

Sustainability report 2011



Meliá Barcelona & Espai Sarriá | Spain

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INTERNATIONAL

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INDEPENDENT ASSURANCE REPORT ON THE SUSTAINABILITY REPORT 2011

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

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

Scope of our work

We have been engaged by Meliá Hotels International S.A. and its subsidiary companies (hereafter Meliá Hotels International) to review whether the contents of its Sustainability Report 2011, for the year ended 31st December 2011, are in line with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) version 3.1 (G3.1) and the validation of the performance indicators proposed in the Guidelines.

The Management of Meliá Hotels International is responsible for the preparation of the Sustainability Report 2011, the information included therein and the design, implementation and maintenance of the management and internal control systems from which the information has been obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

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

Our review has consisted in posing questions to Management and various units of Meliá Hotels International that participated in the preparation of the Sustainability Report 2011, as well as the application of certain analytical procedures and sample-based testing, which, in general, are described below:

- Interviews with the personnel of Meliá Hotels International in order to ascertain the management approaches applied to obtain the necessary information for the external review.
- Analysis of the processes used in compiling and validating the indicators presented in the Sustainability Report 2011.
- Revision of activities related to identifying and considering stakeholders during the year, as well as the coverage, relevance and integrity of the information included in the Sustainability Report 2011, based on Meliá Hotels International understanding of its stakeholder's requirements.
- Analysis of whether the contents of the Sustainability Report 2011 are in line with the GRI-G3.1.

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- Review of the information related to the management approaches applied to each group of indicators.
- Verification, through sample-based testing reviews, of the quantitative and qualitative information regarding the key indicators set down in the Sustainability Report 2011 and whether they have been properly compiled on the basis of the data provided by Meliá Hotels International's information sources.

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

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

Independence

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

Conclusion

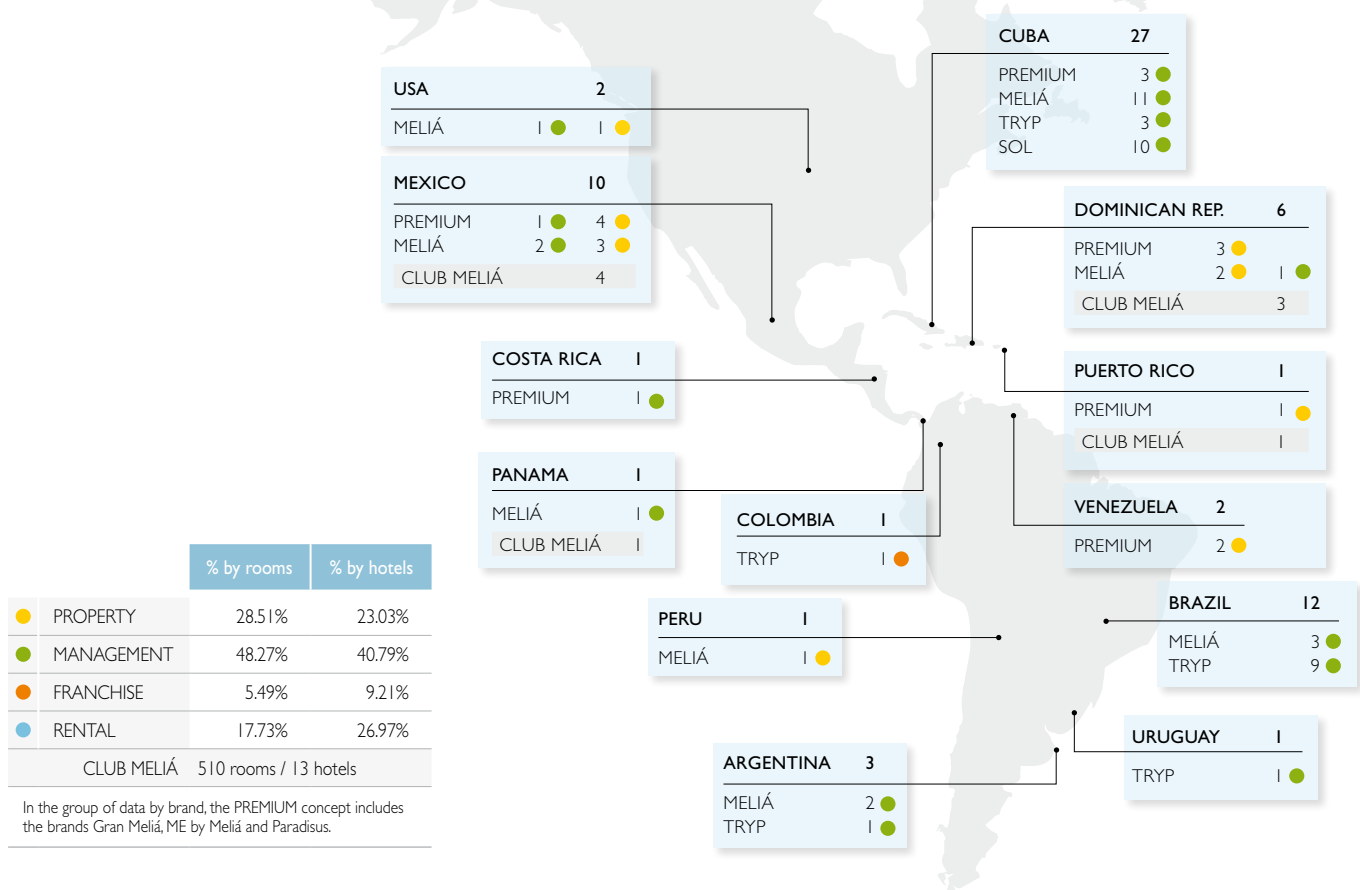
The table of GRI indicators provides a detail of the performance indicators reviewed and the scope limitations of the review, as well as identifies those indicators that do not cover all the aspects recommended by GRI. On the basis of the results of our review, nothing has come to our attention that causes us to believe that the Sustainability Report 2011 of Meliá Hotels International contains significant mistakes or has not been prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines GRI, version 3.1 (G3.1).

