication model with the launch of a communications plan that includes regional actions for each strategic market, in order to improve the external communication agency reporting system. The plan included the redefinition of the main lines of communication with variables related to reputation, placing special emphasis on expansion, financial information, innovation and digitalization, CSR, awards, employer brand and the Company's strategic projects.

Similarly, a new external communication strategy was designed for the corporate brand on the social networks (Facebook, Google+, Twitter and Linkedln). 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 global reach of the external communication tools was optimised with the launch of a monthly corporate newsletter for key stakeholders around the world (excluding customers and employees), with the aim of improving the relationship and communications with them.

2016 was the year in which the Meliá Hotels International in-room magazine, Mstyle, established itself as one of the most attractive channels for bringing the Company's news to guests during their stay at the hotels.

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



COMMUNICATION PLAN

	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 worldwide benchmark for excellence, responsibility and sustainability and to promote a model of long-term sustainable development that ensures the creation of value for its internal and external stakeholders and contributes to improving the societies in which it is has a presence. The materiality analysis helps the Company to understand the expectations, requirements and issues of importance identified by the stakeholders, allowing it to analyse them and implement initiatives to improve the business of today and the future. It also strengthens the ongoing relationship model that allows the stakeholders to assess the relevance and materiality of certain issues and their consideration and integration in the business model.

PREPARATION PROCESS

More than 22,000 people worldwide were 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 strategic impact.

RESULTS

The results obtained show the selection of the main material issues classified into 4 categories, business-related, those with greater materiality and a presence in the matrix.

We can also see the importance given by the stakeholders to balancing tangible and material business-related issues with intangible issues related to the environment, corporate responsibility and governance.

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 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 & growth
- 9 Quality of the commercial offering

CORPORATE GOVERNANCE

- **10** Transparency
- 11 Corporate governance

CSR

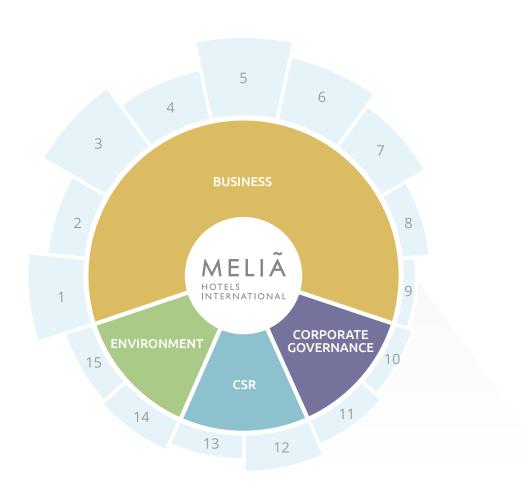
- **12** Contribution to society
- 13 Action against climate change

ENVIRONMENT

- 14 Technology & digitalization
- 15 Tourism industry & economic context



Vision 2020 and the stakeholder relationship model





1. BUSINESS PERFORMANCE & RESULTS

€1,802.0 million Revenues (+4%) €279.5 million EBITDA without capital gains (+14%) 27 Consecutive quarters of RevPAR growth (CAGR 10%)



6. BRAND & PRODUCT STRATEGY

€163 million Investment (+52%)
World's Best Resort Brand World Travel Awards
ME London Best Wow Effect by a luxury hotel
World Travel Awards



11. CORPORATE GOVERNANCE

25th position Merco Responsibility and Corporate Governance (-4 Pos.) 45% Independent Directors 234 Internal audits carried out (+14%) 7.1% Women promoted



2. SALES & MARKETING CHANNELS

50.7% Centralised sales ratio (+21%) 39.9% Revenues from loyal customers (+31%) 16.4% Mobile sales growth



7. FINANCIAL SOLVENCY

Debt reduction (-29%)
Evolution of shares (-9%)
€100.7 million Net profit (+180%)
TOP 3 Best European investor relations team



12. CONTRIBUTION TO SOCIETY

+€700,000 Earmarked for children **€360.1 million** Volume billed by local suppliers (+60%) Best CSR project *Worldwide Hospitality Awards Improving life in Kairo*



3. EMPLOYER BRAND & TALENT

44,405 Employees (+5%)
71.4% Management positions filled internally
30% Employees < 30 years
16th position Merco Talent (+4 Pos.)
Top Employer China



8. PRESENCE & GROWTH

Presence in 43 countries 375 Hotels 96,369 Rooms 17 Openings 30 Signings



13. ACTION AGAINST CLIMATE CHANGE

Carbon Disclosure Project CDP Top Iberia-A-Carbon footprint: tonnes of CO₂ per stay (-3%) **48%** Portfolio of certified hotels (+8 pp) Electricity consumption per stay (-12% kWh) Water consumption per stay (-8% m³) Consumption of kgCO₂ per stay (-12%) Fuel consumption per stay (-17% kWh)



4. RELATIONSHIP WITH STAKEHOLDERS

17th position Merco Talent (+1 Pos.) TOP 100 Merco LATAM 6.9 million Members MeliáRewards (+44%) 6,304 Global suppliers (+45%) 19,699 Impact stakeholder newsletter



9. QUALITY OF THE COMMERCIAL OFFERING

42.6% Net Promoter Score - NPS (+1 pp)395 Hotel awards and recognitionsLaunch of new melia.com23 language versions available on melia.com



14. TECHNOLOGY & DIGITALIZATION

€24.2 million Investment in technology (+37%)
Best company in digital transformation
Digital European Mindset Awards
Digital Talent Award Accenture Strategy & El Economista



5. INNOVATION

€5.1 million Investment (+15%)
Best social media strategy *The E-Show Madrid*Best business idea *Katmandu Park & Resort*



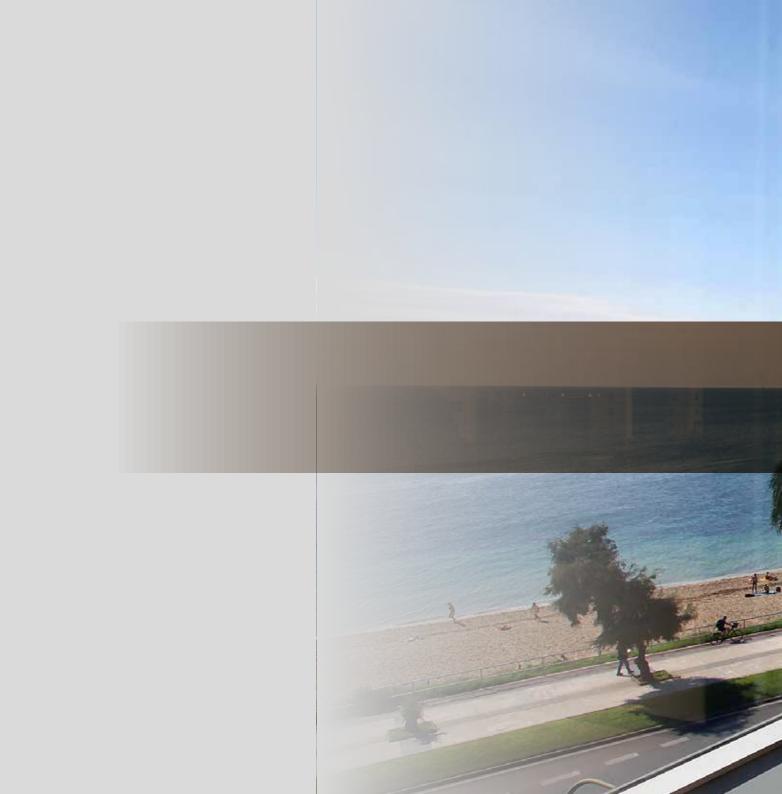
10. TRANSPARENCY

IBEX 35
28 Roadshows
Member of FTSE4GOOD IBEX since 2008
Llotja Prize for best information and transparency
Chamber of Commerce of Barcelona



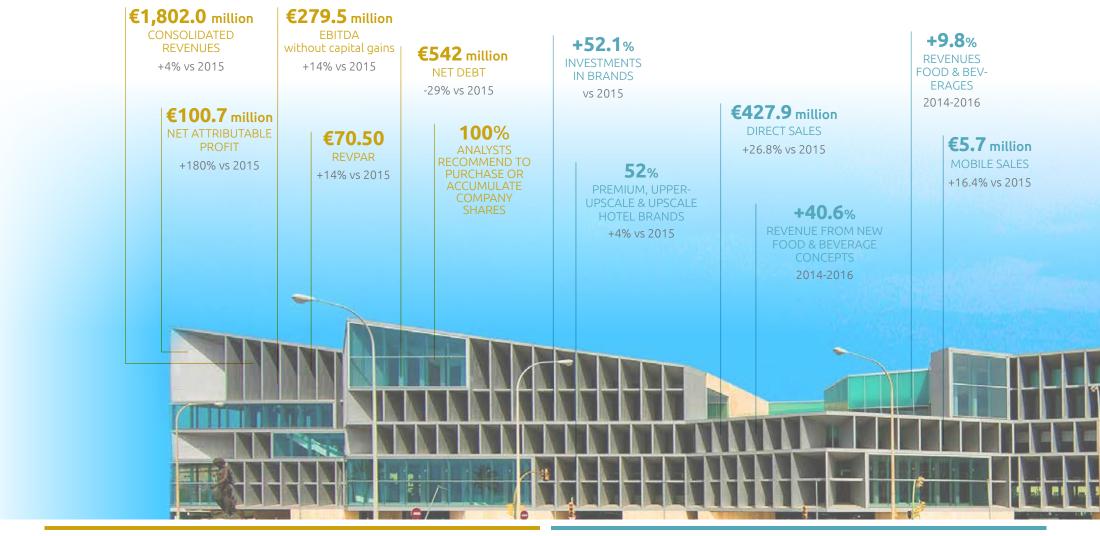
15. TOURISM INDUSTRY & ECONOMIC CONTEXT

Presence in main sector forums 28.7 million Stays (-4%) 83% Non-Spanish customers (-1%)

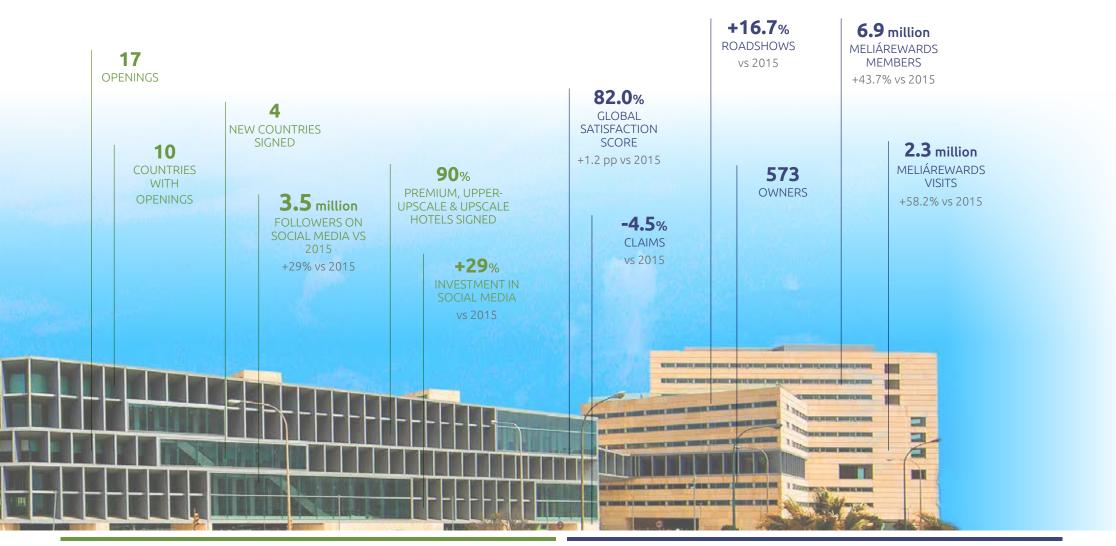




KEY FIGURES



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 since the recession of 2009. This result was reflected in the world's economies through lower levels of investment, less international trade and increased levels of indebtedness. In addition, low commodity prices put additional pressure on traditional exporting countries and generated inflation below 1% in the developed economies.

At the same time, in 2016, geopolitical conflicts and tensions persisted and have increased the uncertainty of the economy and the volatility of the markets, generating instability. Another relevant development was the desire of the United Kingdom to leave the European Union, leading to a lowering of growth expectations for the Euro area to 1.8%, a level well below those experienced by other world economies.









Outlook for global growth 2017 +3.9%
Growth in world tourism 2016

MACRO ENVIRONMENT OUTLOOK 2017

In 2017, global growth is expected to rise to 2.7%, which will be the basis for an increase to 2.9% in 2018. A rise in the price of raw materials is expected that will have an impact on the growth of the economies of the exporting countries and will lead to a scenario of higher inflation and rising interest rates in developed economies. The developing countries are estimated to be the main generators of world growth with 4.4%. Asia Pacific will be the most dynamic region, benefiting from strong domestic demand and expansive macroeconomic policies.

The elections taking place during the year and government measures in the area of protectionism in the context of international trade, currency fluctuation and agreements on sustainability are expected to be the main critical points in 2017.



TOURISM INDUSTRY 2016

The growth of the tourism industry has 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 reach a total of 1,235 million tourists. This was the seventh consecutive year of uninterrupted growth, an landmark for the industry not seen since the 1960s. All this reflects the key importance of the tourism industry in the world economy, as it generates 10% of world GDP, I in 11 jobs worldwide and creates wealth for the local communities in which it operates.

The Asia Pacific region led the growth in tourism in 2016 with an 8% increase in visitor arrivals compared to 2015, followed by an uptick in Africa that set it above the Americas region, which in 2017 is showing growth of 4%. Europe had a mixed result, with countries with double digit growth, such as Spain, which had a 10% increase in tourists and was the number 3 country in the world

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 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.

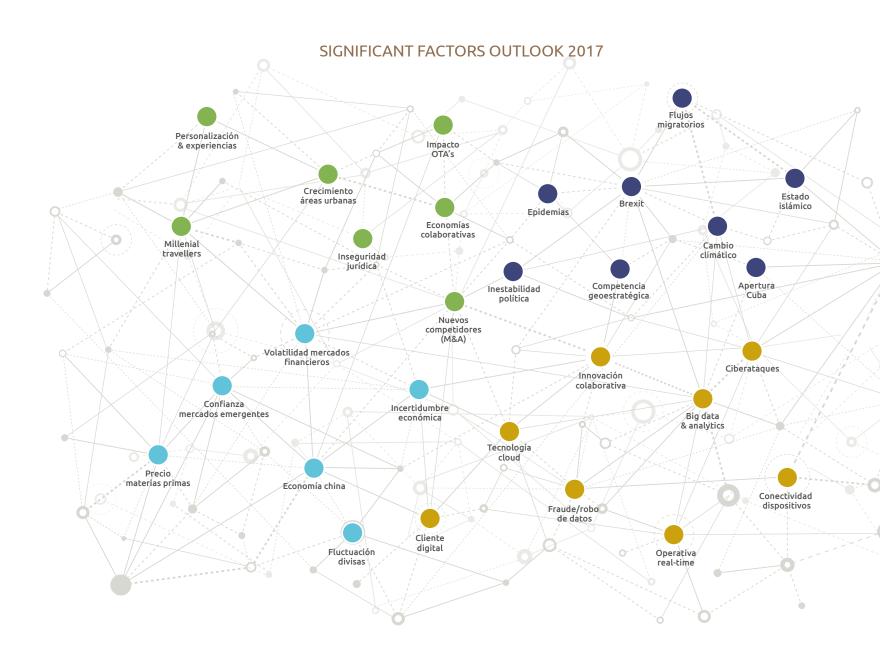
TOURISM INDUSTRY OUTLOOK 2017

The tourism industry continues its strong growth prospects for 2017 with an expected rate of 3%-4% and firm consensus among experts in the sector regarding an improvement on the results achieved in 2016. At the regional level, Asia Pacific and Africa are expected to grow between 5% and 6%, the Americas between 3% and 4% and Europe between 2% and 3%. Also, 2017 has been declared the International Year of Sustainable Tourism for Development by the United Nations. This fact reinforces the actions of companies like Meliá Hotels International, which, with its leadership position in sustainability in the tourism industry, has a highly positive impact on the development of local communities.

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
- SURROUNDINGS



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 HOTEL





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

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.



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

As the Company is well aware of the changes demanded by the market, it uses its business model to focus on positioning its brands to leverage its growth and profitability and strengthen its positioning both regionally and worldwide.

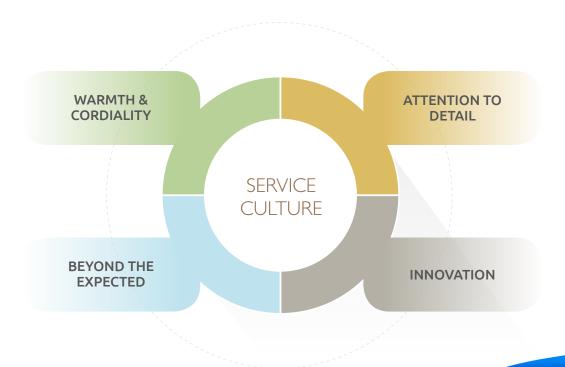
The brand and product strategy calls for a culture of change and continuous improvement that generates value and offers a differentiated, successful product that meets our customers' expectations and requirements, in addition to being of key significance to the stakeholders of Meliá Hotels International. To achieve these objectives, it has designed and implemented a regular review and adaptation process that uses a methodology applicable to all the brands in its portfolio.

Today, Meliá Hotels International has a portfolio of 7 hotel brands and a holiday club (Circle by Meliá), each with its own well-defined identity. Together they contribute to an internationally recognised positioning that satisfies different customers, nationalities, cultures and generations. In 2016, the service culture of all the brands was

revamped in order to promote their differences and enhance the attractiveness of each one. There has been an evolution from having an individual ethos and culture for each brand towards identification with a single company culture that applies to all the brands equally, while giving each one its own exclusive, unique concepts, behaviours and features.

This strategy allows the concepts to be unified under a single global culture based on the warmth of a family company that epitomises the underlying Spanish traditions, with its focus on constant innovation and on the small details that truly make a difference. The Company culture serves as an essential way of ensuring that employees deliver the brand promise to customers, adapting each brand to the individual, local reality and strengthening the model of customer closeness that has been driving its success for 60 years.

As a result of continuously improving the positioning and visibility of its brands, Meliá Hotels International has been awarded one of the Transform Awards, which recognise best practices in products and the development of global brands, with a bronze medal in the Best Creative Strategy category.





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

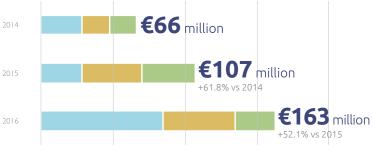
BRAND POSITIONING

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.