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A handwritten signature in blue ink, appearing to read 'M^a Luz Castilla', with a long horizontal flourish underneath.

M^aLuz Castilla
Directora
Barcelona, 4th May 2012

COMPANY PROFILE



Basic Business Data

RESULTS (in million euros)	2011	2010	2009
Revenues	1,335	1,250	1,149
EBITDAR	345	327	282
EBITDA	245	235	202
Net profit	42	52	43
Net profit attributable	40	50.1	38

HOTELS			
Hotels	304	310	303
Rooms	77,631	78,598	76,944
Club Meliá (rooms)	510	489	NA
Stays (millions)	27.1	25.9	25.2

BRAND DIVERSIFICATION (by room numbers)			
Premium	12%	11%	12%
Meliá	36.5%	36%	34%
TRYP by Wyndham	18%	19%	19%
Sol	33%	34%	35%
No brand	0.5%	-	-

CATEGORY DIVERSIFICATION (by room numbers)			
3 star	15%	16%	16%
4 star	47%	47%	46%
5 star and 5 star deluxe	32%	31%	32%
3 and 4 keys	6%	6%	6%

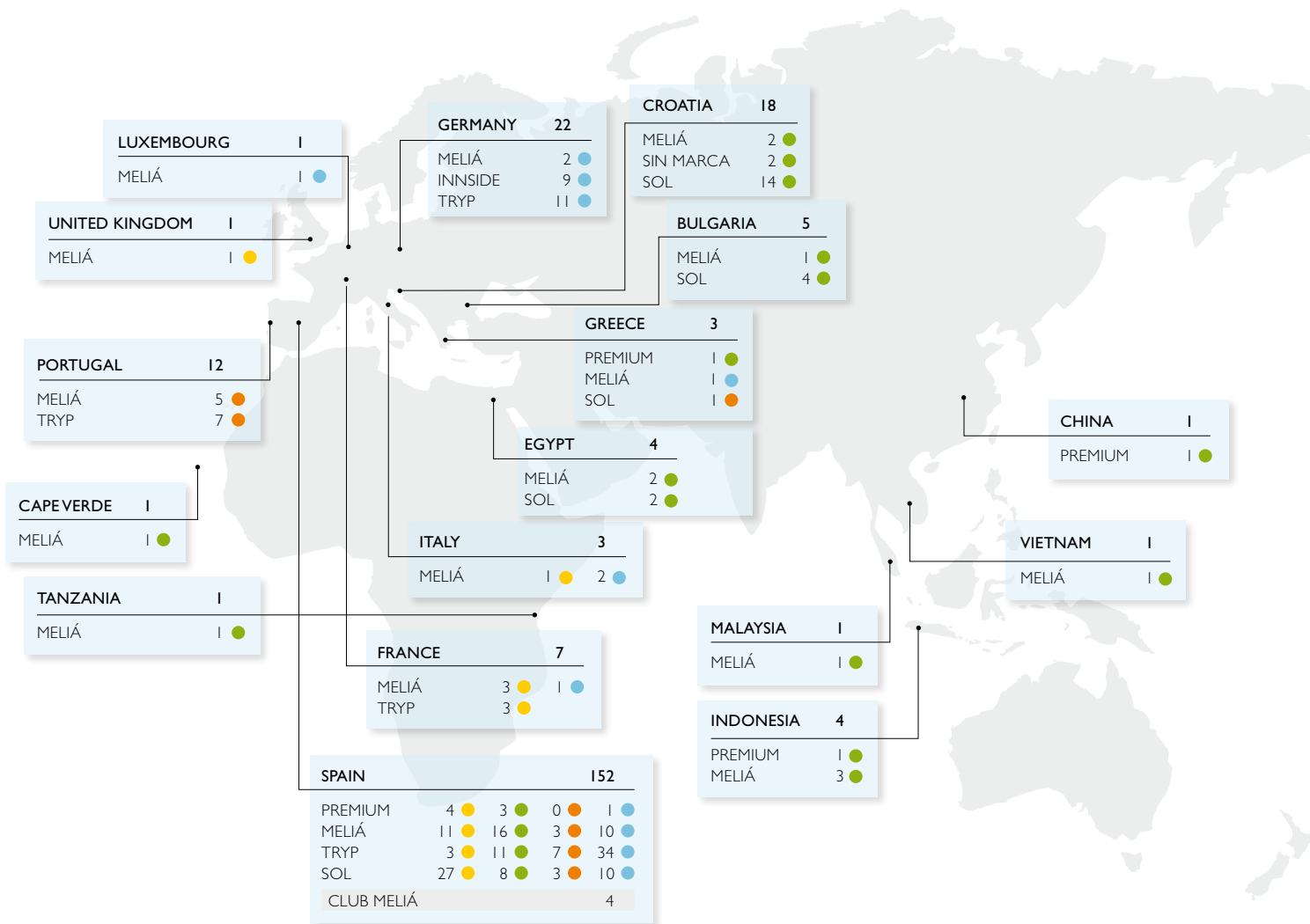
CITY / RESORT DIVERSIFICATION			
City	40%	41%	40%
Resort	60%	59%	60%

NUMBER OF EMPLOYEES			
Hotels and Corporate offices	35,946	34,352	32,288*
Club Meliá	676	1,376	1,090

* Does not include Egypt.

Current positioning of Meliá Hotels International

Year Company founded:	1956
Year of IPO:	2, July 1996
Initial share price (before split):	5.41€
Ticker symbol:	MEL.MC / MEL SM
Market where traded:	Mercado Continuo (Spain)
Forms part of the Madrid Stock Market	
Number of shares:	184,776,777
Share price at 31/12/2011:	3.895€
Growth in value from issue to 31/12/2011:	-43.9%
Growth in value from 31/12/2010 to 31/12/2011:	-28.0%
On 27 August 2008 Moody's rating was cancelled	



Diversification by region

	CITY						RESORT					
	%			Rooms			%			Rooms		
	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
Spain	19.80%	20.57%	20.80%	15,371	16,164	15,980	24.62%	25.16%	25.80%	19,114	19,779	19,881
America	8.94%	8.90%	10.10%	6,941	6,994	7,742	19.90%	19.03%	18.30%	15,450	14,954	14,092
Rest of Europe	8.87%	9.26%	8.70%	6,882	7,275	6,688	14.56%	13.80%	13.00%	11,303	10,849	9,978
Asia	2.51%	2.49%	2.50%	1,948	1,961	1,961	0.80%	0.79%	0.80%	622	622	622
TOTAL	40.12%	41.21%	42.10%	31,142	32,394	32,371	59.88%	58.79%	57.90%	46,489	46,204	44,573

Diversification by region

	TOTAL					
	%			Rooms		
	2011	2010	2009	2011	2010	2009
Spain	44.42%	45.73%	46.63%	34,485	35,943	35,861
America	28.84%	27.92%	28.37%	22,391	21,948	21,834
Rest of Europe	23.42%	23.06%	21.65%	18,185	18,124	16,666
Asia	3.31%	3.29%	3.35%	2,570	2,583	2,583
TOTAL	100%	100%	100%	77,631	78,598	76,944

Diversification of client stays by home country

	2011	2010	2009
Spain	24.65%	26.86%	35.2%
United Kingdom	11.93%	11.81%	14.0%
Germany	10.37%	10.12%	10.0%
USA	7.50%	8.44%	7.0%
Brazil	3.83%	3.68%	ND
Russia	3.71%	3.37%	2.0%
Italy	3.70%	3.53%	3.4%
Mexico	3.57%	3.50%	3.3%
Canada	2.45%	2.36%	2.0%
France	2.41%	2.29%	2.4%
Others	25.6%	23.8%	20.7%

MESSAGE FROM THE CHAIRMAN



Dear friend,

Once again, this year's Meliá Hotels International Sustainability Report provides a new chance to take stock of our management performance and present the results to all our stakeholders. As we all know, it has been another complicated year, one that was initially expected to be transitional in preparation for the new 2012-2014 Strategic Plan, but which has nonetheless posed huge challenges and presented opportunities which, I am pleased to report, we have responded to responsibly.

We began by tackling a process of major internal reorganisation to adapt to new strategic challenges and circumstances. New business areas emerged and existing areas were strengthened, such as the Asia-Pacific and Leisure Real Estate areas. Both are fundamental to ensure the international growth that we need to optimise our asset management and guide our business model to become an ever-more eminent hotel management company.

The new structure also enabled us to reinforce strategic areas such as the Strategic Planning Group and the Human Resources Group, and to improve efficiency in the Hotels Area by combining brand and region criteria. Once the main paths of the 2012-2014 Strategic Plan had been defined, the wisdom of these changes became increasingly clear in terms of aligning the organisation with the strategy that should guide our way for the next three years.

Progress continued, and in June the company presented to all its stakeholders the new corporate brand, Meliá Hotels International, which reflects our need to remain current and internationalise. Our new brand was warmly welcomed both inside and outside the company, and the process went hand in hand with a review and strengthening of the corporate mission and values, which were defined with the help of all our stakeholders bearing in mind what they expect from the new Meliá Hotels International.

With regard to the pledges of improvement we made in last year's report, I would like to highlight advances such as the design of the company's ethical code, the measurement of our carbon footprint, the fulfilment of our pledges to UNICEF and the inclusion of the ONCE Foundation as an expert partner on matters of accessibility and as a source to recruit disabled individuals and help them integrate into society and the workplace. This once again shows the power of our Annual Report as an engine of change and constant improvement in our management.

In 2011 we also continued working to improve the quality and traceability of the information included in the report: whereas in 2010 the report was submitted to independent external verification, this time the verification was conducted in accordance with version 3.1 of GRI guidelines. We have made headway in one of our biggest challenges, to extend the scope to international data. For the first time, we performed a study of materiality, analysing the criterion used to choose relevant information for the company and its stakeholders. You can find a study of the fascinating conclusions in the appendices of this report.