Selective positioning focusing on growth in major cities, tourist destinations and top-flight locations



Brand internationalisation by adding major holiday destinations and promoting entry into the Asian market and other destinations in the Caribbean



Focus on cosmopolitan cities at the forefront of the trends, by identifying top luxury and lifestyle holiday destinations



Maintaining a balanced portfolio in the urban and holiday segment, by focusing on destinations with the potential to attract conferences and conventions



Strengthening the brand as an urban benchmark with a bleisure component in major and secondary cities



Brand internationalisation, by consolidating destinations in the Mediterranean and South-East Asia and a commitment to the Caribbean and emerging markets



Continuing to grow and consolidate the brand in current markets

PREMIUM UPPER-UPSCALE MIDSCALE

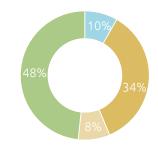
BRAND ARCHITECTURE I BRAND POSITIONING

BRAND PORTFOLIO

The Company is maintaining its strategic focus on growth in the high and medium-high segment with brands grouped under the premium, upper-upscale and upscale categories. The Meliá Hotels International portfolio has grown by 4% in these segments, to reach 52% of the total portfolio in 2016.

Due to the evolution that Meliá Hotels International has promoted in its brand strategy in recent years, it now has a portfolio of 7 brands that are clearly defined and well-positioned to respond to customer psychographics. This positioning is supported locally by the advantages of also being global brands.

	+ DEMOGRAPHIC	+ PSYCHOGRAPHIC
PREMIUM	PARADISUS GRAN HOTELS OF	MELIÁ RESORTS MENELA
UPPER-UPSCALE	MELIÃ HOTELS & RESORTS	
UPSCALE		INNSIDE SOL Sol beachhouse
MIDSCALE	TRYP SOL SOL MANDU park & resort	Solishouse







GRAN MELIA HOTELS & RESORTS

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 Hapsburg Madrid that has been converted into a hotel under the prestigious label of Leading Hotels of the World. Its opening was complemented by

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 Urban Hotel in the World, Golden Distinction and Distinction from Condé Nast Traveller for the Gran Meliá Rome Villa Agrippina.



NATIONALITIES OF CUSTOMERS

U	NITED KINGDOM	19%
	NITED STATES OF MERICA	14%
SI	PAIN	12%
С	HINA	6%
G	ERMANY	4%

PRESENCE 2016



MAIN INDICATORS



Hotels 14
Pipeline 5



Customers **1,405,763**



Employees 3,349



NPS **51.3**

GSS **83.3**

GRI **89.7**

OPI 98.4



Social Media

57.2%

22.7%

24.8%

12.1%

141.9%



Gran Meliá Palacio de los Duques



EXAMPLES OF CAMPAIGNS IN 2016









STRATEGIC POSITIONING

ME is a hotel designed to inspire and connect on a personal level. ME It Becomes You.

ME by Meliá hotels are personalised hotels focusing on design and the individual experience in the global capitals of culture and cool. Meticulously created for a defined customer psychography, ME by Meliá hotels attract the open minded through their artwork, design, music and cuisine.

MAIN MILESTONES

2016 will be remembered by fans of the brand for its entry into the United States with ME Miami, a hotel that reflects all the dynamism and atmosphere exuded by that city. The ME Cabo and ME Cancun hotels started a refurbishment process

that will allow both hotels to shine again in 2017, endowing them with all the brand identity and an incredible range of cuisines. In parallel, the launch of ME FM and The ME People blog has become a photographic and audiovisual showcase that floods the senses of the brand's best ambassadors, and its coolest customers and collaborators.

AWARDS RECEIVED

In 2016 the brand's hotels received a total of 15 prestigious, top-level awards, the highlights of which were the numerous awards given to ME London, including the Award for Best Wow Effect for a luxury hotel, Modern Luxury Hotel of the year and Most Stylish Luxury Hotel of the year, as well as those garnered by ME Dubai, ME Ibiza and ME Milan.



NATIONALITIES OF CUSTOMERS

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

PRESENCE 2016



MAIN INDICATORS



Hotels 8 Pipeline 5



Rooms 1,661 Pipeline 966



Countries 5 Pipeline 3



Customers **479,062**



Employees 1,186



Urban **50%**Resort **50%**



NPS 50.8

OPI 103.4

GSS 84.3

GRI 88.7



Social Media



18.3%

52.3%

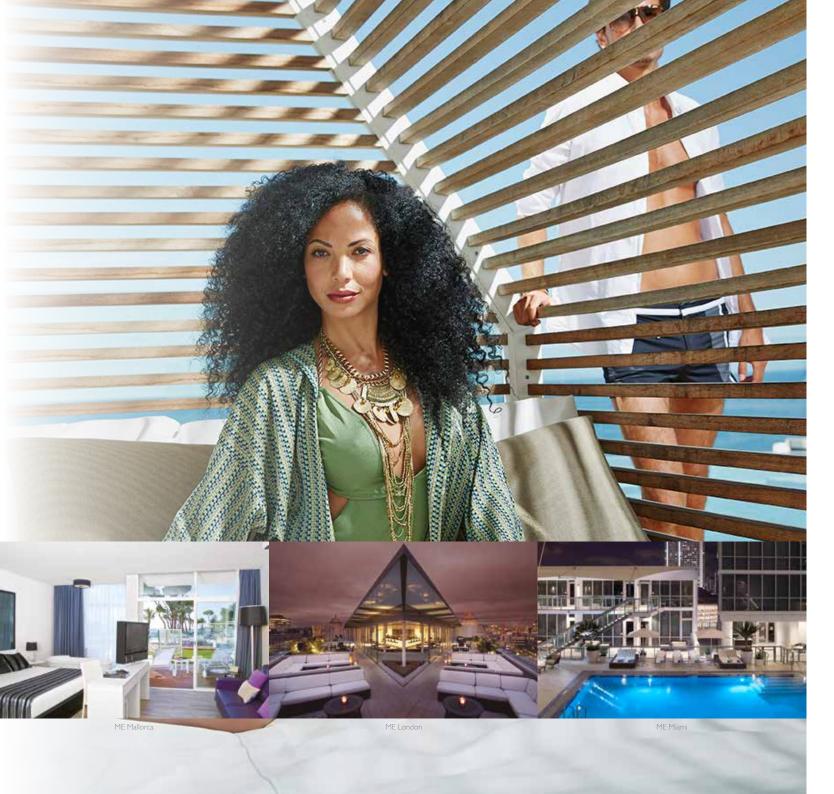
27.0%

8.1%

141.9%



ME Madrid



EXAMPLES OF CAMPAIGNS IN 2016





IF YOU DON'T KNOW ME, YOU SHOULD





STRATEGIC POSITIONING

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

Paradisus by Meliá creates lifelong memories through exceptional resorts that surprise and delight guests with their extraordinary service and innovative experiences. These luxurious, all-inclusive seafront resorts are located in idyllic, natural settings and are in perfect harmony with the local culture and cuisine.

MAIN MILESTONES

The brand has undergone a major change, having remodelled all the hotels in its portfolio. The transformation and

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 Service) and families (Family Concierge).

AWARDS RECEIVED

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 as the Golden Apple, AAA Four Diamond Award and the Apple Crystal for the best 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



MAIN INDICATORS



Hotels 10
Pipeline 3



Rooms **4,767**Pipeline **1,648**



Countries 3 Pipeline 1



Customers **2,462,554**



Employees **7,319**





NPS **56.2**

OPI 98.1

GSS **85.6**

GRI 89.9



Growth on Social Media

188.4%

20.9%

24.3%

85.7%

31.1%



Paradisus Palma Real Golf & Spa Resort



EXAMPLES OF CAMPAIGNS IN 2016









STRATEGIC POSITIONING

Meliá Hotels & Resorts is always at the service of the customers, providing genuine Spanish hospitality based on a passion for service and dedication to their total well-being.

Meliá is always concerned about its customers. It 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 in the portfolio of the new Palacio de Congresos de Palma, a key catalyst for extending the season at a traditionally seasonal destination.

Highlights include the first openings in Jamaica and Myanmar, of the Meliá Braco Village

and Meliá Yangon respectively, as well as the Makassar in Indonesia and the Llana and 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 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

The Meliá Zanzibar has been recognised as the Best Project in Sustainable Development and Corporate Social Responsibility by the Worldwide Hospitality Awards, as has the recently inaugurated Meliá Braco Village, recognised twice in the World Travel Awards 2016.



NATIONALITIES OF CUSTOMERS

SPAIN	17%
UNITED KINGDOM	12%
UNITED STATES OF AMERICA	9 %
GERMANY	7 %
BRAZIL	4%

PRESENCE 2016



MAIN INDICATORS



Hotels 106
Pipeline 32





Rooms **31,920** Pipeline **8,763**



Countries 30
Pipeline 5



O Customers **12,347,068**



Employees 19,697





NPS **45.0**

GSS **81.8**

GRI **85.3**

OPI 100.3

324.5%

42.3%

116.4%

85.7%

123.6%

Meliá Cala D'or

Social Media



INNSIDE BY MELIÃ

STRATEGIC POSITIONING

INNSIDE, the collection of international hotels with an urban lifestyle. A concept developed around 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 connects work and leisure, where one can work, relax and be inspired by everything the urban environment has to offer.

MAIN MILESTONES

The INNSIDE brand has continued its global expansion with the opening of the eagerly-awaited INNSIDE New York NoMad, which marks the arrival of the brand on the American continent.

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

This brand has been successfully repositioned using the #worktripping concept, which transmits a new freshness and a new dimension, and consistency across all the employees.

AWARDS RECEIVED

The INNSIDE Dresden received two awards for its renowned and highly-successful Twist Bar.



NATIONALITIES OF CUSTOMERS

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

PRESENCE 2016



MAIN INDICATORS



Countries 4 Pipeline 11



O Customers **911,547**



Employees **792**



NPS **48.6**

GSS **83.3**

GRI 85.3

OPI **98.4**



Growth on Social Media

64.3%

17,121.7%

255.7%

152.7%

5.6%



INNSIDE New York NoMad



EXAMPLES OF CAMPAIGNS IN 2016

















STRATEGIC POSITIONING

The Sol by Meliá brand creates holidays. Four different concepts (Sol Hotels, Sol House, Sol Beach House and Sol Kathmandú) create unforgettable experiences for millions of customers by matching them to the needs of each customer, with distinctive, characteristic swimming pools as the focal point of all the brand's hotels.

The Sol brand, a benchmark for the holiday segment, is prominent in the Mediterranean, offering the best vacations in the world's top 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 young partygoers.

The commitment to a healthy, organic cuisine has been integrated into the new culinary concepts developed for the Sol Beach House brand and is complemented by special health and wellness programmes.

AWARDS RECEIVED

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



MAIN INDICATORS





Customers **6,900,751**



Employees 5,912



Resort 100%



NPS 35.4

GSS **80.3**

GRI 81.3

OPI **95.5**



Growth on Social Media

19.1%

356.0%

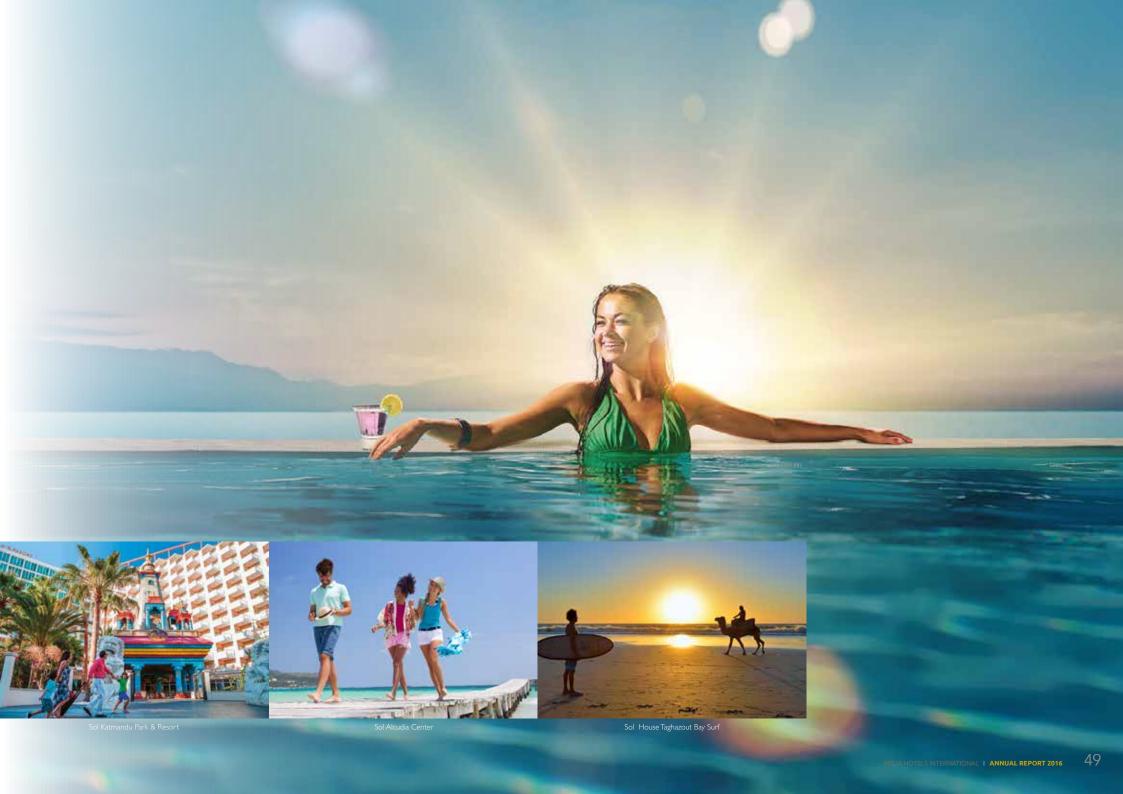
6.6%

87.1%

372.7%



Sol Beach House Mallorca





STRATEGIC POSITIONING

Own the City. TRYP knows the city better than anyone else and, through its conversations with customers, is the brand that is expert in passing on this knowledge to lovers of big cities. This culture is shared by all its employees, who create a closer, more intense, creative and visible relationship with the customer.

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

MAIN MILESTONES

In 2016 the brand carried out a segmentation of its clientele, creating a campaign with three creative concepts catering to the three main segments:

business travellers, families and couples. This new segmentation has been supported by different work groups created for all the hotels in all regions, in which brand employees played a leading role in developing a knowledge of the city as the heart and the special feature of the culture of Own the City by TRYP.

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

AWARDS RECEIVED

More than 40 industry awards, given mainly by influential entities like TripAdvisor and Booking. com to hotels located in Spain, Brazil and Germany, recognise their excellence and quality of service.



NATIONALITIES OF CUSTOMERS

SPAIN	35%
GERMANY	11%
BRAZIL	10%
UNITED KINGDOM	8%
united states of america	3%

PRESENCE 2016



MAIN INDICATORS



Hotels 85
Pipeline 2



Customers **4,192,745**





Employees 3,594



NPS 31.4

GSS **79.9**

GRI **80.5**

OPI **96.6**



Social Media

61.8% 18.3%

-47.1%

35.5%

77.0%









Countries 9







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 Hotels International to provide its members with a wide range of destinations in the most exotic and spectacular destinations in the world, year after year. Its members receive first-class service with accommodation designed to meet all the family's needs. Resorts like the Gran Meliá Palacio de Isora

or Paradisus Palma Real are two of the spectacular holiday resorts that belong to the Circle concept. As a member, Circle and Meliá Hotels International let members enjoy the privilege of travelling to many destinations in a simple, convenient way. Circle offers vacations that are truly a way of life and have been designed to be experienced.







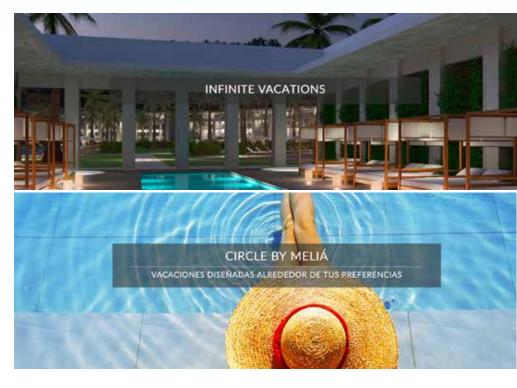


As a result of the superb attention and service provided, the most important indicators of service and quality have improved in 2016 compared to the already excellent quality results of previous years.

Highlights in 2016 include the new website created to give visibility to the new concept, which was completely redesigned and developed to adapt it to the new market reality and the needs and requirements of present and future members.

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 MeliáRewards loyalty platform.

In 2017, the Company will continue to promote the Circle by Meliá concept with new developments that will give it added appeal for all those who are part of it.



NEW CIRCLE MEMBERSHIPS







INFINITE BLUE

INFINITE BLACK

INFINITE RED

BRAND ARCHITECTURE | CIRCLE

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.

BALANCEYOUR 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.

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



INTEGRAL COMMUNICATION

Meliá Hotels International promotes a consistent, integrated and aligned brand communication strategy for all its brands that uses technology as a catalyst and the Company's international growth 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".

Its main objectives are to improve the perception and knowledge of the brand, increase sales in key markets and promote an integrated message on the different channels, in order to ensure that all 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 portfolio. Activity on the social networks in 2016 centred around three basic pillars: influencers, paid social and hotel activation.

The community managers team increased the interaction with followers to improve the impact and optimise the social experience. This strategy allowed innovation, with new formats generating more effective interaction that matched the technical evolution of the platforms of the 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 the Company has focused its expansion.

Looking ahead to 2017, one of the most important steps that the Company will take is greater integration of the social networking strategy 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 Company's hotels, to have a better understanding of the behaviour of our customers and customise their experience as much as possible.

FOLLOWERS ON SOCIAL NETWORKS 2016



2.9 million



90 thousand



225 thousand +39% vs 2015

172 thousand



40 thousand +134% vs 2015



109 thousand +123% vs 2015

+3.5

million

FOLLOWERS ON

SOCIAL MEDIA

FOLLOWERS ON SOCIAL MEDIA VS 2015







1 thousand +21% vs 2015



Best development of social media strategy 2016 The E-Show Madrid

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 Duques, 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 Nacional Río

Gran Meliá Palacio de los Duques

Meliá Vienna

GASTRONOMIC EXPERIENCES

As Meliá Hotels International is aware of the importance of catering in enveloping the customer in a complete experience, it continues to innovate, using cutting-edge proposals and maintaining excellence in an area where the Company's different brands stand out at the global level.

In 2016 the Company was given a global structure, supported by renowned consultants and experts, to strengthen the commitment of Meliá Hotels International to this area. The work carried out by the food and beverage department at the global level has allowed the design of special cuisines for each brand, taking into account its culture, the promotion of local products and the transfer of successful culinary experiences to other regions or hotels.

The Company firmly believes in the importance of investing in catering, designing and preparing a wide range of concepts capable of delighting the different customer segments in order to appeal to their senses through their palate. The numerous concepts implemented by the Company include restaurants, beach clubs, fashionable terraces, themed banquets, etc. all with a common denominator: stimulating the senses with a varied and complete range of culinary delights.