Regarding human resources management, it is important to remember that in the present global climate factors such as job maintenance become critical. For this reason, I am proud to announce that despite the crisis and thanks to our international expansion, in 2011 we managed to increase our global staff from 35,728 to 36,622 employees.

I am also pleased to note that the study conducted on the working climate, commitment and culture showed immense commitment to the company's success and results among associates, a high degree of identification with our values and an overall pride in belonging to a company that is thought of as solid, prestigious, innovative and open to constant improvement. Our company's commitment to responsibility and sustainability are once again among the aspects receiving the highest levels of positive assessment.

In the section on economic-financial management, meanwhile, the 2011 results show that despite current economic difficulties – which are particularly acute in Spain – Meliá Hotels International has improved in important business factors such as a 9% rise in RevPAR (average income per room), a 6.8% rise in revenues and a 4.4% rise in EBITDA in both owned and rented hotels. We also managed to lower our debt by 170 million and keep a comfortable level of liquidity, as we have renewed the amounts of all of our credit policies.

Forecasts for the current financial year are positive for regions such as European Cities, the Caribbean and Latin America – especially Colombia and Brazil –, and China and Southeast Asia, in contrast to the downturn in secondary cities in Spain. This dual scenario endorses the content of our Strategic Plan, as it establishes two speeds based on the current economic juncture that Spain and other parts of the Euro zone find themselves at, and the remaining developed economies and emerging countries.

The new Strategic Plan will entail a highly important qualitative leap in terms of internationalisation and moving towards what is a fundamentally a management – rather than proprietary – hotel business model, while retaining the positioning on sustainability as one of the key strategic levers to ensure that Meliá Hotels International can attain its objectives. This positioning must also be one of the factors behind our international expansion and one of our values as hotel managers, given the rising importance of sustainability-related criteria among investors and consumers alike.

We hope that once again this Sustainability Report and the commitments, challenges and areas of improvement that it reflects are the best incentive for everyone, both in the company and among its numerous stakeholders, to continue making our utmost effort to become a benchmark in sustainability in the tourism industry.

I Sustainability at Meliá Hotels International



Meliá Villaitana | Spain

1.1 SUSTAINABILITY VISION AND MISSION

A commitment to the environment, the dissemination of local culture and the contribution to society have always been present in the fundamental values of Meliá Hotels International. As part of the 2008-2010 Strategic Plan, it was included as strategic guideline to begin to make headway in this direction. The first milestone was defining the Sustainability Policy of Meliá Hotels International (see Appendix 1 – Global Sustainability Policy). In the new 2012-2014 Strategic Plan, sustainability has become a strategic lever which is integrated into and impacts all the strategic guidelines in a cross-cutting fashion.

Thus, as a crucial ingredient of Meliá Hotels International's positioning as a company in both the present and future, it is regarded as one of

the backbones of the business model, since it ensures the sustainable creation of economic value. We thus seek to foster a sustainable business model which will lead the company's stakeholders to choose it because it is a responsible hotel company.

Therefore, sustainability is also intrinsically associated with the relationships and dialogue with our stakeholders. Getting to know them, listening to them and engaging in dialogue with them is one of the company's key processes.

Vision of Sustainability in Meliá Hotels International

STRATEGIC OBJECTIVES LONG TERM	STRATEGIC OBJECTIVES MEDIUM TERM	AREAS	SCOPE	MEASUREMENT EVALUATION
To foster Meliá Hotels International's sustainable business model and get our stakeholders to choose us because we are a responsible hotel company	To create value for all our stakeholders	Corporate Diplomacy	▶ COMMUNICATION RELATIONS PRESENCE	<ul style="list-style-type: none"> · GRI REPORT · GLOBAL COMPACT · FTSE4Good IBEX · CHB CERTIFICATION
	Creating value for Meliá Hotels International	Sustainable Development	▶ AWARENESS AND INVOLVEMENT PROCESSES AND SYSTEMS LOCAL ACTION	

OUR VISION

We contribute to the (sustainable) development of the communities in which we operate and the people living in them
Building our legacy

Corporate Diplomacy

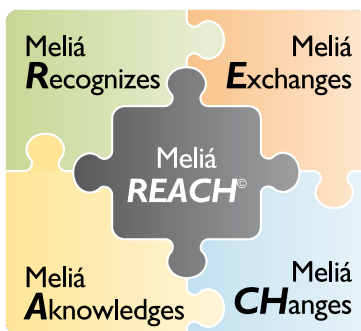
The concept of Corporate Diplomacy (CD) arose when a need was seen to listen to stakeholders and open up an interface with them to learn more about their expectations regarding Meliá Hotels International.

Corporate Diplomacy has to represent stakeholders before the different areas of the Com-

pany, ensuring that their voices are heard and taken into account. Likewise, it also helps Meliá Hotels International appropriately represent its interests and strategic concerns before stakeholders.

To achieve these objectives, the company has released its own dialogue model with its stakeholders: MELIÁ REACH®.