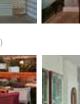
It is worth noting the commitment to the development of new concepts by big-name chefs, such as the restaurants Arrels by Marga Coll (Gran Meliá de Mar), Alevante by Ángel León (Meliá Sancti Petri) and the Torres brothers (Gran Meliá Palacio de los Duques & Meliá Barcelona Sky) that have contributed to creating some very special experiences. The range of gastronomy is complemented by special healthy and balanced eating programmes, such as the Balance by Meliá program, which promote healthy lifestyles among customers.

In addition, Meliá Hotels International continues to develop specific training and innovation programmes in the area of food & beverages with partners like Basque Culinary Center and collaborations with universities, such as Le Cordon Bleu.

Looking ahead to 2017, the Company will continue to implement new concepts that have yielded excellent results to date.



Shack Snack Bar Sol Beach House Ibiza (Spain)



Garbo Restaurant Meliá Granada (Spain)



Beach Club Cape Nao Restaurant Meliá Cala Galdana (Spain)



Merkado Restaurante Meliá Barcelona Sarrià (Spain)



Casa Nostra Restaurant Meliá Cala Galdana (Spain)



Bardot Pool Beds Experience Gran Meliá de Mar (Spain)

DRY by Javier de las Muelas Gran Meliá Fenix (Spain)









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



Passion by Martin Berasatequi Paradisus Palma Real Golf & Spa Resort (Dominican Republic)









ÁNGEL LEÓI





+40.6% Revenue from new concepts 2014-2016



+9.8% F&B Revenues 2014-2016 Satisfaction index vs 2015

NEW IN-HOUSE CONCEPTS BY BRAND DESIGNED IN 2016













LORSY BAS A LEGISCO. MISSION.

























RUMBA



















CASA

NOSTRA



Merkado











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.





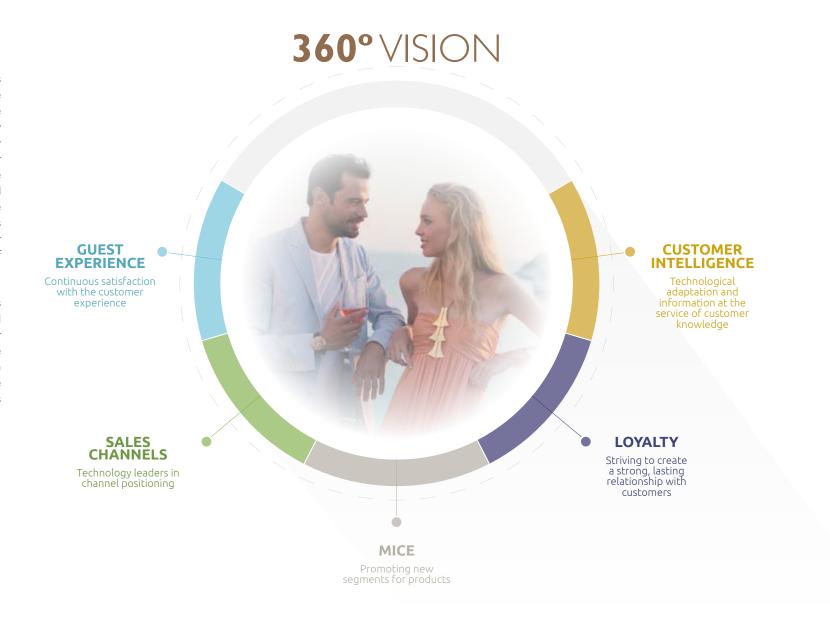


CUSTOMER CENTRIC

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.



CUSTOMER CENTRIC

GUEST EXPERIENCE

Meliá Hotels International ensures that it has a 360 degree vision of its customers in order to pay special attention to improving their level of satisfaction. Keeping the customer at the centre of the Company's universe requires the promotion of initiatives that, with the help of technology, contribute to enriching the experience and improving the quality of the service provided. A culture of customer data measurement and analysis (CRM) is a key catalyst for assessing improvements and identifying new opportunities. The data mining obtained facilitates internal comparisons between hotels, as well as obtaining a comparison with other competitors in the sector. In this regard, in 2016 the Company carried out the following projects that represent a major advance in this area:

Meliá Customer Repository: Allows the Company to enrich and optimise the customer information that is received from different channels, giving a greater ability to personalise the delivery of the service and as a result, an improvement in the level of satisfaction.

Preferences Project: This project defines, organises and manages customer preferences. A stay at each of the Company's hotels is unique and therefore all the details that can enrich the experience and interaction with the brand are taken into account.

Revenue Optimizer: A tool developed by the Company to measure the Return on Experience through a detailed analysis correlating two sources of information: the Quality Penetration Index and RevPAR.

MEASUREMENT TOOLS

The Company has tools that allow it to monitor the satisfaction of its customers and to identify and cover the areas for improvement, driving development in an ongoing manner in order to include each brand promise. In its quest to offer unique and personalised experiences to its customers, Meliá Hotels International has Guest Experience teams that are responsible for ensuring the proper development of experiences and customer satisfaction. Here are some of the existing measurement tools:

Satisfaction surveys: All clients receive an online 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 reputation and corporate social responsibility, given the growing interest of customers.

Online Reputation: The teams analyse all the comments posted on the internet about the Company's portfolio and have a response protocol for online comments, giving feedback to all of them.

Customer service: The Company has a system for managing incidents, comments and suggestions in order to answer all customers who contact it through miexperiencia@melia.com (myexperience@melia.com) and through the social networks. The applicable policy requires a response to the customer within a maximum period of 48 hours from receipt of the comment.



82.0%

Global Satisfaction Score (GSS) +1.2% vs 2015



83.7%

Global Review Index (GRI) +1.1% vs 2015



95.9%

Quality Penetration Index (QPI) +0.1% vs 2015



42.6%

Net Promoter Score (NPS) +1.4% vs 2015



76.7%

On-time response rate +8.6% vs 2015



-4.52%

Total complaints vs 2015



CUSTOMER CENTRIC | GUEST EXPERIENCE

		GSS
	GLOBAL SAT	ISFACTION SCORE 2015
	2010	2013
GRAN MELIÁ HOTELS & RESORTS	83.3%	82.9%
PARADISUS BY MELIA	85.6%	84.0%
M.E. BY MELIX	84.3%	83.0%
MELIÃ HOTELS & RESORTS	81.8%	80.5%
INNSIDE BY MELIÄ	83.3%	82.6%
Sol	80.3%	80.1%
TRYP	79.9%	79.4%
CIRCLE BY MELIA	85.5%	83.9%

NPS NET PROMOTER SCORE			
2016		2015	
51.3%		46.5%	
56.2%		46.7%	
50.8%		43.3%	
45.0%		44.8%	
48.5%		44.3%	
35.4%		36.3%	
31.4%		35.7%	
56.4%		51.4%	

QPI QUALITY PENETRATION INDEX		
2016	2015	
98.4%	97.7%	
98.1%	100.8%	
103.4%	102.0%	
100.3%	99.9%	
98.4%	98.9%	
95.5%	97.1%	
96.6%	95.8%	

GRI GLOBAL REVIEW INDEX			
2016		2015	
89.7%		87.6%	
89.9%		89.6%	
88.7%		88.0%	
85.3%		84.2%	
84.9%		85.3%	
81.3%		80.1%	
80.5%		80.3%	



CUSTOMER CENTRIC

CUSTOMER INTELLIGENCE

Meliá Hotels International continues to make progress in the improvement of customer knowledge by taking advantage of the new digital technologies that are available and developing talent with enhanced analytical capacities.

The technologies and platforms associated with the big data collected by the Company are allowing the integration of important new sources of information associated with one of the main stakeholders of the Company, to expand the segmentation capabilities, create more efficient and effective propensity models and activate actions.

The new advanced analytical capabilities help the brand promise to adapt to an increasingly informed and demanding consumer, studying behaviours to anticipate their needs and expectations.

Meliá Hotels International's new big data environments process large volumes of information in real time, improving communications and developing a coherent, responsible strategy.

SMART INTERACTION ENGINE

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

ers. With this system, Meliá Hotels International ensures that the customer receives increasingly relevant content, thereby improving customer loyalty. Increasing customer satisfaction, surprising them with new experiences and offering a value proposition that fits the profile of each customer is the ultimate goal of any company that is focused on the customer and service. This combined strategy of integrating technology and knowledge has allowed Meliá Hotels International to be recognised year after year with numerous awards for excellence and innovation.

PROGRAMMATIC MARKETING

In addition, the Company has strengthened its programmatic marketing programme with an inhouse trading desk and an advertising space purchasing team that helps to lower costs and speed 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 high percentage online.













CUSTOMER CENTRIC

SALES CHANNELS

The digital environment has transformed the way companies interact with their customers. For years, Meliá Hotels International has been the sector's online development leader, strengthening its multichannel presence and multi-device direct sales both in interactions with the end customer (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 applications with unique functionalities ranging from restaurant reservations and activities, to menu or check-in information.

The excellent results of the different ratios have reinforced the implementation of this strategy, 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

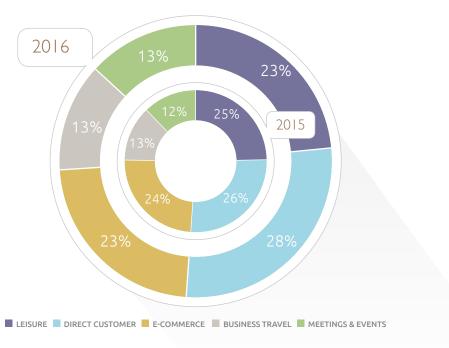
Direct sales +26.8% vs 2015



50.7%

Centralised sales ratio +20.5% vs 2015

SEGMENTATION OF SALES BY CHANNEL



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

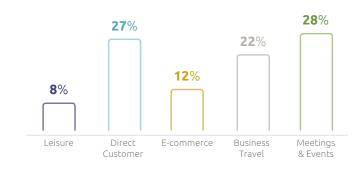
MAXIMISATION OF THE AVERAGE PRICE PER ROOM

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

POSITIONING IN HIGH-GROWTH SEGMENTS

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

EVOLUTION OF SALES CHANNELS BY VOLUME



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 Internet-based 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.



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 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

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.



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.



first-hand.

is attentive to their needs.



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

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

GET value

BE free

JUL GO first





Social Networking Growth vs 2015







6.9 million

members +43.7% vs 2015





+42.6%

MeliáRewards MeliáRewards customer revenue vs 2015



MeliáRewards partners

+21.1% vs 2015



2.3 million

MeliáRewards visits

+58.2% vs 2015









Social Networking Growth vs 2015







Rewards members +4.4% vs 2015



members

CUSTOMER CENTRIC MICE



9,680

Events organised

% +25.98%

Percentage of materialisation

MEETINGS & EVENTS

BY MELIÃ HOTELS INTERNATIONAL

The MICE segment (Meetings, Incentives, Conferencing, Exhibitions) is a segment of great significance to Meliá Hotels International. The Company's portfolio, in terms of MICE, amounts to 140 hotels distributed over 29 countries with specific spaces for events, meetings and conventions. In total, there are more than 42,000 rooms, 1,200 meeting rooms and more than 173,000 square metres of lounge area.

The weight of this segment continues to grow with the addition to the portfolio of a series of key hotels with large meeting spaces, such as the Gran Meliá Nacional Rio de Janeiro and the Meliá Yangon. Special mention should be made of the new Palacio de Congresos, in the city of Palma

de Mallorca, Spain, which includes a hotel (Meliá Palma Bay). It is a catalyst for ending the seasonal nature of this traditional holiday destination where the season is currently limited to only a few months out of the year. This new venue will have a great impact on the local community and create 200 new direct jobs, in addition to positioning Mallorca in a segment which to date has been fairly insignificant.

At the same time, the Company is advancing in the integration of all the improvements to the processes, systems and technologies developed for melia.com and promoting a specific loyalty programme called Meliá PRO for MICE.

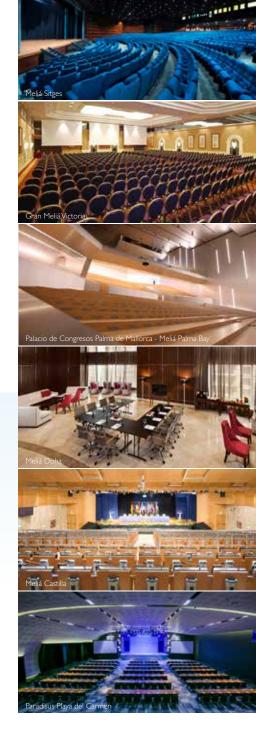
ecotouch

During the year, the Meliá Hotels & Resorts brand developed a new programme for events and meetings, EcoTouch Meetings by Meliá. The programme is based on making sustainability an added value and is part of the Company's commitment to environmental protection, one of the pillars of its Corporate Responsibility strategy.

Following the agreement signed at the Paris Summit by the international community to promote the fight against climate change, Meliá Hotels International has taken a step further toward integrating sustainable features into its brand culture by launching the EcoTouch programme for the Meliá Hotels & Resorts brand. The programme has already been implemented in all its hotels in Spain and is under development in other countries. It affects both the operational processes and the

materials used for the event and the culinary aspect, all at no additional cost to the customer:

Raising awareness and promoting education among 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 the main features of the program are a carbon footprint calculation, the use of recycled materials and the efficient use of resources. In the culinary section, the EcoTouch programme promotes healthy, seasonal products from the Mediterranean and offers alternative menus for people with allergies or vegetarians, all made by chefs connected with and trained in the programme.



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:

Liderazgo vacacional y bleisure

Reconocimiento de las marcas

PRINCIPALES
FOCOS DE LA
ESTRATEGIA DE
EXPANSIÓN

Alianzas con partners estratégicos

Crecimiento marca Paradisus

Potenciación marca Sol

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.



30

Hotel signings



76%

Managed hotels



90%

Premium, upper-upscale & upscale hotels



4

New countries



3X

5 hotels signed up in Asia, tripling the current portfolio by 2018



62%

Holiday 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.

Expansion department.

development@melia.com

In Europe

Gremi Boters, 24 07009 Palma de Mallorca, Spain T. +34 97 | 22 44 00

In the Middle East

Jumeirah Lakes Towers - Cluster F HDS Tower Office 1507, P.O. 116656 Dubai, UAE T. +971(0) 4 420 20 54

In Asia

Suite 13-1A1, 13th Floor, Hang Seng Bank Tower 1000 Lujiazui Ring Road, Pudong New Area, Shanghai 200120, China T. +86 21 33 820 800



Av. Naçoes Unidas, 12551 04578-903 Sao Paulo SP. Brazil T. +5511 3043 8442

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 Company's success after 60 years of experience focusing on growth through a long-term sustainable model. The locations where Meliá Hotels International is increasing its presence are the result of a specific positioning strategy following detailed studies and analyses so that the symbiosis 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 of Meliá Palma Bay, which will operate on a 15-year lease, is a milestone in the Company's history since it recognises the Company's experience as a benchmark in the hotel industry worldwide and its ability to manage the MICE segment.

The signing of the new ME Sitges
Terramar reinforces the ME by
Meliá brand in the Mediterranean and how a brand
can be attractive to a nationally and internationally renowned destination.

REST OF EMEA

The company has entered Iran with a Gran Meliá that will be the first five-star hotel in the country after the lifting of the sanctions that have restricted foreign investment since 2006. Meliá has 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.

INNSIDE Amsterdam, the company's first hotel in Holland, located in the largest financial district in the country, offers the new features of INNSIDE by Meliá, such as the creative meeting space and the e-gym on the 18th floor, which will make this hotel ideal for bleisure travellers.

INNSIDE Paris-Charles de Gaulle, the brand's first hotel in France, will be located in Terminal 3 of Paris's main airport and the second largest in Europe. It will have 267 rooms and fitness, conference 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.







The last of the main signings are INNSIDE Doha, the 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:

ASIA

Of note here is the signing of the Gran Meliá Huravee, the company's first hotel in the Maldives, in the heart of the Indian Ocean. The hotel will offer private villas, plus services and experiences that will allow its guests to enjoy the surroundings and the magic of these privileged islands, giving a new meaning to the concept of luxury.

The Company is continuing to invest in Indonesia, its first international destination, with the signing of three new Meliá hotels in Lombok, Bintan and its first on the island of Sumatra, bringing the total to 16

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.

The Melia Ho Tram will be our fourth hotel in Vietnam. It is located on the seafront in one of the most important emerging destinations at this time, which combines the leisure segment with a growing destination for the conference and convention segment.

Finally, the Meliá Bangkok, a landmark in the Company's strategic growth in the Asia-Pacific region and our second hotel in Thailand, is the result of a cooperation agreement between Meliá Hotels International and one of the conutry's leading business groups.

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.

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 guality 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 m² 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

model of property portfolio management that takes into consideration the different sources of asset value creation and offers the best option for developing them, not only by operating hotels but also by incorporating other commercial uses.

Meliá Hotels International has developed a proactive The Company also holds complementary real estate assets, such as the Palma Real Shopping Village in the Dominican Republic, the René Egli sports complex in Fuerteventura and the new development in Calviá 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 includof its assets to reinforce the recognition of its portfolio of brands and increase its positioning in the premium, upper-upscale and upscale segments.

During 2016 the Company completed a series of maior transformation projects. The old TRYP Ambassador Hotel, on the Velázquez route in Madrid, has been converted into the new Gran Meliá Palacio de los Duques

ed as a member of the select club Leading Hotels of 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. The other reconversion this year was the Meliá Calviá Beach, formerly the Sol Antillas, which has been repositioned as an upper-upscale product for new customer segments at a successfully transformed destination.



Calviá Beach Shopping Centre



Palma Real Shopping Village

Managing and improving the profitability of retail spaces



MELIA

Using the Company's assets as a growth lever for the different brands and developing standards and attributes



Gran Meliá de Mar



Meliá Calviá Beach



Sol House Mallorca Mixed by Ibiza



Sol Katmandu Park & Resort

Strengthening mixed models that facilitate the rotation of the Company's assets



Optimising the vield of every m² of property



ME Mallorca



Gran Meliá Palacio de los Duques

For several years now, as one of its lines of work, the Company has focused on transforming a selection of hotels in mature environments using integrated projects undertaken with strategic partners and the cooperation and support of public agencies.