1.2 THE REACH® MODEL: SYSTEMATIC WORK WITH STAKEHOLDERS:



REACH® is an acronym which not only has connotations of closeness ('reaching' closer), it also harbours the concepts of "Recognises", "Acknowledges", "Answers" and "CHanges". These concepts, in this order, describe the phases in the dialogue process.

Meliá RECOGNIZES

The first phase defines the stakeholders, where they are and how we can reach them. Meliá Hotels International has a database with a qualified network of people representing its universe of stakeholders. **Meliá Hotels International's seven stakeholders are:** customers, employees, owners, investors, suppliers, society and the environment.

Meliá ACKNOWLEDGES

In this second phase, Meliá Hotels International prepares meeting points with its stakeholders. The main source of active listening is called the Meliá Hotels International **Panel of Experts on Sustainability**.

The results from this active acknowledgement enable us to build the bridges required to allow Meliá Hotels International to be an open company, willing to integrate its stakeholders' expectations in its management.

Meliá ANSWERS

Meliá Hotels International is growing in its knowledge of the expectations of its stakeholders, and

in this way it is able to build a specific value proposal for each one.

Meliá CHANGES

In this phase, the goal is to transform the proposals into actions, adapting the company's policies

and activities to the stakeholders' expectations. The implementation of these proposals is the responsibility of the different management areas.

This change can at times generate closer relations which become a formal partnership or a joint effort on projects with organisations from civil society.

1.3 THE PANEL OF EXPERTS 2011

What have the panels held so far dealt with?

In 2011, 5 panels were held with the stakeholders: 2 thematic panels, 1 international expert panel and 2 expert panels.

Panel on Childhood

This panel brought together 8 external experts and 9 internal experts to determine the challenges and actions to be conducted on childhood matters and to strengthen the company's agreement with UNICEF. The issues discussed included:

- Presenting the sustainability model and the challenges in childhood matters.
- Identifying all the challenges to be considered for Meliá Hotels International for a proper policy on childhood matters.
- Prioritising the most pressing matters according to the judgement and experience of the panellists, and identifying the key actions and recommendable actions to be performed for each possible challenge.
- Sharing the practices or referents which can be recommended to Meliá Hotels International on childhood matters.

Participating panellists:

Internal:

- Marketing Group
- Legal & Compliance
- Activities
- Meliá Marketing
- Sol Brand Human Resources
- Strategic Purchasing
- Group Human Resources
- Sustainable Development
- Global Sales

External:

- Head of Communication and Sustainability of IKEA Ibérica
- Director of Marketing Services and Institutional Relations (Arbora & Ausonia)
- Director of Social Responsibility of Mango
- Director of Social Responsibility and Sustainability
- Institutional Relations and Corporate Social Responsibility of Entreculturas
- Director of Security of Telefónica
- Director of UNICEF España
- UNESCO

The Panel on Childhood detected and prioritised 51 strategic challenges on childhood matters and 21 proposals for action, and it identified 14 good practices.

Panel on Disability

This panel brought together 8 external experts and 9 internal experts to determine the challenges and actions to be conducted on disability matters and to strengthen the company's agreement with UNICEF. The following issues were discussed:

- Presenting the sustainability model and the challenges in disability matters.
- Identifying all the challenges to be considered for Meliá Hotels International for a proper policy on disability matters.
- Prioritising the most pressing matters according to the judgement and experience of the panellists, and identifying the key actions and recommendable actions to be performed for each possible challenge.
- Sharing the practices or referents which can be recommended to Meliá Hotels International on disability matters.

THE EXPERT PANEL

What is it? The Expert Panel is a forum for dialogue and trust made up of different stakeholders and high-ranking representatives of the company, where they can talk freely in the quest for common interests.

What is it for? The panel has a series of specific functions, including:

- Advising on the promotion, execution and development of relationships and commitments with Meliá Hotels International's stakeholders.
- Assessing the company's action plans in sustainable development and social responsibility.
- Facilitating interlocution, dialogue and communication between civil society and the Meliá Hotels International group.
- Sharing the panel's reflections or recommendations with the Administrative Council.
- Sharing opinions, assessing and helping the Institutional Office in the specific processes of corporate dilemmas brought to its attention.

In 2011, 5 panels were held with the stakeholders.

The participating panellists included:

Internal:

- Human Resources EMEA
- Personnel Administration
- Strategic Purchasing
- Legal & Compliance
- SVP Tryp Brand
- Hotel Meliá Castilla
- Hotel Tryp Atocha

External:

- Spanish Committee of Representatives of Individuals with Disabilities (CERMI)
- CNSE Foundation (State Confederation of Deaf People)
- Servimedia journalist (ONCE Group)
- President of the Spanish Confederation of Organisations in Favour of Individuals with Intellectual Disabilities (FEAPS)
- Sales Director of Fundosa Accesibilidad
- ONCE Foundation
- Programme Director of Inserta

The Disability Panel detected and prioritised 54 strategic challenges on disability matters and identified 16 good practices.

Brazil International Expert Panel

This panel was held at the Hotel Meliá Jardim de Europa (Sao Paulo, Brazil) on the 26th of October 2011. The following issues were discussed:

- Introducing the Office and the Meliá REACH® model, as well as how the company deals with sustainability, specifically in Brazil.
- Identifying and prioritising the challenges to be taken into account for an appropriate sustainability policy in Meliá Hotels Brazil.
- Conducting a final assessment by the panellists and presentation of the conclusions.