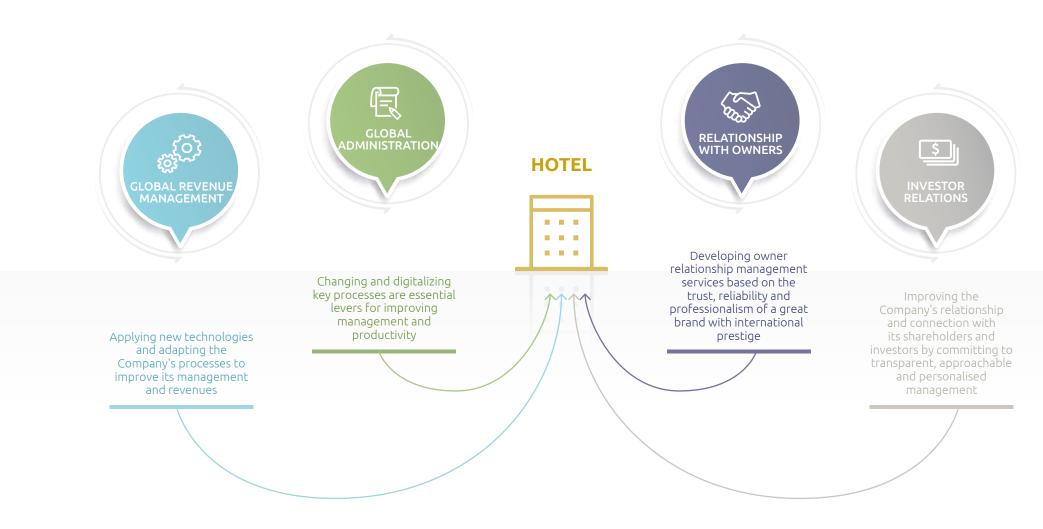
This transformation is accompanied by a process of identifying strategic assets where new initiatives can be developed through joint ventures and new partners and investors can be incorporated, offering mixed models that allow Meliá Hotels International to continue growing.

Meliá Hotels International has a strategy of optimising the yield of every m² of property by generating new 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

encourage external customers to come in to enjoy an attractive space.

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 companies at the Meliá Zaragoza.

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.

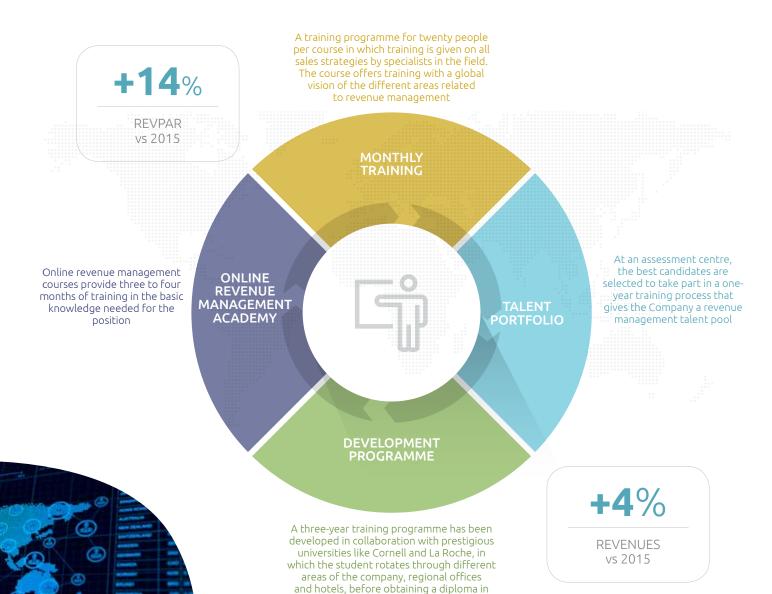


GLOBAL REVENUE MANAGEMENT

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.



revenue management

GLOBAL ADMINISTRATION

In 2016 Meliá Hotels International continued to upgrade its administration and control to a new vision focusing on providing value to the business. This transformation has been achieved by relying on technological and human resources that fit the strategic vision.

In addition, in line with the evolution towards a Management Company model, different models have been created that respond to the different realities of the hotels and businesses and meet

EVOLUTION

2016

the regulations of each of the countries where the Company is present. These models encompass the different standards, processes and procedures required for excellent management and are constantly being revised and updated.

The essence of the improvements developed by the Company in 2016 in its progress toward standardised global administration and control is summarised in the following chart:



Continuing to integrate and pass on the vision of global administration using criteria for greater efficiency, such as performance drivers

Maintaining an active concern for the identification of new technologies that will continue to drive innovation and continuous improvement

Continuing integration and implementation of cross-cutting opportunities and synergies with other areas

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

GLOBAL
ADMINISTRATION
ESSENTIALS

Renewed Diocesses
Dynamic
Dynamic
and Revible
and Revible
and Revible
and Revible

COMMITMENTS 2017





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



Implementation of a digital archive model in corporate management processes

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





RELATIONSHIP WITH OWNERS

The owners and partners of Meliá Hotels International are one of the main stakeholders of the Company, especially in a business model in which the management of third party hotel assets through management contracts or creation of joint ventures has more and more strategic weight.

Meliá Hotels International has more than 500 owners and partners and the management of this relationship is focused from a perspective of trust, approachability and value creation. The evolution of Meliá Hotels International from a proprietary perspective, with some managed hotels, towards being a management company with some self-owned hotels allows, through the close management of the relationship, the consolidation of a model of success that has its origin in an eminently proprietary and family-run company. In addition, the refocusing of the business model towards management means the Company adapting the dialogue to a situation of owners and partners which are increasingly heterogeneous in terms of profiles and cultural diversity, always with high levels of exigency and with requirements to which the Company wants to respond in an agile, efficient and 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 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.

The owners of Meliá Hotels International have a team whose work goes well beyond the provision of informative functions. Also, in the relationship with its owners, the Company reflects its corporate values since it offers them a direct channel with the Company to resolve incidents, provide an agile response to their inquiries and information needs, in order to strengthen the link and the pride of belonging, through the creation of value for the business understood in its broadest sense.

In this relationship involves Meliá Hotels International's top regional and corporate executives, all at the service of the partner and owner, in the aim of building a beneficial relationship between the business and the owner through frequent contacts.

Also, belonging to Meliá Hotels International allows the owner to have access to numerous specific tools for their exclusive use.

OWNER PORTAL

The proximity to the owner has been driven by 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 the portal, the owner has access to:

Corporate information

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





573 Owners



32 Nationalities



Owners MeliáRewards vs 2015

DIALOGUE WITH OWNERS AND PARTNERS



EXCELLENCE IN MANAGEMENT INVESTOR RELATIONS

In 2016 Meliá Hotels International returned to the leading stock index in Spain, the IBEX 35. The IBEX Technical Advisory Committee meeting on 27 July 2016 decided to include the Company in the IBEX 35 with an applicable coefficient of 80% (183,760,000 shares). This milestone confirms Meliá Hotels International as an example of a company with operational strength, positive cash generation, financial solvency and a stable and 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.

BENCHMARK IN HIGH QUALITY REPORTING

Meliá Hotels International continues to provide greater transparency, relevance and globality to the information it provides to the markets. For this, the Company implements the best reporting practices worldwide and positions itself as a benchmark for the quality of its reported 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 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 non-financial 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.

RECOGNITIONS

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.

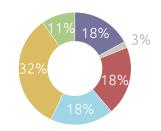
The Company has also received the Llotja Prize, awarded each year by the Barcelona Chamber of Commerce for the best information given by commercial companies to shareholders and the market The jury, made up of a group of experts and financial analysts, gave its highest recognition to Meliá Hotels International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

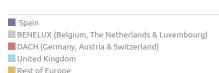






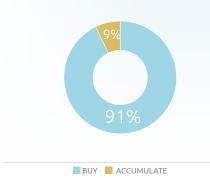
LOCATION OF ROADSHOWS





North America

RECOMMENDATION BY ANALYSTS



100%

ANALYSTS RECOMMEND TO PURCHASE OR ACCUMULATE COMPANY SHARES

	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	11.1	12.2	8.8
Market capitalisation (€ millions)	2,545.1	2,424.5	1,637.1
Dividend (€)	0.04	0.03	0.04



55.5%

Increased market capitalisation 2014-2016

EVOLUTION OF SHARES 2016







CONSOLIDATED DATA

REVENUES	€1,802.0 million	(+4%)
EBITDAR	€449.3 million	(+3%)
EBITDA Without capital gains	€279.5 million	(+ 4%)
NET PROFIT Attributable	€107.0 million	(+180%)

AGGREGATE DATA

RevPAR	€70.5	(+14.3%)
ARR	€103.0	(+11.5%)
OCCUPANCY	68.4 %	(+1.7 pp)

AMERICAS

REVENUE €512.1 million (+6.6%)RevPAR €80.50 (+3.8%) ARR **€119.90** (+5.6%)

OCCUPANCY

67.2% (-1.2 pp)

CUBA

€26.2 million (+37.2%)RevPAR **€65.0** (+10.3%) **€98.1** (+17.1%) OCCUPANCY 66.3% (-4.1 pp)

REVENUE

REVENUE €312.7 million (+10.4%) RevPAR €58.2 (+9.4%) ARR €88.6 (+7.8%) OCCUPANCY **65.7**% (+0.9 pp)

SPAIN

BRAZIL

REVENUE €4.3 million (-18.9%) RevPAR **€41.70** (-13.0%) ARR **€78.70** (-9.9%) OCCUPANCY 53.0% (-I.9 pp)

EMEA

GLOBAL MAGNITUDES

REVENUE €589.1 million (+5.9%) RevPAR €105.60 (+12.4%) ARR **€150.40** (+8.3%) OCCUPANCY **70.2**% (+2.5 pp)

MEDITERRANEAN

REVENUE €284.7 million (+21.1%) RevPAR **€64.7** (+42.8%) ARR €83.8 (+24.7%) OCCUPANCY **77.1**% (+9.7 pp)

ASIA

REVENUE €6.8 million (+25.0%) RevPAR €47.4 (+0.8%) ARR €76.6 (-0.2%) OCCUPANCY 61.8% (+0.6 pp)

AMERICAS

RESULTS

Complying with the Company's initial forecasts, the performance of the second half of 2016 has been favourable in the Americas, especially the fourth quarter, closing the year with a positive balance despite the gap generated during the first half. In this regard, despite the fact that occupancy levels have remained under pressure in practically all markets, the positive trend in rates has been a positive development.

The main reasons that explain the trend of the hotels in the Americas are the following:

The contribution of the new openings, especially by the INNSIDE hotel New York NoMad. In the case of this hotel, the Company is particularly proud of the rate positioning achieved, taking into account that it has become the Americas Division hotel with the highest average room rate, despite only opening recently (March 2016). As for the evolution of the ME Miami hotel, another of the main incorporations, we report that the hotel is still in the positioning phase, although considering its excellent location - close to the main points of cultural interest in Miami - the Company is confident that in the first half of 2017 it will achieve significant improvements in its positioning.

The positive trend in the resort hotels located in Mexico, especially the contribution of the Paradisus Cancún and the two Paradisus at Playa del Carmen (Paradisus La Perla and Paradisus La Esmeralda), especially in the last quarter of the year, coinciding with the high season. On the other hand, a significant landmark in Mexico has been the relaunch of the new Paradisus Los Cabos (formerly Meliá Cabo Real) in December 2016.

OUTLOOK

In a market analysis, Meliá Hotels International reports that prospects for the Dominican Republic appear likely to be a challenge in 2017 due to the oversupply of hotel rooms in this market compared to previous years, taking into account that the 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 rate of growth since January - due to the best weather conditions in the period - and it seems that the US issuing market could also improve its figures in the short term. In this last market, since January the Company has been developing an online campaign focused on the Paradisus product and subsequently also for the Meliá Hotels & Resorts brand, achieving daily sales growth rates of around 40% through melia.com compared to the same date of the previous year. This positive performance means that the Company is confident of a better performance of the Americas market throughout 2017.

In addition, one significant factor that will define the best evolution of the holiday resorts in Mexico, is its better segmentation of the income taking into account that they have a solid base of business groups. In addition, it is worth remembering that in March the ME Cancun Hotel will reopen after its renovation, an opening that should be added to the recent relaunch of the Paradisus 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.



MANAGEMENT MODEL	2016 € million	2015 € 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	

EMEA

RESULTS

In general terms, EMEA's performance was good, registering a growth in RevPAR over the previous year, mainly thanks to the improvement in room rates.

This growth was mainly driven by the positive contribution of the 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 resort, should be highlighted, as in just the fourth quarter of the year its revenue grew by over \in I million.

It is also worth mentioning the contribution by the hotel ME Ibiza, 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	2016 € million	2015 € 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	2016 € million	2015 € 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	



MANAGEMENT REPORT I EMEA

United Kingdom

The recovery experienced during the fourth quarter of the year in the United Kingdom has many similarities to the situation experienced in France, in addition to the uncertainties generated by the performance of the pound and the possible impact of Brexit. A significant milestone in its evolution were the figures recorded in the last quarter of the year, which saw an improvement in RevPAR of 0.2%, after falling during the rest of the year. This improvement in the situation could continue in 2017, with a better performance in the first quarter being expected compared to the previous year.

France

During the 4th quarter, the first 40 days remained negative, with no recovery from the downturn in business dating from October 2015. However, starting in November the city's hotels recovered significantly, and the upward trend continued till the end of the year. As a result of this situation, the 4th quarter reached the same level of RevPAR as the previous year, recovering a significant amount of volume, but also registering a general drop in prices, so that the Company still considers it is still too early for full recovery.

Italy

Italy was a major challenge for EMEA. The post-Expo factor was very significant throughout the year in the city of Milan. However, this city was the only one that showed a negative trend in Italy, while Rome and Genoa registered slight growth rates.

OUTLOOK

In Germany, although 2016 was a great year thanks to the large volume of trade fairs held in the country, prospects for the first quarter of 2017 also look favourable thanks to good performance by the hotels in Düsseldorf.

Throughout 2017, although the Company will notice a certain lack of trade fair days as compared to last year (in 2016 there were 188 trade fair days, while only 132 are expected in 2017), this situation will not affect the first quarter of the year.

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 equally positive, with RevPAR growth of around 5%.

In Italy, due to the normalisation of the comparable figures (without the post-Expo effect) the situation also seems favourable, suggesting that 2017 will be a good year for the hotels in the country.

The situation in Spain will suffer a one-off drop in the first quarter 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 second quarter, with very good prospects for premium hotels in Spain, in both urban and resort hotels.



MEDITERRANEAN

RESULTS

The general trend in 2016 has been for all holiday destinations, primarily the coastal areas of mainland Spain, the Balearic Islands, Canary Islands and Cape Verde, to improve their results compared to the previous year, bringing a significant improvement in their rates.

Overall, in regard to the behaviour of the resort hotels in the Balearic Islands, growth was linked to their good performance, especially during the summer season. The growth was generated by the successful positioning of the Meliá Calviá Beach hotel, which has had an excellent performance after its relaunch in 2016, especially in regards to its room rate positioning, the good results of Sol Katmandú Hotels & Resorts, a hotel recognised for "Best Innovation in Service in 2016" by the European Hospitality 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 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

Looking forward to 2017, the Company's objective is to 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 also be a tool to improve their competitiveness in the market and attract a greater diversity of traveller profiles, to increase the social and economic return from this tourism model.

As far as Brexit is concerned, the Company has not seen any slowdown in the sale of holiday packages through tour operators. Although no significant impact can be seen on the UK issuing market, the Company is expected to be able to offset the anticipated slowdown in the high season and in the more expensive segments with increased demand from other alternative markets.

Overall, Meliá Hotels International sees a wide window of 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 all-inclusive products, as well as higher demand during the mid and low season, while the peak season maintains a more moderate growth rate.

CONSOLIDATED FIGURES	2016 € million	2015 € 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	131.1	27%
Owned	53.0	58.0	
Leased	112.8	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	13.8	1.0	
Leased	3.5	-3.5	

MANAGEMENT MODEL	2016 € million	2015 € 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	11.4	
Other revenues	10.6	3.7	



MANAGEMENT REPORT **SPAIN**

RESULTS

Eastern Region

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.

Central Region- Madrid

During the fourth quarter, October saw the posting of very good results. However, in November and December there were no significant events in the city, in addition to this, this might have been down to the fact that the traditional long weekends (due to various public holidays) were not as strong as in previous years. However, the figures racked up in Madrid for the year 2016 showed significant improvements over last year, thanks to the positive trend in the individual segment and, to a lesser extent, the meeting, incentive, congress and event area.

Southern Spain

The southern region of Spain presented much better annual figures than the previous year for almost all the hotels included, except for the Meliá Lebreros (undergoing remodelling during 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 be noted that the poor results of January, February and March



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

By destinations, the following results stood out:

Granada: this destination has benefited from intense conference activity, together with the recent remodelling of the Meliá Granada hotel, including 80 rooms and its restaurant, Garbo.

Seville: excluding the impact of the closure of the Meliá Lebreros hotel for 2 months due to remodelling, the destination sealed 2016 as an excellent year.

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

Northern Spain

The highlights were the performances of the hotels in Galicia, Bilbao and Zaragoza. In the case of the latter, the city was affected by the holding of biannual fairs, especially during the first half of the year.

CONSOLIDATED FIGURES	2016 € million	2015 € 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	2016 € million	2015 € 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	

MANAGEMENT REPORT I SPAIN

OUTLOOK

Taking into account the extensive presence of Meliá Hotels International in the city of Madrid, between January and March 2017, higher monthly figures were reported than last year, 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 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 Congress (February-March).

In the southern region, the first quarter of 2017 points towards 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 this natural drop in demand.



MANAGEMENT REPORT CUBA

RESULTS

The revenues generated by the Company in Cuba continued to strengthen in 2016, reaching the figure of €26 million. The growth in RevPAR reached 10.3% thanks to excellent rate improvements (+17.1%), particularly in the four urban hotels that the Company operates in Santiago de Cuba and, above all, in Havana.

A sign of the continuing normalisation of relations between the United States and Cuba has been the fact that during the last 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.

As a result of this increased connectivity and the strengthening of 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

Unless there are drastic changes in US government policy towards Cuba, the outlook for 2017 looks favourable for the continuing expansion of tourism in Cuba.

Preliminary data for January show a 10.1% increase in the total revenues of hotels operated by Meliá Hotels International in Cuba. Both Havana and Varadero, the main tourist centres in the 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 2017.

MANAGEMENT MODEL	2016 € million	2015 € 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	



BRAZIL

RESULTS

2016 was a particularly difficult year for the hotel industry in 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 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-than-expected 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

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 economies.

MANAGEMENT MODEL	2016 € million	2015 € 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	



Meliá Jardim Europa

ASIA

RESULTS

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

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 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 account that during the year the structural costs in the region were practically covered by the generation of management fees.

The Company reiterates that the existence of a corporate structure in Asia is considered to be extremely necessary to meet the Company's expectations in terms of results obtained by hotels already in operation, compliance with the commitment assumed in terms of expansion, enhancement of an active 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.

In an analysis by geographical area, the following points on the future evolution of the results are highlighted:

Indonesia: Indonesia is the most important Asian destination for 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 note in the country is due to the excellent performance of the Meliá Bali hotel and the Sol Beach House Benoa hotel, as well as the positive evolution of the Meliá Makassar hotel, already positioned as one of the best hotels in the area and shows a positive GOP just 4 months after its opening.

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, Meliá'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	2016 € million	2015 € 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	



REAL ESTATE

In November 2016, Meliá Hotels International sold the 246-room Sol Parque San Antonio holiday complex located in Puerto de la Cruz (Spain), the only asset sales transaction conducted in 2016.

The deal involved a sale price of €8 million and generated capital gains of approximately €4 million. As of the time of the sale, Meliá Hotels International no longer manages the hotel.