By holding the Brazil International Expert Panel, three objectives were met:

- The first expert panel outside Spain was successfully held and the methodology was successfully transferred.
- Numerous legitimate stakeholders for the company in Brazil were identified and contacted.
- Relevant challenges for the company in the zone were identified.

External:

- Executive Director of Fundação Abrinq – Save the Children
- Director of CEDECA BA
- Director of UNICEF Brasil
- President of the Associação Brasileira da Indústria de Hotéis (ABIH)
- Director of NURAP (minor apprentice)
- Director of Mackenzie University
- Coordinator of WWF
- President of the Ethos Institute / MEB
- Brazilian representative of UEBT

The Brazil International Expert Panel identified 59 strategic challenges and agreed upon list of the most pressing actions.

Panel of Experts (4th edition)

This was held at the Hotel Gran Meliá Colón (Seville) on the 6th of April 2011. The following issues were discussed:

- Description of the life and activity in the Gran Meliá Colón Hotel in relation to sustainability and request for ideas for improvement from the panellists
- Outline of the headway made in Brand Equity and the Brand Equity dissemination model among the different stakeholders of the company that are affected the most (employees, owners and clients)
- Presentation and discussion of progress by the Office and the identification and prioritization of strategic initiatives
- Presentation of the conclusions of the workshop and assessments of the panellists and observers

Panel of Experts (5th edition)

This was held in the Hotel Tryp Zaragoza (Zaragoza) on the 23rd of November 2011. The following issues were discussed:

- Discussion of the main headway made and knowledge of the local culture
- Presentation and discussion of progress by the Office and of the new strategic plan
- Description of life and activity in the Tryp Zaragoza and Meliá Zaragoza Hotels
- Exercise on materiality to ascertain the opinion of the stakeholders on the prioritisation of relevant issues
- Presentation of the conclusions of the day and assessments of the panellists and observers

What results have the panel achieved?

Thanks to the participation of its stakeholders, the Company:

- Is continuing to hold panels in order to present strategies and issues of importance in an effort to continue to actively listen to its stakeholders
- Is getting to know stakeholders better in each area discussed
- Is getting to know better the expectations of each stakeholder

- Can determine which issues are most relevant and highest priority
- Is getting clear ideas about what actions can be taken

Shortly after the conclusion of each panel, a review is prepared and distributed to the panel members and also to senior Company management.

Meliá Hotels International adhered to the Global Code of Ethics for Tourism.

1.4 INSTITUTIONAL PRESENCE

Through its presence in different forums and events, Meliá Hotels International aims to strengthen its ties and relations with civil society, multilateral organisations, public administrations and prominent individuals, such as opinion leaders.

In 2011, it continued along the same lines as in 2010, keeping up its institutional presence in organisations related to sustainability, social responsibility and academic world.

1st International Congress on Ethics and Tourism

Meliá Hotels International supported and participated in the organisation of the First International Congress on Ethics and Tourism, along with the WTO and the Secretariat General of Tourism and Domestic Trade of Spain.

The congress, which was held in September, brought together more than 450 tourism workers, business leaders, international organisations and experts in the field of ethics and tourism to debate the way to guarantee the responsibility and sustainability of tourism. Issues were addressed like equality between men and women, the role of tourism in lowering poverty, sustainable development practices in both the public and private sector and codes of conduct.

Global Code of Ethics for Tourism

As part of the events of the first International Congress on Ethics and Tourism, Meliá Hotels International joined the Global Code of Ethics for Tourism, which contains a comprehensive series of principles designed to guide the key actors in tourism development. Targeted at governments, companies in the sector, communities and tourists, its purpose is to help to expand the benefits of tourism as much as possible while lowering to a minimum the possible negative consequences that it can have on the environment, the cultural heritage and the society all over the world. Adopted by the WTO General Assembly in 1999, the Code of Ethics earned official recognition from the United Nations in 2001.



Global Sustainable Tourism Council

On the 30th of June 2011, Meliá Hotels International announced its adhesion to the Global Sustainable Tourism Council, an international organisation devoted to promoting sustainable tourism which advocates a series of universal principles – called Global Sustainable Tourism Criteria – to ensure responsible management of tourism destinations.

The Global Sustainable Tourism Council is a non-governmental organisation made up of 110 pro-





Professional members from the industry representing all the regions of the WTO under the umbrella of the United Nations. As a new ally, Meliá Hotels International will support the adoption of the Global Sustainable Tourism Criteria defined by the GSTC, which are organised around four areas: sustainability planning, maximising the social and economic benefits for the local community, fostering the cultural heritage and lowering the negative environmental impacts.

Academic Partnerships

One prominent facet of our ties with the academic world is our participation in two case studies: one with the University of Pennsylvania's **Wharton School** on the inclusion of Corporate Diplomacy into business processes and culture, and another with the Department of Business Administration in the Faculty of Economics and Business at the **University of Cantabria**, which consists of a qualitative study on corporate social responsibility in the hotel sector.

Promotion of the ECPAT Code

As part of the agreement with UNICEF and Meliá Hotels International's positioning on social responsibility matters, two formal meetings were held, led by the Vice President of the company, Sebastián Escarrer, to encourage prominent companies in the tourism sector to join the ECPAT code as well. Thanks to these meetings, a pre-agreement has been signed which in most cases materialised in the Ethical Code Signing Ceremony held on the 16th of September 2011.