By comparison, in 2015 the Company was very active in terms of 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 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 transaction reached a sale price of €20 million and generated capital 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.

In 2017, the Company intends to carry out non-strategic additional 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 Hotels International strategy for transforming assets that require significant investment for repositioning.

CIRCLE BY MELIÁ

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 and variety of use, as it is fully aligned with the MeliáRewards loyalty programme.

The efforts made during the year were oriented towards the 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 to improved service and care aspects for Circle by Meliá members 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 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 of digital distribution processes are key elements in improving the occupancy rates of the available inventory, as well as in strengthening RevPAR.



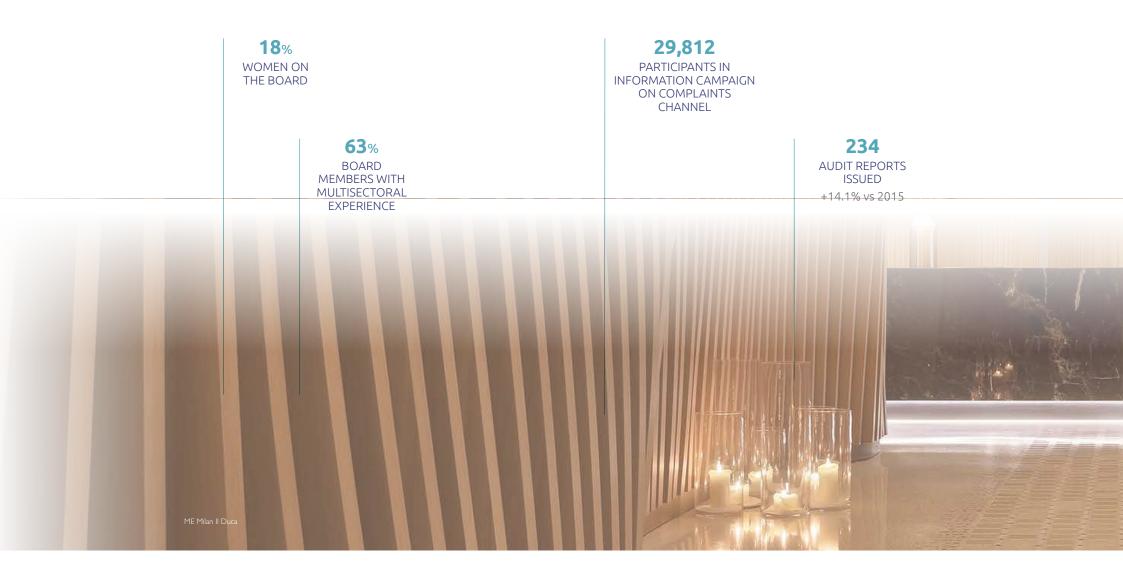
Paradisus Playa del Carmen La Esmeralda







KEY FIGURES



KEY FIGURES

103 RISKS IDENTIFIED 112 97 RISK MAPS PREPARED MANAGERS INVOLVED IN RISK MAPS +133% vs 2015 12.9 +149% vs 2015 AVERAGE VALUE OF TOP 20 RISKS +10.0% vs 2015

GRI 102-18 GRI 102-22

GOVERNANCE MODEL

Meliá Hotels International, a listed company since 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. Gabriel Escarrer Julia from the executive powers he had been holding up to that date.

Throughout these 60 years, as a responsible company, Meliá Hotels International has guided its tourism activity and its decisions in a rigorous manner which is based on the principles of transparency, diligence and separation of functions be-

tween its management bodies, both in the making of decisions and in their execution, control and follow-up.

Having a hierarchical, transparent and clearly established framework for adopting and implementing decisions reinforces a medium- and long-term vision that ensures the sustainability of its activity, the fulfilment of the expectations of its stakeholders and the generation of economic and social value from its commitment and corporate values: Dedication to service, excellence, innovation, closeness and consistency.

The Company's Corporate Governance establishes performance and behaviour guidelines that

conform to the principles, commitments and lines of action defined in the Policies, Internal Rules and in the Code of Ethics that was adopted in 2012. The fact that it is a listed company not only means that Meliá Hotels International must ensure compliance with current laws, but it must also work towards the progressive implementation of the recommendations in the Code of Good Governance of Listed Companies, which was approved by the CNMV on 18 February 2015.

The Company has begun a process of reviewing and adapting its regulatory framework to its current needs, as well as updating and adjusting its 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 Escarrer Juliá from the executive powers he had 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-

porations Act by the Accounts Auditing Act. Accordingly, on that same date, the Board approved the amendment of Article 14 of the Regulations of the Board of Directors, which also corresponds to this Board.

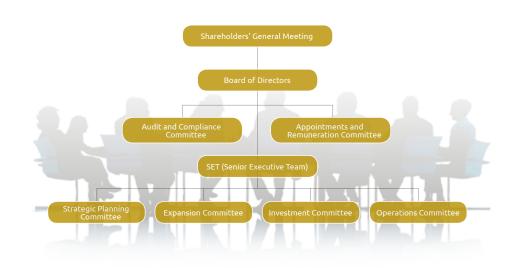
Appointments of Directors: Ms. Carina Szpilka Lázaro was appointed on 25 February 2016 as Independent External Director by co-optation.

ICC Modification: Approval by the Board of Directors on 29 November of the modification of the Internal Code of Conduct in matters relating to the Stock Market.

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 commencement of the process to revise the regulatory framework, update it and adjust it to fit the DLA.

GOVERNING BODIES OF MELIÁ HOTELS INTERNATIONAL



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

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 this Body
- Identifies the major risks to the Company
- Approves Company Policies

COMPOSITION OF THE BOARD OF DIRECTORS AT THE END OF 2016

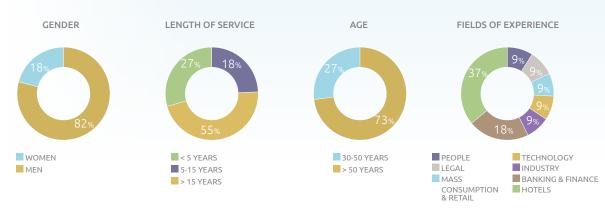
II members:

- I Executive Director (Vice Chairman and Chief Executive Officer)
- 4 External Proprietary Directors
- 5 External Independent Directors
- I External Director with the category of "Other"

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.



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 M ^a Díaz de Bustamante y Terminel	Secretary	Independent		Board Member	

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 Jaume, 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)

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. Mark Hoddinott Chief Real Estate Officer Ms. Pilar Dols Chief Financial Officer

Mr. Gabriel

Cánaves Chief Human Resources Officer Mr. Gabriel Escarrer Vicepresident & CEO

oriel
Irrer Mr. André P.
Gerondeau
CEO Chief Operating Officer

Pardo

Chief Leaal &

Compliance Officer

98

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.

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:







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 the Appointments and Remuneration Committee of the Board.

The Meliá Hotels International Code of Ethics is a set of action 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 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.

Given the importance of the Code of Ethics and its Complaints Channel as management tools for the Company, in 2016 an information campaign was carried out, with a global reach, to reinforce the message to all employees that the Company has made an independent channel available to them that is managed by the Ethics Committee, so they can submit any reports or complaints.

OFFICE OF THE CODE OF ETHICS

MISSION

Acts as a Coordinating Committee for all the activities An independent collegiate body, whose function is the that 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 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 adoption of corrective measures in cases that require this 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

The main tool for sending in reports and complaints relating 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

Guarantee the objectivity and anonymity of the complaints received, whose receipt and safekeeping is managed by an independent third party

Complaints come directly to the Chairman of the Audit and Compliance Committee and to the VP of the Internal Audit Department



Complaints logged



Participants in the complaints channel information campaign

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 becomes ever more important. For this reason, the Internal Audit function plays a key role in this model as it ensures the organisation's compliance with the rules, processes and procedures in force, and prevents any management risks. The rigour of 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.

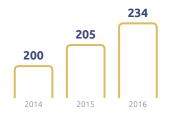
In addition, to ensure that the control and compliance model takes on a regional scope this year, a delegation from the Internal Audit Department has been opened in the Asia Pacific Region to respond to current and future growth in this region. In this way, the department ensures that there is a global model.

There are three types of audit processes:

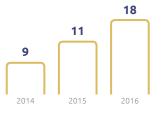
A mixed model consisting of a corporate auditing process and a hotel auditing process. This allows the optimisation of computer systems, adequate control of the costs associated with the process and a reduction in time, helping the audit team to work together more effectively. This model, which is in 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.

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.

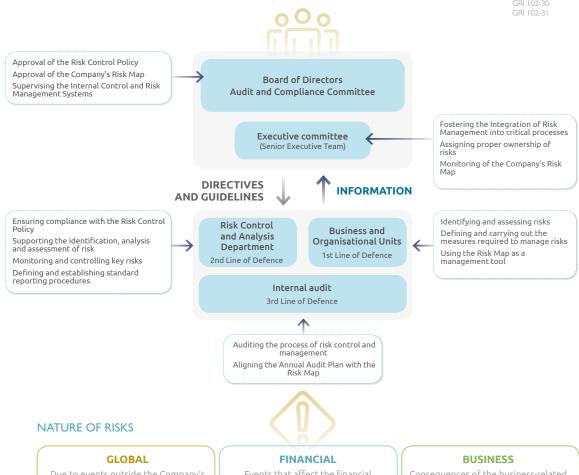
Risk management has its own model of governance and a specific area of responsibilities. The model is based on the Integrated Framework for Corporate Risk Management (COSO II) (Committee of Sponsoring Organizations of the Treadway Commission) and its main pillars are:

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**



Due to events outside the Company's actions (natural disasters, geopolitical risks, etc.)

OPERATIONAL

Events originating in failures in operational management, such as internal processes, controls, human resources, equipment and systems, etc.)

Events that affect the financial variables of the business (liquidity, credit, debt, rates, etc.)

Consequences of the business-related variables (customers, competition, suppliers, etc.)

COMPLIANCE

Risks arising from regulatory changes or non-compliance (both with internal and external regulations)

INFORMATION

Risks related to the use of information (generation, analysis, communication, etc.)

REPUTATION

Risks that by their nature could affect one or more dimensions of the Company's corporate reputation

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

CORPORATE GOVERNANCE | RISK MANAGEMENT MODEL

Segregation and independence of functions

Following the 3 Lines of Defence model, the different organisational units are the owners of the risks and therefore those responsible for identifying, assessing and managing them (1st line).

There is a Risk Control and Analysis function (2nd line) that is responsible for the smooth operation and constant development of the risk management model and for periodically monitoring the main risks.

Lastly, the Internal Audit function ensures the correct operation of the model and aligns the audit plan with the Risk Map (3rd line).

Digitalization

Meliá Hotels International's integration of digital tools 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:

	te	

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.

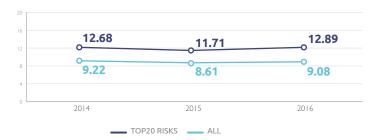
Transparency in information

After reflecting on and analysing the risks identified 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 reputation. The results are presented to the Board 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. By risk category, global and compliance risks are 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 complexity, etc.)



EVOLUTION OF AVERAGE VALUE OF RISKS



EVOLUTION OF AVERAGE VALUE BY RISK CATEGORY



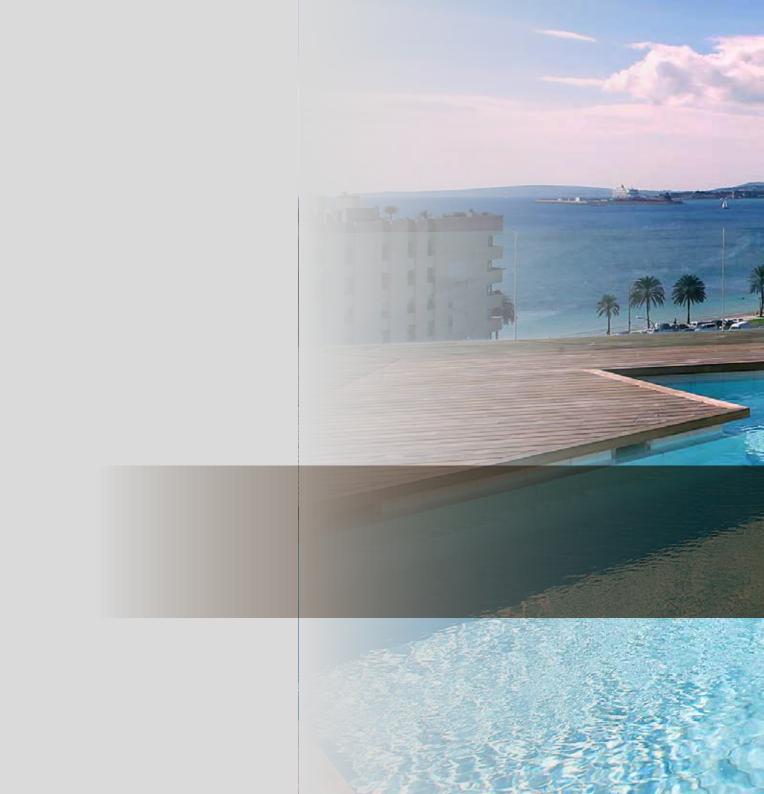
CORPORATE GOVERNANCE I RISK MANAGEMENT MODEL

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.



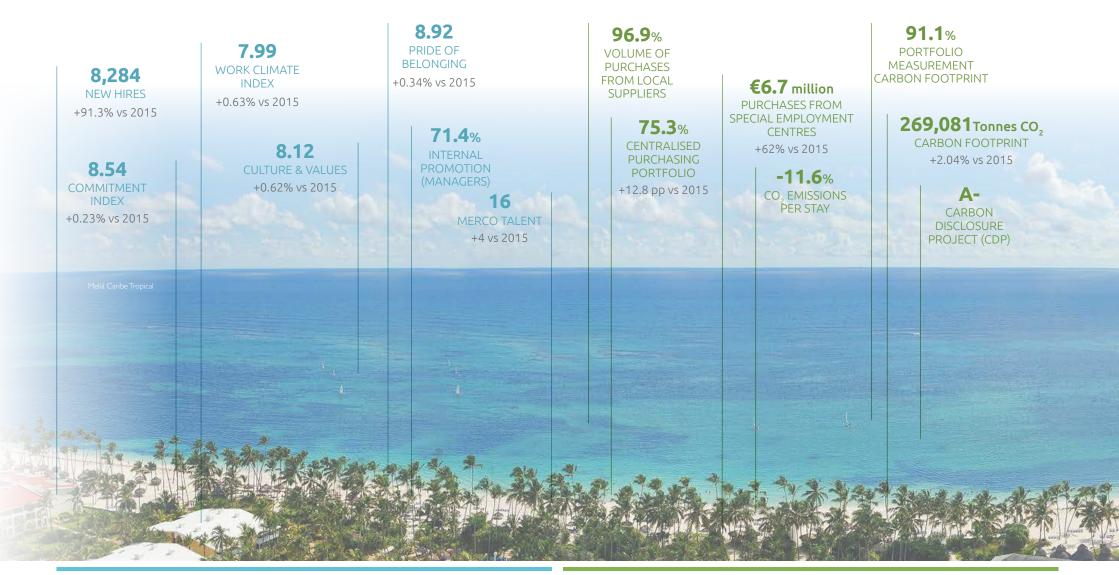
Note: The identification of these risks does not imply that they will occur during the year. Nevertheless, Meliá Hotels International tries to put in place the mechanisms that it considers opportune to reduce the probability of their occurrence or the impact they would have if they occurred.

	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 Sordin 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	\bigcirc	Sales channels Price improvement Margin improvement New products, markets, segments Brand and product strategy Innovation	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 mode Lifting and positioning of the brands Innovation and incorporation of new attributes, services, etc. Strategy and new concepts in F&B	
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		
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		
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		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	



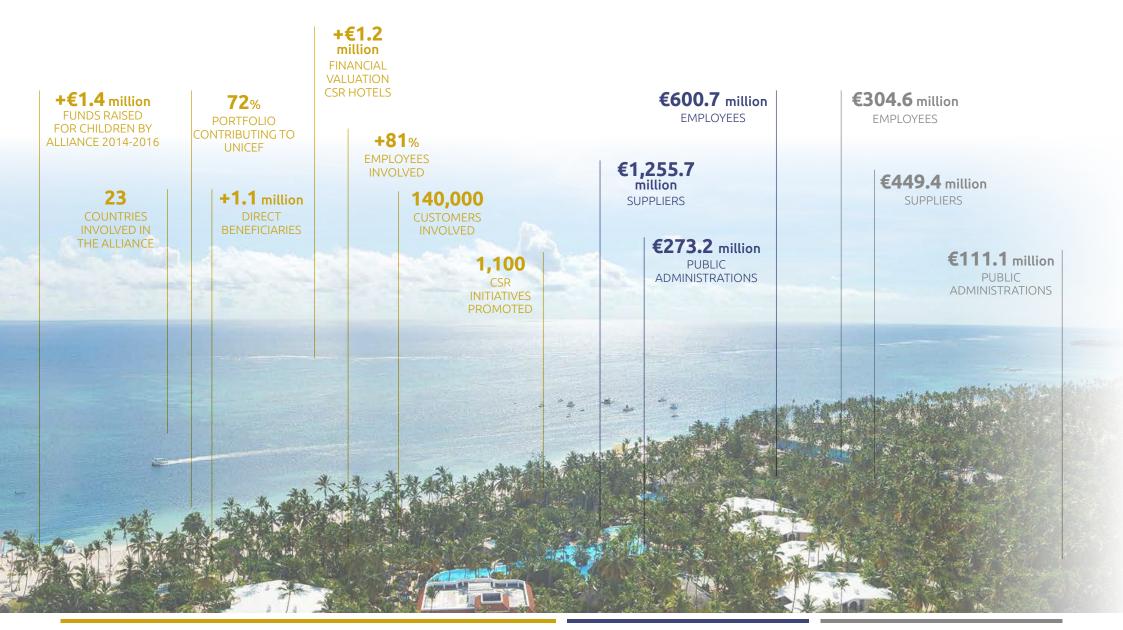


KEY FIGURES



CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND

RESPONSIBLE SOURCING & ENVIRONMENT



GUIDING PRINCIPLES OF THE GLOBAL COMPACT PRIORITY AND VALUES

Meliá Hotels International aims to be recognised as a world leader in excellence, responsibility and sustainability. It therefore plays a leading role in promoting the generation of shared value for society.

The driving force of the Guiding Principles of the Global Compact, a responsible hotel model and 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 Hotels 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.

After 60 years of history, the current situation of Meliá Hotels International and its growth mean that the Company has become increasingly international and coexists with numerous social realities, each with its own problems, which it would like to contribute to alleviating.

As part of its strategic drive, in 2016, Meliá Hotels 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 knowledge of that local reality.

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



Employability



Culture



Climate change & local development



University & knowledge

CLOSENIESS

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

CONSISTENCY

Commitment to business ethics, good governance, transparency and rigour in management

DEDICATION TO SERVICE

For society through value creation and knowledge sharing

EXCELLENCE

To encourage continuous improvement when engaged in its activity

INNOVATION

As a lever of wealth creation for all its stakeholders

GUIDING PRINCIPLES FROM THE GLOBAL COMPACT I PRIORITY AND VALUES











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

PRINCIPLE 9

PRINCIPLE 1 & 2

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

























PRINCIPLE 8

Encourages the protection of the environment, contributing to the fight against climate change in the tourist industry

PRINCIPLE 7

Commitment to employability and talent development,

non-discrimination and the promotion of equal opportunities

Promotes a strategy focused on preventing the impact of the operation on the destinations

PRINCIPLE 6



PRINCIPLE 3

Promotes freedom of affiliation and recognises the right to collective bargaining

PRINCIPLE 4

Protects and defends the rights of children and does not

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

















* See Corporate governance











PRINCIPLE 5

allow child labour







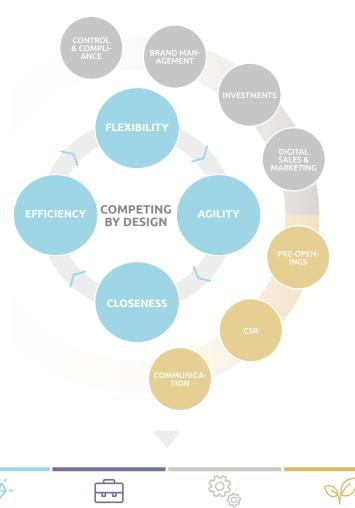


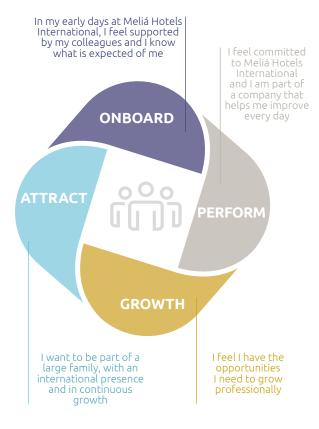
CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND

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.









Creation and transformation of new positions









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

Meliá Hotels International is facing an important growth process at the heart of which are people, the main engine to ensure the future of the Company and an essential axis for bringing about a cultural transformation that ensures that the future will be aligned with the corporate values.

This global thrust means that the needs of a highly dynamic and changing business must be balanced by the attraction of the best talent and the development of the people who are part of Meliá Hotels International, in a way that meets their needs and expectations. In this process of constant improvement and adaptation, the digital factor is of vital importance. Meliá Hotels International is improving its processes from a digital perspective in order to have a more agile, efficient and productive management.

To achieve this, Meliá Hotels International has 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 extensive experience in hotels. This fact means keeping the review of its needs up-to-date with the Talent Map, in order to reinforce the existing development programmes and to define new programmes that match the needs identified, as a result of the momentum of the sector and the Company's own growth.

This cultural transformation of Meliá Hotels International is based on the launch of a new Recognition and Leadership Programme, the evolution of its Performance Review and the consolidation of the e-Meliá online training platform as a key lever for learning and sharing knowledge.

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

41,031 42,275 44,405 2014 2015 2016

Average Workforce



Nationalities represented

43%
Women on the staff

57%
Men on the staff

72.0%

Regular staff

30% Staff aged <30

15%

Staff aged > 50

55%

Staff aged 30-50



CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND

COMMITMENT TO EMPLOYEES, BASED ON CENTRALISED PEOPLE MANAGEMENT

GRI 404-2

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.









Staff trained in first aid



Staff trained in healthy



77.2%

Staff trained in occupational health



32,888

of ORP training



33.902

Hours of training in emergencies and fire fighting



16.704

Hours of training in first aid



15,043

Hours of training in healthy habits



98,537

Hours of training in occupational health



Portfolio of health and safety committees



64.0%

Staff represented on health and safety committees



Audits of occupational risk prevention (OCR)





(Asia & Americas)



Implementation of Manual of Best Practices for Housekeepers (Spain & Dominican Republic)



Portfolio of absenteeism campaigns (Spain)

INTERNATIONAL PROMOTION OF THE CRITERIA OF OCCUPATIONAL HEALTH

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

Incorporation of Occupational Risk Prevention (ORP) criteria in the internal audit process to promote continuous improvement in the international 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

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

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%.

In 2016, therefore, Meliá Hotels International made advances in this field by:

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)

Ist 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 professional development in the dynamic hotel environment and in a company in which diversity is a factor that sets it apart. In addition, elements and attributes such as an extensive international presence, continuing growth and an excellent 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 Meliá Hotels International to be recognised as one of the best companies to work for by Merco Talent Spain and Top Employer China, due to its employee value proposition.

One of the attributes that best defines Meliá Hotels International is its great diversity. Over the last 60 years it has been able to create an international multidisciplinary team, in which people from diverse nationalities, cultures and groups of different ages and sensibilities all work together.

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

The commitment by Meliá Hotels International to identifying talent in influential academic environments has led the Company to strengthen its ties with the universities in numerous fields of expertise. As a result, the Company can more than cover the needs identified in the Talent Map.

This closeness can be seen in its stable relationship with the academic world, both nationally and internationally, and with more than 300 agreements and collaborations in a variety of areas, including recruitment, research, knowledge sharing, research, scholarships and training.



16

Recognition Merco Talent +4 vs 2015



Top3Recognition Top
Employer China



20 Strategic universities



+120

Languages spoken



+300 Academic agreements **+2,200**Trainees



14.2%

Trainees

In 2016, Meliá Hotels International identified 20 universities that it considers to be strategic and with which it will be working very closely to achieve the objectives of incorporating young talent and reinforcing the dialogue model. These universities were chosen because of their alignment with the strategy of Meliá Hotels International, 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

In addition, Meliá Hotels International is strengthening its links with academic environments to identify talent and offer learning opportunities in real work situations, both in its hotels and corporate offices.

As a result of this commitment to future talent, Meliá Hotels International has launched "Generation M", a pilot training route project that is open to current Meliá Hotels International trainees and final year students at institutions that have signed a cooperation agreement with Meliá Hotels International.



THE GABRIEL ESCARRER JULIÀ CHAIR

After 15 years, the Chair that was created in 2002 by Meliá Hotels International and the Universidad de las Islas Baleares to encourage the teaching, research and promotion of tourism has been reviewed jointly by both organisations in order to promote innovation and its incorporation into the UIB Network of Innovation Chairs.

The relationship involves the participation of directors from Meliá Hotels International in different university degree courses, cultural exchanges, 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 2016, the Master's Course in e-Tourism was developed and promoted jointly, with the aim of 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 various programme modules as part of their development programmes.

DEGREE IN SERVICE SCIENCE, MANAGEMENT AND ENGINEERING AT THE URJC

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 content, since it incorporates technology, the development of social and analytical skills and a knowledge of the service sector, which currently has a limited presence in Spain.

Once again this year, Meliá Hotels International is continuing to support this innovative, unique degree, which has the aim of training highly qualified professionals for the service sector.











Student

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.

It has taken the Open Day concept to the social networks with special campaigns to boost its presence on these networks, such as #lovemyjob, #OpenDay and #WorkShop in SHIbiza. It has made a major commitment to LinkedIn by including different displays that depend on the language used. LinkedIn has become a strategic partner for strengthening the employer brand of Meliá Hotels

International. This line of work is providing more 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 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 supporting the employer brand and recruitment strategy.

In addition, this year Meliá Hotels International signed a partnership with Hosco, an online platform with nearly 60,000 members that offers access to over 600 international universities with hospitality and tourism courses. As of the end of 2016 Meliá Hotels International had more than 5,500 followers. During the month of October 2016, it was the second most attractive company on the platform.

ORIENTATION PROCESS WITH A DIGITAL **BASE**

Because of its constant growth, Meliá Hotels International 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 presentations, especially for management positions, Meliá Hotels International has also digitalized it in order to standardise and streamline the process and to ensure that knowledge of the company is evenly distributed to all the regional offices. Meliá Hotels International has therefore adapted the 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 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, while reinforcing their role as ambassadors of the company's culture and values at hotels that are opening, being re-branded or taken over, recognising them as experts in their field.





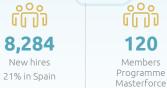




+525% vs 2015











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

The Company maintains an open dialogue with its employees and includes their expectations, thoughts and opinions in its improvement processes. "Have your say" is the digital space that ensures 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, dynamic and flexible, with no barriers and designed to increase 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**

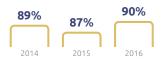
To strengthen and promote a productive, agile and efficient organisation and advance its cultural transformation, Meliá Hotels International continues to make progress in incorporating measures to reconcile the personal and professional lives of its employees. In 2016 the following should be mentioned:

- 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

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.



Participants in climate survey



+700

Beneficiaries

of flexible

remuneration plan

(Spain)

flexible retribution

plan (Spain)















PERFORMANCE ANALYSIS AND MANAGEMENT, THE FOUNDATION FOR FACING NEW CHALLENGES

After the consolidation of the performance review as a tool for managing and increasing the performance of its people, Meliá Hotels International has evolved towards a performance management model.

This new digital format, which is more agile, simple and practical, focuses on the future development of employees by incorporating their expectations and identification of talent by analysing the potential of our people and their skills. This time for personal evolution is crucial for employees as they can receive direct feedback from their manager or director within the framework of the Meliá Hotels International leadership model and discuss their professional interests, such as direct involvement in corporate volunteering initiatives or being part of the group of internal trainers at 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 change, by being able to identify people who place their skills and knowledge at the service of society.

The enrichment of the profile also allows Meliá Hotels International to better manage the development of people and their mobility, at a time when there are major opportunities resulting from the international growth of the Company.

The results also provide Meliá Hotels International with key information for the definition of professional challenges, allowing team managers to perform integral management of their employees based on objectivity and continuous improvement. With this new approach, the evaluator becomes the evaluee's coach and role model during the development process, which will undoubtedly improve the present and future employability of 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 Ist 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, French and Portuguese).

This means that an innovative training philosophy, methodology and guidelines were produced to make the learning experience unique. The "learn & experience" philosophy proposes a different way of understanding learning in the work environment, in which employees can take charge of their own development. This development



contributes to improving the training of people and, of course, to loyalty and the retention of talent. Through e-Meliá, each employee can choose the type of training that best suits their needs and expectations of continuous self-learning and the place in which they want to experience them in the following stages: My company, My way, My performance & My academy. In short, e-Meliá is structured to promote corporate values, such as excellence and innovation.

CULTURAL TRANSFORMATION, TALENT AND EMPLOYER BRAND

NEW CHALLENGES, NEW TRAINING OPPORTUNITIES ADOPTED

SPECIFIC TRAINING TO FACE A DYNAMIC AND CONSTANTLY EVOLVING CONTEXT...

The growth of Meliá Hotels International in presence, countries and cultures, with new products, innovative approaches and customer segments, requires its teams to have access to a wide range of high-quality, innovative training and internal

education clearly focused on improving service. This need has led Meliá Hotels International to promote new training programmes by joining forces with partners that are experts in the different subject areas. A leading company in an industry that is in a permanent state of transformation must offer content that fits the new needs and expectations.





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

The definition of the talent map contributes to the Company's growth process. This process is founded on internal promotion and the professional development of employees.

2016 was a year of progress in the forecasting and strategic planning of talent, having expanded the scope of analysis to key corporate positions, managerial positions and hotel middle management. This analysis has allowed the talent map to be more accurate and detailed and for more information on the need for key talent to be extracted in the short, medium and long term. This global vision allows Meliá Hotels International to face its strategic challenges as a Company in the development of its people with greater guarantees of success.

Meliá Hotels International is therefore continues its process of adopting and evolving towards a model of organisational and cultural transformation, 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 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 them to increase their scope and develop their leadership skills.

To promote internal mobility and professional development Meliá Hotels International has, in addition to mentoring and coaching programmes, different channels with different targets and objectives.

Opening – opportunities in newly opened hotels

Moving Up – opportunities in offices, corporate and regional functions

Sign up - opportunities for mobility between hotels for staff members









586
People in development and pipeline (hotel managers)



176
Published vacancies (moving up)



Training and development +1.2% vs 2015









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 shared value to society and pays special attention to groups at risk of exclusion. In 2014 Meliá Hotels International incorporated the promotion of employability into its global CSR strategy through initiatives that provide better qualifications to people who could perform well in the tourism sector and are currently at risk of exclusion.

The activity is carried out in a collaborative manner on a platform, which is the key to implementing 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 towards becoming hospitality professionals.

The bond that Meliá Hotels International establishes with these organisations has a long-term focus, shared commitments and objectives and specific roles and functions focusing on improving the employability of these groups. The organisations select the candidates that fit the professional profile required by Meliá Hotels International and assist in their integration with the professional teams at the Company, opening up their options of being included in the team in the future.















Technical

Practical experience

Industry knowledge

Languages Technology

Conflict resolution Future

Commitment to the

Shared

Total impact























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 Meliá Hotels International in serving the welcome

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



10
New students in training



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



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



#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)





Volunteers



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



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.

OCAL PECPUITMENT



Recruitment events



Participating Candidates



Direct hiring

TRAINING AND QUALIFICATION



32

Students sponsored



9,600Hours of training

\$

+R\$115,000

Sponsorship investment



Hours of training per student



+R\$3,500
Investment per student







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

CALVIÁ BEACH, AN ENVIRONMENT OPENTO 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

Direct participation in the training for tutors from Meliá Hotels International, led by the Esment Escola team

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

This is the first time that Meliá Hotels International in Mallorca has embarked on a project of these characteristics to support training models that combine theoretical training with practical training in the workplace. Together with Esment Professional School (Esment Escola Professional), a benchmark institution in Mallorca, Meliá Hotels International has opened the doors of its hotels in Calviá so that fourteen passionate youngsters can acquire knowledge, practice, paid work experience and a professional qualification that improves their possibilities of entering the labour market.

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 Esment 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 an opportunity to young people who have not had any training or work experience, and to raise public awareness of technical training models that respond to new challenges and social needs and that constitute true engines of competitiveness in countries where there are high rates of unemployment and academic failure.





























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-

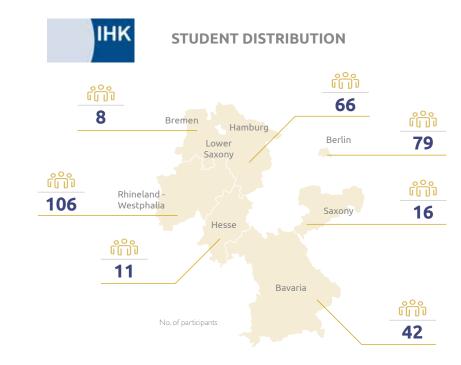
skammer). The main training programmes in which Meliá Hotels International takes part are the following:

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)











Hours of technical training (Chamber of Commerce)







Work in kitchens Work in service Work in company store

YEAR 1

Customer service and catering Marketing Housekeeping Control of goods

TRAINING PROGRAMMES

FOR EMPLOYABILITY IMPROVEMENT

YEAR 2

Reception (front-desk) Sales and Distribution Administration Leadership

YEAR 3

Meliá Berlin



RESPONSIBLE SOURCING **ECONOMIC VALUE CREATION**

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

The constant international growth of Meliá Hotels International, 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 new suppliers, both global and local, who will contribute to the process of continuous improvement.

Currently, Meliá Hotels International has purchasing centres in 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.

This bond of trust between Meliá Hotels International and its suppliers means the latter are invited to become involved in social causes and appeals to contribute to humanitarian emergencies and crises, among others.

In turn, the contribution of Meliá Hotels International to local 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, km0 products and services provided by special employment 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.







100%

million Special Sustainability Purchasing clauses signed Centres (Spain)

+62.0% vs 2015

100%

Selected suppliers with

sustainable criteria

-300,000 Saving litres of H₂0 by purchasing

pillows

nikolin











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 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 change in its supplier's production process.

LOWERING WATER CONSUMPTION THROUGH INNOVATIVE WATER CYCLE **PURIFICATION SYSTEMS TOGETHER WITH** STRATEGIC PARTNERS

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 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 purification systems eliminate impurities, chemicals and imperfections 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.



















packaging





CO, emissions









-49.3% Economic impact (savings)



Economic impact improves productivity







THE ENVIRONMENT RESPONSIBLE RESOURCE MANAGEMENT

Contributing to the preservation of the environment and the surrounding landscape, taking care of the impact of its tourism activities and, at the same time, promoting awareness and sensitivity among its stakeholders is the commitment of Meliá Hotels International. The paradigm shift and the current environmental circumstances mean that the tourism sector must play a leading role in the fight against climate change, efficient resource management and the promotion of innovation to serve sustainability.

Meliá Hotels International continues to make progress in integrating energy efficiency programmes and the responsible consumption of resources into its business model, making a commitment to the control, management and mitigation of the associated risks throughout the entire cycle of a hospitality property, from the design, renovation or rehabilitation of a hotel.

This year the Company has made a significant investment in energy efficiency and the integration of sustainability criteria and has once again been

> Price of raw materials

recognised by the Carbon Disclosure Project (CDP) as a leading tourism company in the fight against climate change. This recognition allows Meliá Hotels International to bring to its stakeholders a key factor in the materiality matrix and to promote the commitments made at COP21 in Paris in 2015 and the principles in the Global Compact.

In addition, this commitment is shared by its customers, as shown by the fact that 45% of guests of Meliá Hotels International have expressed their concern for the environment. In this way, Meliá Hotels International's strategy integrates proactive risk management with opportunities of an environmental nature.

The Meliá Hotels International SAVE Project, which was set up 10 years ago, focuses on permanently monitoring the commitment to energy and water efficiency and integrating the Company's sustainability standards into its design and construction processes.



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

MELIÁ HOTELS INTERNATIONAL CARBON FOOTPRINT					
	•••	•	•		
	2016	2015	2014		
Scope I	48,002	47,945	49,144		
Scope 2	165,645	163,905	177,274		
Scope 3*	55,434	51,863	42,022		
Total (tCO ₂)	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.