Relations with the Public Administration

The Vice President of the company, Sebastián Escarrer, was invited to the meeting held with the leading tourism businesses in Spain called by the Presidency of the government. The subject of this meeting, which was held on the 26th of March 2011, centred around possible solutions for overcoming the global economic crisis of recent years and its specific consequences on the Spanish economy.

Meliá Hotels International encouraged prominent Spanish companies in the tourism sector to join the ECPAT Code

Map of institutional presence of Meliá Hotels International

	GLOBAL	NATIONAL	LOCAL
COMPANY	 	 	
CSR SUSTAINABILITY	 	 	
INDUSTRY	 	 	

MELIÁ HOTELS INTERNATIONAL SUSTAINABILITY DECALOGUE

1. We aim to incorporate the values and principles associated with sustainable development to our business processes and our relationship with all our stakeholders.
2. We aim to get closer to our stakeholders, to listen to them and get to know them better; and to achieve this we need to have an open and approachable attitude.
3. We trust that we may act as a platform for all of our stakeholders and we are prepared to be a proactive player, providing cooperation and support for the different social agents in the search for solutions.
4. We must work to achieve a balance between the needs of the current generation and those of future generations, a balance between economic, socio-cultural and environmental development and the preservation of destinations, and balance in the satisfaction of the demands of our different stakeholders.
5. We will identify the environmental impact of our operations, reducing it and helping preserve biological diversity in the destinations in which we operate. We will seek energy efficiency and the responsible use of resources.
6. We understand that our operations must contribute to reducing social differences and poverty through opportunities for mutual economic growth with local communities.
7. We must be sensitive to the social needs of our employees and share our commitment with them taking into account their concerns about solidarity.
8. We are committed to the conservation of the tangible and non tangible cultural heritage of the communities in which we operate. We will be fully involved in the local community, respecting and defending their heritage as if it were our own.
9. We aim to involve our guests in all of our environmental, cultural and social activities, taking particular care of our influence over the younger generations.
10. We expect our suppliers to adopt a policy of constant improvement in regard to the integration of sustainability criteria in their business processes, such as social justice, reducing their environmental impact and the economic development of destinations.

1.5 PUBLIC COMMITMENTS

Meliá Hotels International has four working strands that represent the confluence of the external dimension of sustainability and social responsibility with the internal and more operative dimension. All four are focused on constant improvements. These four public commitments are the following:

Biosphere Certification

In November 2009, the Institute of Responsible Tourism, endorsed by UNESCO, granted Meliá Hotels International certification as a Biosphere Hotel Company.

Status as a Biosphere Hotel Company is granted to companies that foster the social, cultural, economic and environmental development of the regions where they operate.

The process of earning Biosphere Certification is renewed annually and involves constant improvement in the processes and systems that support the inclusion of sustainability. Furthermore, it constantly helps to identify opportunities for improving procedures.

Sustainability Report

The Sustainability Report is a tool of communication and dialogue with the company's stakeholders. It pursues the goal of sharing non-financial information on the result of the past financial year in its economic, environmental and social dimensions in a truthful, comprehensive and transparent way.

In addition to serving as a calling card as a socially responsible company, it is also used as a mechanism of cohesion and internal stabilisation. The





In 2011, 113 GRI indicators out of 126 were fulfilled (version 3.1)

Sustainability Report is based on different recommendations, especially on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G3.1), as well as on the WTO indicators and the company's own indicators.

The Sustainability Report is drawn up every year and serves as yet another tool for detecting and renewing commitments.

In 2011, 113 GRI indicators were fulfilled (out of a total of 126, 3 of which do not apply to our economic activity and 10 of which cannot yet be reported since specific measurements procedures for them are not yet in place).

Global Compact

Meliá Hotels International subscribed to the principles of the Global Compact in late October 2008. The Global Compact is an international initiative proposed by the United Nations with the goal of fostering corporate citizenship. Today it is represented in a total of 4,000 companies in 116 different countries. Adhesion to the Global Compact means a commitment to fulfil and spread its ten principles.

Subscription to the Global Compact entails a process of biannual renewal which constantly helps to identify opportunities for improvements in the procedures.

FTSE4Good Ibex

This index includes the average and highly capitalised stocks on the Spanish stock market that are currently included in the FTSE4Good Index.

The FTSE4Good Index has become a benchmark indicator known worldwide by investors who want to identify companies with responsible business practices. The launch of the FTSE4Good Index came in response to investors' rising interest in socially responsible investment in Spain.

The FTSE4Good Index is updated every half-year, which constantly helps to identify opportunities for improvements.

2 Leadership Value



Meliá Zanzibar | Tanzania

2.1 KEY FIGURES

304 hotels in 29 countries
vs. 310 in 27 countries in 2010

77,631 rooms
vs. 78,598 in 2010

27.1 million stays
vs. 25.9 M in 2010

2.2 NEW CORPORATE BRAND, MISSION AND VALUES

In 2011 the Company updated its mission, vision, culture and values.