-6.7% CO_aemissions



-11.6%

emissions / room



Electricity consumption (kWh/room)



Water consumption (m³/room)



Carbon footprint (tnCO₂/room) vs 2015



Fuel consumption (kWh/room)



SAVE hotels (90.7% of portfolio)



Water cycle management







GLOBAL RISKS

Climate change

Loss of

biodiversity



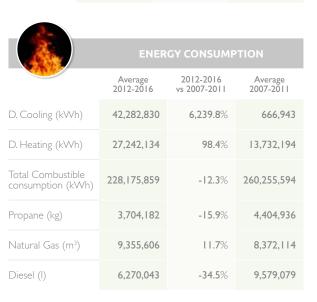




THE ENVIRONMENT | PROCEDURE DE APPLICATIONS PRESPONSABLES

GRI 302-4 GRI 302-5

CO	EMISSIONS (SCOPE 1 + 2)				
	Average 2012-2016	2012-2016 vs 2007-2011	Average 2007-2011		
Emissions CO ₂ (kg)	236,719,819	-6.7%	253,758,191		
Per Room (kg)	13.3	-11.6%	15.1		





	ELECTRICITY CONSUMPTION				
	Average 2012-2016	2012-2016 vs 2007-2011	Average 2007-2011		
Electricity consumption (kWh)	373,725,721	-7.0%	401,805,346		
Per Room (kWh)	21.0	-11.9%	23.9		

PORTFOLIO



84% Environmental initiatives



79%
Environmental awareness initiatives for customers



Electric bicycle rental service



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 the environment have been present since the beginning of our hotel construction, renovation and refurbishment projects to promote the fight against climate change in our hotel operations. As a result, both in its international growth and rehabilitation, Meliá Hotels International incorporates sustainability criteria into the hotel infrastructure, installing efficient lighting, smart cooling and heating systems, efficient kitchens and systems to ensure energy management control, among others. In addition, by placing an emphasis on technical and technological criteria, it promotes the training of people to ensure the best management of the hotel business from an environmental perspective. 2016 was the year in which the Gran Meliá Palacio de los Duques hotel, one of the benchmark luxury hotels in Madrid, which opened in November, was 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 FSCO 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 external investment in energy efficiency, in collaboration with companies that are experts in the field. Overall, the actions in this field have represented a reduction in energy consumption and economic savings of more than €900,000, as well as an impact on CO₂ reductions estimated at 4,111 TCO₂.

THE USE OF CERTIFIED ENERGIES FROM **RENEWABLE SOURCES AS A COMMITMENT**

In 2015, the company signed an agreement with a major electricity supplier, Endesa, to ensure that all its hotels and corporate offices in Spain use 100% renewable electricity by the end of 2017. In 2016 the initiative was extended to hotels in Italy through an agreement signed with A2A, the second largest Italian producer of renewable energy and the national leader in environmentally friendly energy generation services.

Meliá Serengueti



Direct investment in hotels



€2.4 million Direct investment



5,648 Employees trained in energy efficiency



Employees trained in water efficiency



8.245

Employees trained in waste management



ESCO model for hotels



-€900,000

Economic impact



-4.111

Emissions in tnCO.



151

Certified renewable energy source (hotels)



Countries supplying renewable source



+80

Electric vehicle recharging points











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

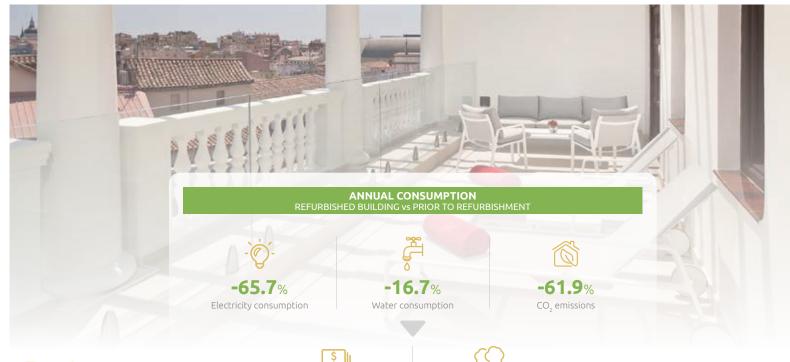
During 2016 an energy audit plan was launched affecting a total of 98 hotels. The process analysed the distribution of the energy consumption of the different buildings and defined an energy baseline for each energy source in each of the hotels audited. In addition, there was a review of the current 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.







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 model on responsible action aimed at assuring the Company's economic viability and as a process of constantly improving the integration of sustainability into the hotel business processes.

To this end, as part of its responsible tourism 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 International in the year of its 60th anniversary, in which important fruits were garnered from its commitment to the transformation of the Magaluf destination, has been the certification of the entire Calviá Beach project, which includes all ten hotels in the area. In 2016, in line with the objective of

providing Magaluf with a higher quality, socially and 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.

Eight of the hotels managed by Meliá Hotels International in Magaluf have followed in the wake of the ME Mallorca hotel, which already has this seal of

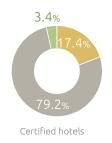
approval. Certification by EarthCheck goes beyond obtaining a sustainable tourism seal, since it involves the continuous improvement and real measurement of the impact on the management of efficiency and the use of resources at the hotel property. Meliá Hotels International and EarthCheck began the process with a preliminary stage of specific training for the teams at the hotels involved. The process will end in 2017 with the certification of the last hotels recently inaugurated in the area.

	PARADISUS	GRAN MELIÁ HOTELS & RESORTS	ME	MELIÃ HOTELS & RESORTS	INNSIDE BY MELIÄ	Sol	TRYP
CERTIFIED HOTELS	8	8	6	48	6	28	40
CERTIFIED ROOMS	3,228	1,970	1,400	14,397	765	9,684	6,986
RESPONSIBLE TOURISM CERTIFICATIONS	13	11	8	64	7	33	42



THE ENVIRONMENT I A SUSTAINABLE, CERTIFIED, RECOGNISED BUSINESS MODEL

48% 178 151 **42**% 141 2014 2015 2016 2014 Responsible tourism Responsible tourism certificates (hotels) certificates



CALVIÁ BEACH

■ EMEA ■ ASIA ■ AMERICAS



EarthCheck certifications

16 EarthCheck certification for trained staff



+3,000

Rooms certified by EarthCheck



100%

Selective waste collection



67% Portfolio of certified rooms +19 vs 2015









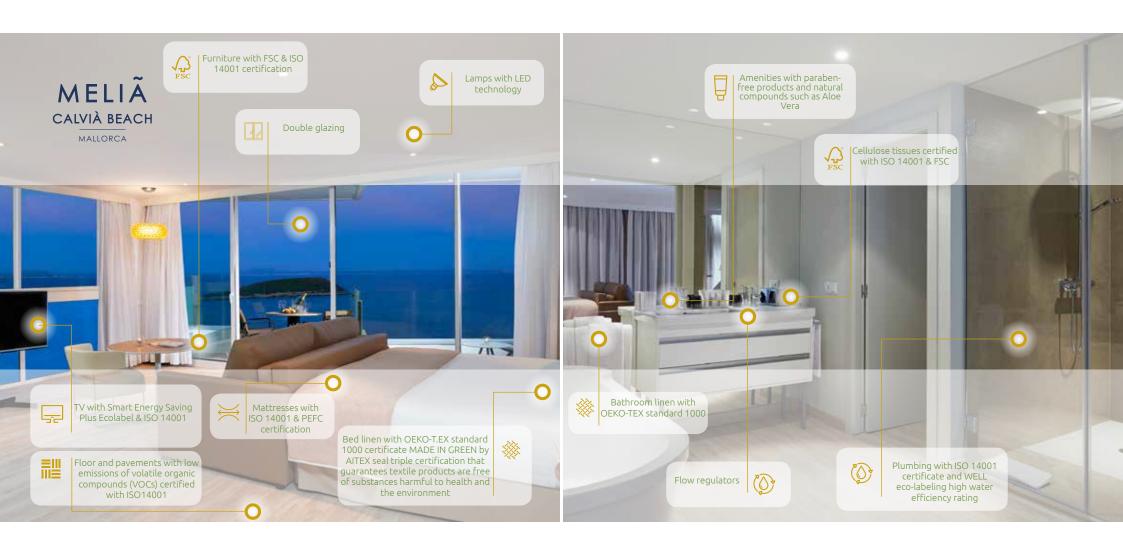








THE ENVIRONMENT I A SUSTAINABLE, CERTIFIED, RECOGNISED BUSINESS MODEL



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 CO₂ 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 CO₂ per stay).











121

Tonnes CO₂ offset



40
Estimated no. of years for

offsetting



Hectares reforested with native species



9,519
Equivalent no. of overnight stays offset



kg CO₂ offset

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.

(CO₂)

Tonnes CO₂



Bicycles as regular transport for employees



Average daily distance



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

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.



Participants



SOCIAL POSITIONING IN SUPPORT OF CHILDREN

HERE TO PROTECT THEIR FUTURE







As Meliá Hotels International is a family business, it has made the defence of the Rights of the Child the backbone of its CSR strategy. It is also an essential lever for strengthening the future of the societies of which the company forms a part and giving local children a better future.

To ensure the creation of the greatest benefits for one 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 and suppliers.

As a result of this involvement and the trust of 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 further period of 4 years, with renewed commitments, more challenges and a stronger link with the business. The alliance's new approach will be structured 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 be achieved.

In the words of Gabriel Escarrer (Vice President & 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

its social positioning. In addition, our global presence leads us to extend our commitment and the message of UNICEF to the countries in which we have a presence and in which there are different social realities regarding children, who need to be protected from situations of risk or special vulnerability".

The efforts and involvement of Meliá Hotels International 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 International for the last 13 years to the rights of children combines a respect for and the defence of human rights in its business management with a special emphasis on protecting the most vulnerable children".

In addition, Meliá Hotels International actively supports the work of many institutions that act in defence of the rights of children and contributes to their having access to quality leisure, suitable housing and economic resources so as to improve their living conditions. These include initiatives such as solidarity accommodation, corporate volunteering and message dissemination.

The corporate volunteering initiative promoted by the Hotel Sol Katmandu Park & Resort is the first step in a work plan that will be extended to different areas of influence in the Mediterranean region in 2017.

STRATEGIC ALLIANCE WITH UNICE



+**€1.4**

57% EMEA **40**% Americas **3**% Asia

Funds raised alliance 2014-2016



23 11% EMEA 9% Americas 13% Asia

Countries involved in the alliance



72% 79% EMEA 17% Americas 3% Asia

Portfolio participating

+350,000

Direct beneficiaries





INITIATIVES IN FAVOUR OF LOCAL CHILDREN



CORPORATE VOLUNTEERING

Bringing the magic, games and activities of the Sol Katmandu Park & Resort to children 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 values provided by playing football. This initiative has been promoted and coordinated jointly between the Spain and Asia regions.



+**€220.000**

Donations for social purposes

SOLIDARITY ACCOMMODATION AND SOCIAL ACTION

Meliá participates in the "Hospital Hotels" programme, offering free stays to children who require treatment at hospitals in the Madrid health service area and supports the Fundación Pequeño Deseo by offering accommodation to children as part of fulfilling their wishes and dreams.





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



CONTEXT

The economy of Zanzibar is characterised by its dependence on agriculture. The economic reforms undertaken by the country, as well as the incentives for investment, have made it possible to boost tourism and trade as key factors in the economic and social development of the island. Despite the improvements, there are still numerous villages with no access to basic living conditions, such as drinking water and electricity. As a result, these communities live in conditions of abject poverty.

PROJECT AND SHARED COMMITMENT: MELIÁ HOTELS INTERNATIONAL & HOTEL PROPRIETOR

The project promotes a direct dialogue with the 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 of the villagers by supplying consumables, digging a well for drinkable water and refurbishing thirty-five dwellings by supplying new roofs, toilets and bathrooms. In addition, the local mosque, the meeting point for the social life of the community, has been rebuilt. The direct investment was more than €145.000.

In parallel, the hotel team promotes the production 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 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

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 guests 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

Installation of showers and toilets in the houses in the village









The project meets the United Nations Millennium Development

Goals (MDGs) approved in 2015

SOSTENIBLE



PROMOTION OF CORPORATE SOCIAL RESPONSIBILITY IN HOTELS

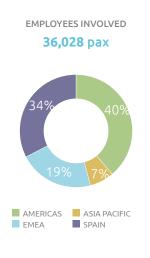
GRI 413-1

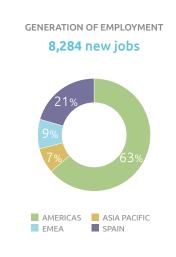
The implementation of the Global CSR Model is intended to have a direct impact on the destinations in which the company operates. For this reason, due to the regionalised model, Meliá Hotels International hotels have the autonomy to promote initiatives that are in line with the Global Model and can have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

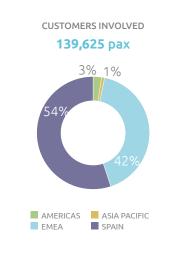
The business units are therefore empowered to contribute to alleviating the social needs and challenges that are faced directly at the destination, without forgetting their own needs and priorities as an integral part of a hotel group.

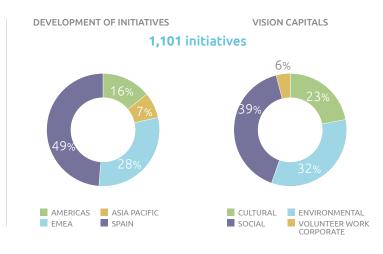
Feeling close to the destinations and their social circumstances makes the hotels active levers for the enrichment of the model itself while generating shared value in each area.

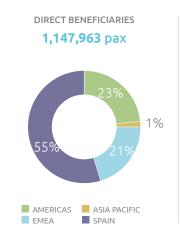


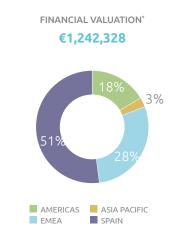








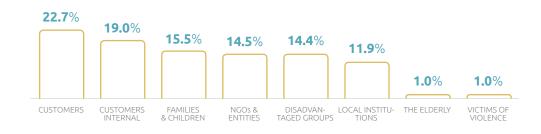




^{*} Note: financial valuation of CSR actions promoted by hotels.

PROMOTION OF CORPORATE SOCIAL RESPONSIBILITY IN HOTELS

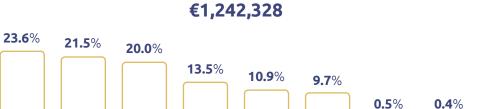
BENEFICIARY COLLECTIVES



ECONOMIC DISTRIBUTION OF ACTIONS BY GROUP

FAMILIES DISADVAN- INTERNAL & CHILDREN TAGED GROUPS CUSTOMERS

NGOs & ENTITIES

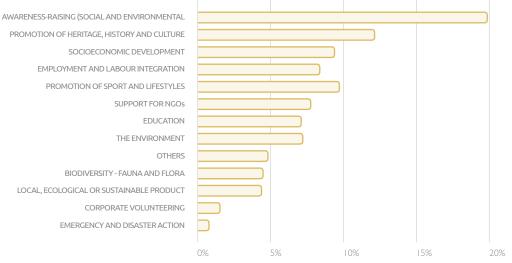


CUSTOMERS LOCAL INSTITU-TIONS VICTIMS OF

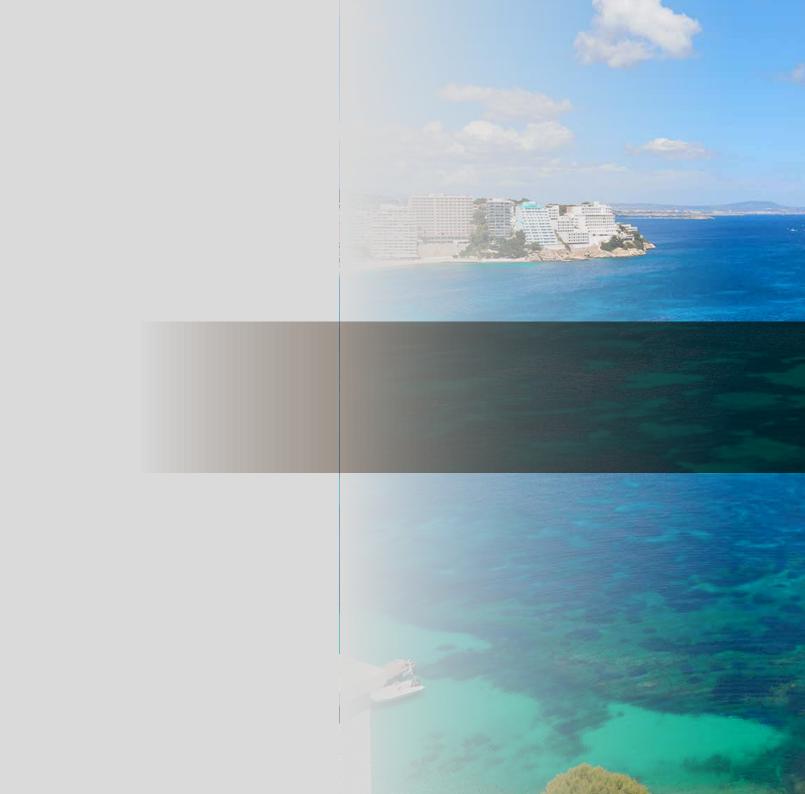
VIOLENCE

THE ELDERLY

AREAS OF ACTION









CALVIÁ BEACH

GRI 203-1

In the south-west of Mallorca, a few kilometres of the city of Palma, is Magaluf, a destination that emerged in the 1960s as a leader in the development 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 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 quality 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 Torremo-

linos, where the Vice Chairman and CEO of the Company has been named "Tourism Personality of the Year", as well as other international destinations, such as South-east Asia.

The main milestones for the Company in the destination in 2016 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

2011 2012 2013 2014 2015 2016 2017-18 Gabriel Escarrer Jaume Improvement of the beach New leisure offer Meliá Hotels International 9 hotels certified for Continuation of the public-private partnership and quay to cater for yachts chosen as Entrepreneur of receives the Innovation sustainable tourism by the Year Award (Capital) earthcheck drive for the overall Attraction of international transformation of the fashion and hospitality Sol Katmandu Park & Sol Katmandu Park & destination Resort awarded one of the Resort named as "Best brands 100 Best Ideas in innovation hotel for travelling with (Actualidad Económica) kids" (Trivago) Regional Interest Project Redevelopment of Avenida with the support of Magaluf the Balearic Islands Sol Wave House Government and the Calvià Bookina Award of Town Council, with private Excellence & TripAdvisor sector leadership Opening of Nikki Beach Award of Excellence Mallorca Refurbishment of Sol Wave Joint Venture with Rebranding of Marca Sol Refurbishment and Completion of the calviàbeach House & Leisure Area Katmandu Group to create Hotels & Resorts rebranding: construction work at the the Sol Magaluf Park & Meliá Calvià Beach Sol Jamaica Launch of the Calvià Beach Europe's first FlowBarrel Katmandu Park Hotel Rebranding and Sol Palmanova - Mallorca remodelling of the Beach Project surf centre Sol Beach House Mallorca House Hotel as ME Mallorca Joint Venture with Starwood Capital Group Renovation and rebranding Opening of the shopping of Sol House Mallorca, area to promote Calvià as a Sol Barbados and Sol Remodelling of 2nd daytime leisure area Guadalupe Conversion of Mallorca **Building at Beach House** Demolition of Sol Jamaica Beach into Beach House hotel Completion of the project Hotel Alliance with Avenue Capital







RECONVERSION OF PRODUCTS & SERVICES TO MODELS WITH HIGHER VALUE ADDED AND MORE LONG-TERM SUSTAINABILITY

Royal Beach



Mallorca Beach



Sol Trinidad



Sol Wave House Mallorca



ME Mallorca **** SUP Nikki Beach Club



Sol House Mallorca **** Mixed by Ibiza Rocks



Sol Barbados



Sol Guadalupe



Sol Antillas



Sol Barbados



Sol Guadalupe



Meliá Calvià Beach



Sol Mirlos Tordos



Sol Cala Blanca



Sol Magaluf Park



Sol Palmanova Mallorca



Sol Beach House Mallorca **** ADULTS ONLY



Sol Katmandu Park & Resort **** KATMANDU PARK THEME PARK



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 public-private 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 importance of responding to the material concerns of its stakeholders and approaches the process of preparing its Annual Report 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.

For any queries or suggestions regarding the Annual Report, Meliá Hotels International offers you the following direct contact with the Company through the email address:

Corporate Social Responsibility csr@melia.com



CORPORATE INFORMATION & CONTACTS

GRI 102-3

CORPORATE HEADQUARTERS

CENTRAL

Gremio Toneleros, 24. Polígono Industrial Son Castelló 07009 Palma de Mallorca. Spain T (34) 971 22 44 00 · F (34) 971 22 44 08

AMERICAS

800 Brickell Avenue 10th floor · 33131 Miami - Florida - USA T (1) 305 350 98 28 · F (1) 305 350 99 60

ASIA

Suite 13- A, 13th Floor, Hang Seng Bank Tower, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, China 200120
T (86) 21 3382 0800 · F (86) 3382 0900

BRAZIL

Av. Naçoes Unidas, 12551 04578-903 Sao Paulo SP. Brazil T (55) 11 3043 8442

CUBA

5^a Avenida e/ 20 y 22, No. 2008, Playa, La Habana, Cuba T (53 7) 204 0910 · F (53 7) 204 0912

SPAIN

Mauricio Legendre 16 28046 Madrid. Spain T (34) 913 153 246 · F (34) 913 143 913

CORPORATE DEPARTMENTS

Corporate Social Responsibility csr@melia.com
T (34) 971 22 45 98

Investor Relations

investors.relations@melia.com T (34) 971 22 44 64

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

ABOUT THIS REPORT

Meliá Hotels International aims to be a benchmark company for all its stakeholders. One of the main underpinnings of this objective is the Company's reporting model, which is defined by the premises of maximum transparency and truthfulness. For this reason, for the fourth year running, Meliá Hotels International is aligned with the <IR> standards (Integrated Reporting), set out by the IIRC (International Integrated Reporting Council).

Meliá Hotels International also reports its information in accordance with the new GRI Standards framework, positioning itself at the forefront of companies in terms of reporting under this standard.

The model for the preparation of the chapter on citizenship was the Global Compact Management Model and the United Nations Millennium Development Goals, which the Company applies in its Corporate Social Responsibility strategy.

The consolidated historical series of indicators and the Company Management Report, a complete table featuring the GRI Indicators, are also presented as supplementary information. In addition, the information has been obtained, recorded, analysed and presented so that it can be subjected to evaluation by an external auditor. The methodology and scope of the external review can be found in the Independent Review Report.

VERIFICATION OF THE INFORMATION

In relation to economic performance, the information available in the Annual Report has been processed in accordance with current legislation and audited by PwC. The result can be found in the Financial Report and, in summary form, in this report.

The non-financial information has also been subjected to external verification by PwC, resulting in the Independent Review Report, which reviews the fit of the contents of the 2016 Annual Report with the GRI Standards Reporting Guidelines and validates the performance indicators proposed in its core option.



GRI INDICATORS

AVERAGE WORKFORCE BY GEOGRAPHIC AREA

GRI 102-8	SPA	SPAIN		IEA	AME	RICA	CU	ВА	AS	ilA	ТО	TAL
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Corporate	700	623	90	107	181	227	48	*	31	26	1,051	983
Hotel	9,766	9,052	3,938	4,331	12,138	12,002	12,534	*	3,563	3,117	41,940	39,712
Circle by Meliá	7	44	0	0	348	472	-	*	0	0	356	516
Otras 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

GRI 401-1			SPA	AIN					EM	EA					AMER	RICA					AS	IA			TO	TAL
	MAN WOMAN TOTAL				ΓAL												TAL	MA		10W	1AN	TO	TAL		/ _	
	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	651	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	1,325	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

GRI 401-1		SPAIN							EM	1EA					AMEI	RICA					AS	ilA			T 0-	TA 1
	MAN WOMAN TOTAL					TAL							MA						MA	AN .	10W	MAN	то	TAL	TO	IAL
	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%	11.22%	8.22%	15.86%	11.09%
>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												IICA					CU	BA						ASI	Ą			тот	ΑI
	MA	N	10W	MAP	TOT	AL													MAN		10W	MAN	T	OTAL		MAN		MOM	AN	TOT	٩L		
												2015						2015															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	14	13	I	I	15	14	28	33	10	13	38	46	6	*	I	*		7	*	8	8	4	3	12	11	170	179
Heads of Department	14	100	110	93	224	192	13	18	24	22	37	40	34	34	40	38	75	72	4	*	3	*		7	*	2	3	9	5	11	8	353	312
Staff	134	105	245	214	379	320	12	11	26	29	38	40	18	44	50	65	69	109	24	*	11	÷	3	5	*	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	* 2,	368	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	*	10	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	4	33	6	*	434	318	203	156	638	474	5,208	4,293
Staff	4,012	3,378	4,220	3,538	8,232	6,916	1,692	1,587	1,509	1,515	3,201	3,102	6,329	6,506	3,681	3,642	10,010	10,148	6,471	*	5,706	4	12,17	7	* ,	,924	1,775	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	-	*		*	k	-	*	-	-	-	-	-	-	356	516
Other Activities	220	192	131	125	350	317	174	186	86	104	260	290	346	360	103	97	449	457	-	*		>	k	-	*	-	-	-	-	-	-	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 11,20	9 15,0	057 2	2,113	1,213	1,030	16,270	3,143	44,405	12,275

^{*} Data not reported in 2015 Annual Report

AVERAGE WORKFORCE BY GEOGRAPHICAL AREA, TYPE OF DAY AND GENDER

GRI 102-8			SPA	IN					EME	ΞA					AMER	.ICA					CUBA						ASI	A				
	MAI	V	10W	1AN	TOT	AL												AL	MAN		MOMAN	1	TOT	AL	MA	N	MOW		TO	ΓAL	ТО	ĀL
	2016	2015	2016	2015	2016	2015												2015		15		15 2		2015		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		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	2,534	*	2,368	2,101	1,195	1,017	3,563	3,117	41,940	27,300
Full time	4,677	4,051	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	* 13	2,284	*	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	-	11	-	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	113	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	I	4	2	7	-	*	-	*	-	*	-	-	-	-	-		- 145	48
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	2,582	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

		SPAIN							EM	EA					AME	RICA					AS	ilA			TO	ΤΔΙ
	man woman total				ΓAL												TAL	MA	M	10W	MAN	TO	TAL			
	2016	2015	2016	2015	2016	2015	2016	2015		2015	2016	2015	2016		2016		2016	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%	11.88%	10.58%	14.54%	14.19%
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					EME	ΞA					AMER	RICA					CUBA						ASI	A			ТО	TAI
	MAI	7	10W	1AN	ТОТ	AL												AL	MAN		WOMA	N	TOT	ΓAL	MA		MOM	IAN	TO	ΓAL		IAL
	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	2	6 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	L	6 969	879
Temporary	23	18	40	31	63	49	3	6	10	12	13	18	2	4	2	8	4	12	-	*		*	-	*	0	4		6	I	- 1) 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	*	2,534	*	2,368	2,101	1,195	1,017	3,563	3,11	7 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	3,10	9 29,780	19,998
Temporary	1,560	1,198	1,911	1,490	3,471	2,688	849	811	968	939	1,818	1,750	1,836	1,866	1,031	990	2,867	2,855	1,910	*	2,088	*	3,998	*	6	8	-	- 1	6		8 12,160	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	131	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	-	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	*	2,582	11,209	2,381	2,113	1,213	1,030	3,594	3,14	3 44,405	42,275

^{*} Data not reported in 2015 Annual Report

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

			SPA	JN.					EMI	EA					AME	RICA					AS	ilA			TOT	ΓΔΙ
	MAN WOMAN TOTAL				ΆL												ΓAL	MA		10W	MAN	TO	TAL			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016		2016	
<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%	11.14%	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%	13.16%	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%	1.55%	1.34%	1.69%	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%	16.80%	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%			

EMPLOYEES WITH PERFORMANCE EVALUATION

GRI 404-3			SPA	IN					EM	ΙΕΑ					AMER	RICA					AS	SIA			TOT	TAI
	MA	N	10W	1AN	TO	TAL													MAN		WOI	MAN	TO			/ (_
	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		3	5	11	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	133	148	112	135	244	283	11	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	П	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	1		-	-	-	-	-	2		2	0	4		-	-	-	-	-	-	5	2
Heads of Department	-		-		-	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	-	1	2	2	2	-	-	-	-	-	-	6	6
Heads of Department	4	3	2	2	6	5	1	-	-	0	-	0	1	0	1	2	2	2	-	-	-	-	-	-	8	7
Staff	I	2	-	-	1	2	0	2	-	I	-	3	-	-	-	-	-	-	-	-	-	-	-	-	I	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

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.

LOCAL DIRECTORS BY REGION

GRI 202-2			EXPAT	RIATE					LOC	CAL			TOT	-A I
	MA	AN	WO	MAN	TO	TAL	M	AN	IOW	MAN	TO	TAL	TOT	AL
	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%

SUBSIDIZED TRAINING

GRI 201-4 GRI 404-1	ACT	ons	COU	JRSES	PARTIC	IPANTS	AVERAGE H/	PARTICIPANT	AVERAGE H	I/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	1	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	403-2 INCIDENCE		FREQU	FREQUENCY SEVERITY			AVERAGE D	URATION	% 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

WOKERS' HEALTH INDEX

	INCIDENCE		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

^{*}Data 2015 scope Spain

TOTAL ENERGY CONSUMPTION AND SAVINGS

GRI 302-1

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	183,851		164,001	19,850
TOTAL (GJ)		2,630,216	1.87%	2,582,039	48,177

NO_x EMISSIONS

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

SO_x EMISSIONS

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

ENVIRONMENTAL EXPENSES (€)

LINVINOINI ILINIAL LAI LINSES	(6)		
	2016	2015	Variation
Bacteriological Analysis	826,108	696,232	18.7%
Quality Audit	82,619	114,757	-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		5.0%









			ExerniConce .	NOT THE REAL PROPERTY.				
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	JARDIM 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	ME MALLORCA	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 DELTEIDE	Spain			MEMBER			
Sol Resorts	COSTA BLANCA	Spain			MEMBER		SILVER	









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







greenleaders

			Entry-Conce.	OCCUPATION OF THE PARTY OF THE	100000000000000000000000000000000000000			
BRAND	HOTEL	LOCATION	EARTHCHECK	BIOSPHERE	TRAVELIFE	NORMA ISO	green leaders	OTHERS
TRYP	CORDOBA	Spain					GREEN PARTNER	
TRYP	SANTIAGO	Spain					BRONZE	
TRYP	SAN SEBASTIAN ORLY	Spain					SILVER	
TRYP	LEON	Spain					GREEN PARTNER	
TRYP	MADRID PLAZA ESPAÑA	Spain					SILVER	
TRYP	MADRID CENTRO	Spain					SILVER	
TRYP	MADRID ATOCHA	Spain					BRONZE	
TRYP	MADRID AIRPORT SUITES	Spain					SILVER	
TRYP	MALAGA GUADALMAR	Spain					SILVER	
TRYP	MURCIA RINCON DE PEPE	Spain					GREEN PARTNER	
TRYP	SALAMANCA MONTALVO	Spain					BRONZE	
TRYP	PORT CAMBRILS	Spain					BRONZE	
TRYP	VALLADOLID SOFIA PARQUESOL	Spain					BRONZE	
TRYP	ZARAGOZA	Spain					BRONZE	
Meliá Hotels & Resorts	LE COLBERT	France					GREEN PARTNER	
Meliá Hotels & Resorts	ROYAL ALMA	France					GREEN PARTNER	
Meliá Hotels & Resorts	VENDOME	France					GREEN PARTNER	
Meliá Hotels & Resorts	PARIS CHAMPS-ELYSÉES	France					GREEN PARTNER	
TRYP	PARIS OPERA	France					GREEN PARTNER	
Meliá Hotels & Resorts	ATENAS	Greece					GREEN PARTNER	
Gran Meliá Hotels & Resorts	JAKARTA	Indonesia	EARTHCHECK					
Meliá Hotels & Resorts	BALI GARDEN VILLAS & SPA	Indonesia	EARTHCHECK					
Meliá Hotels & Resorts	PUROSANI	Indonesia	EARTHCHECK					
Sol Beach House	BEACH HOUSE BALI BENOA	Indonesia	EARTHCHECK					
Gran Meliá Hotels & Resorts	ROMA	Italy	EARTHCHECK					
Meliá Hotels & Resorts	MILANO	Italy		BIOSPHERE			BRONZE	
Meliá Hotels & Resorts	GENOVA	Italy		BIOSPHERE			SILVER	
Meliá Hotels & Resorts	VILLA CAPRI HOTEL & SPA	Italy		BIOSPHERE				
Meliá Hotels & Resorts	LUXEMBOURG	Luxembourg					GOLD	
Meliá Hotels & Resorts	KUALA LUMPUR	Malaysia	EARTHCHECK					
Sol House	HOUSE TAGHAZOUT BAY SURF	Morocco	2 111110112011					GREEN GLOBE
ME by Meliá	ME CABO	Mexico	EARTHCHECK					
ME by Meliá	ME CANCUN	Mexico	EARTHCHECK					
Paradisus by Meliá	LOS CABOS	Mexico	EARTHCHECK					
Paradisus by Meliá	CANCUN	Mexico	EARTHCHECK				SILVER	
Paradisus by Meliá	PLAYA DEL CARMEN LA PERLA	Mexico	EARTHCHECK				PLATINUM	
Paradisus by Meliá	PLAYA DEL CARMEN LA ESMERALDA	Mexico	EARTHCHECK				PLATINUM	
Meliá Hotels & Resorts	LIMA	Peru		BIOSPHERE				
Meliá Hotels & Resorts	BRAGA	Portugal					SILVER	
Meliá Hotels & Resorts	MADEIRA MARE	Portugal					PLATINUM	
ME by Meliá	ME LONDON	United Kingdom	EARTHCHECK				15 (111, 15), 7	
Meliá Hotels & Resorts	WHITE HOUSE	United Kingdom	2 111110112011	BIOSPHERE			BRONZE	
Meliá Hotels & Resorts	CARIBETROPICAL	Dominican Rep.	EARTHCHECK	DIO O. FIEILE			SILVER	
Paradisus by Meliá	PUNTA CANA	Dominican Rep.	EARTHCHECK				SILVER	
Paradisus by Meliá	PALMA REAL GOLF & SPA RESORT	Dominican Rep.	EARTHCHECK				SILVER	
Paradisus by Meliá	THE RESERVE (PARADISUS PALMA REAL)	Dominican Rep.	D IIII TOTTEON				SILVER	
Paradisus by Meliá	THE RESERVE (PARADISUS PUNTA CANA)	Dominican Rep.					SILVER	
Meliá Hotels & Resorts	HANOI	Vietnam	EARTHCHECK				J.EVET	
		146	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: Gene	eral disclosures			
Organizational	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 10	-
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				
102-14	Statement from senior decision-maker	Yes	6-7	-
102-15	Key impacts, risks, and opportunities	Yes	30-31	-
Ethics & integri	ity			
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	
102-21	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 135-136	-
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	ctices			
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	1st 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	154, 170	-
GRI 103: Mana	agement 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 \ensuremath{e} 559,843.44.The governments do not form part of the stock structure
GRI 202: Mark	tet presence			
202-I	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			
203-1	Infrastructure investments and services supported	Yes	144-148	-
203-2	Significant indirect economic impacts	Yes	147	-

GRI CODE	GRI DESCRIPTION	REPORTED	PAGE	COMMENTS/OMISSIONS
GRI 204: Proci	urement practices			
204-1	Proportion of spending on local suppliers		128	-
GRI 205: Anti-				
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-	competitive 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: Mate				
301-1	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: Energ				
302-I	Energy consumption within the organization	Yes	161	
302-2	Energy consumption outside of the organization	No No	-	
302-3	Energy intensity	Yes	167	0.12 GJ/stay
302-4	Reduction of energy consumption	Yes	131	-
302-5	Reductions in energy requirements of products and services	Yes	131	-
GRI 303:Wate				
303-I	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: Biodi				
	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value			
304-I	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: Emiss	sions			
305-I	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 ₂ /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 ₂ e)
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Yes	161	-
GRI 306: Efflu	ents & waste			
306-I	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	onmental compliance			
307-I	Non-compliance with environmental laws and regulations	Yes	168	During the year there were not any breaches of environmental guidelines
GRI 308: Supp	lier environmental assessment			
308-I	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	oyment			
401-1	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	ur/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	pational 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:Traini	ng & education			
404-I	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	sity & equal opportunity			
405-I	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
	dom of association & collective bargaining			
407-1	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)
GRI 408: Child				
408-1	Operations and suppliers at significant risk for incidents of child labour	Yes	168	This risk does not exist in the Company. Melia Hotels International has an agreement with UNICEF
GRI 409: Force	ed or compulsory labour			
409-1	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
GRI 410: Secui	rity practices			
410-1	Security personnel trained in human rights policies or procedures	No	-	-
GRI 411: Right	s of indigenous people			
411-1	Incidents of violations involving rights of indigenous peoples	Yes	168	During the year there were no cases of violation of the rights of indigenous settlements

GRI CODE	GRI DESCRIPTION	REPORTED	PAGE	COMMENTS/OMISSIONS
GRI 412: Huma	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: Local	communities			
413-1	Operations with local community engagement, impact assessments, and development programs	Yes	135, 140	-
413-2	Operations with significant actual and potential negative impacts on local communities	No	-	-
GRI 414: Suppli	ier 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: Public	policy			
415-1	Political contributions	Yes	169	During the year, no political contributions were made
GRI 416: Custo	omer health & safety			
416-1	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: Marke	eting & labeling			
417-1	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: Cus	stomer privacy			
418-1	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: Soc	ioeconomic 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

Note I

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 the discharges into the drains or direct discharges into the natural environmental
- Water and Energy Efficiency
- · 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.

PricewaterhouseCoopers Auditores, S.L., Avinguda Diagonal, 640, 08017 Barcelona, España Tel.: +34 932 532 700 / +34 902 021 111, Fax: +34 934 059 032, www.pwc.es

R. M. Madrid, hoja 87,250-1, folio 75, tomo 9,267, libro 8,054, sección 3º Inscrita en el R.O.A.C. con el número 80242 - CIF: 8-79 031290

pwc

- 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 Meliä Hotels
 International's CSR indicators. We have also verified whether they have been appropriately
 compiled from the data provided by Meliä 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 Auditores S.L.

Mª Luz Castilla

7 April, 2017