Even though 2011 was initially planned as a year to consolidate our strengths and transition towards a new stage of leadership in a more global and competitive environment, Meliá Hotels International also made headway in strategic areas for the organisation:

- Launch of a new corporate brand
- Updating of the Mission, Vision, Culture and Values of the company
- Design of the 2012-2014 Strategic Plan
- Adaptation of the organisational structure
- Proactive purging of the portfolio

New Corporate Brand

On the 1st of June 2011, the company changed its old corporate brand, *Sol Meliá*, for the new *Meliá Hotels International*, which is more modern and conveys the value and trust generated by the most internationally recognised brand, **Meliá**.

Underlying the new brand name is a deep-seated process of change to lead the company into a new stage of growth and leadership. Thus, along with the new strategic plan, the company has also unveiled a new mission, culture and corporate values in order to continue to build its future upon the solid foundations of a family-oriented company that quotes on the stock market.

Likewise, the **organisational structure was adapted** to deal with the new challenges around us and in the international tourism sector by strengthening the strategic areas, promoting the Real Estate Area – a key in optimising value and managing our

real estate portfolio – and creating the Asia-Pacific Area as a sign of the company's support of the growth in these emerging markets.

Mission

At Meliá Hotels International, we provide global hospitality services and experiences, focused on excellence, responsibility and sustainability. All with the dedication of a family business to contribute to a better world.

Values and Corporate Culture

Along with the mission, a series of values have been defined to identify, distinguish and serve as a guide to all of Meliá Hotels International's actions:

Service Vocation

Because our gest is our reason for being

Excellence

Because we do things tight: with professionalism, efficiency and agility

Innovation

Because we anticipate and evolve to be better every day

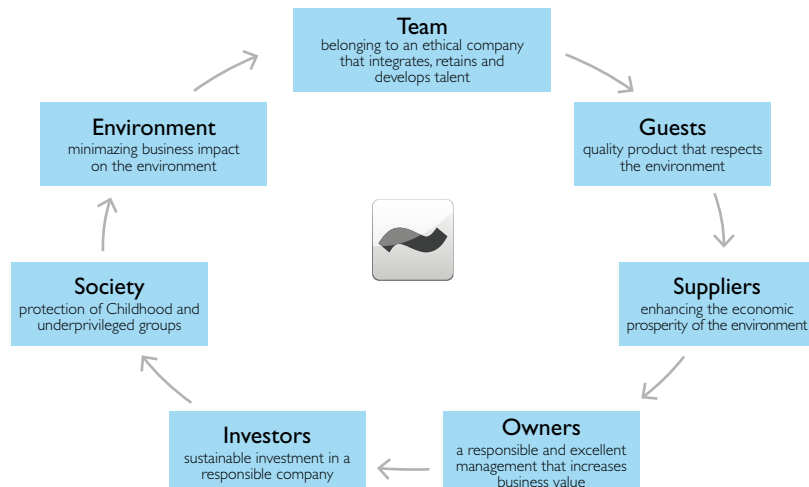
Proximity

Because we love to share, listen... feel

Consistency

Because we do what we say

Value proposition to Meliá Hotels International stakeholders



These values make up the company's new corporate culture and will be integrated into our day-to-day work. In this way, Meliá Hotels International pledges to offer all its stakeholders valuable products and services which enables it to build trusting, mutually beneficial long-term

relationships with its clients, employees, owners, investors, suppliers, society as a whole and, through its preservation of the environment, future generations as well.

HOTEL MANAGEMENT MODELS

Ownership: In this model, Meliá Hotels International is the majority owner of the property, the manager of the business unit and the employer of the staff. Decision-making power lies with the owner

Lease: In this model, Meliá Hotels International leases the property or hotel business for given time periods, which can be extended or not, manages the business unit and employs the staff. Decision-making power is stipulated in the contract.

Management: In this model, Meliá Hotels International offers shares its knowledge and experience as a leading hotel company by offering its management model and brand portfolio in exchange for fees. It can also provide a series of complementary services.

Franchise: In this model, Meliá Hotels International offers the use of its brands and sales management in exchange for royalties, ensuring that brand standards are met at all times.

2.2 STRATEGIC PLAN 2012-2014

The **Strategic Plan 2012-2014** was unveiled at the same time as all these changes. The future strategy of Meliá Hotels International emerged in response to the revamping of the company's mission and vision and seeks to transform and reposition it in diverse realms:

- Shifting from a **Proprietary** company to a **Management** company
- Shifting from a **Cost** orientation to a clear focus on generating **Income**
- Evolving its portfolio from **Asset-Heavy** to **Asset-Light**
- Shifting from an **Outside Client** with a high level of intermediation to an **Own Client**, loyal and closer to the company

To achieve these changes, the company will rely on its strengths: the value of its brands and its financial solvency. It will also take advantage of the opportunities afforded by its international expansion, new markets and the globalisation of its support structure.

In order to implement these changes and achieve the new, desired position, the 2012-2014 Strategic Plan is articulated around **five strategic guidelines** which set the business priorities,

and **three strategic levers** which support these guidelines.

Strategic Guidelines

Each of the strategic avenues makes a direct contribution to the company's strategic objectives and mission:

- **Management model:** Shifting from a proprietary hotel company to a management company that owns assets.
- **Expansion and Emerging Markets:** Strengthening Meliá Hotels International's leadership worldwide by prioritising growth in emerging markets and consolidating our leadership in the vacation segment.
- **360° Client:** Gaining our clients' loyalty through a personalised experience which exceeds their expectations.
- **Culture of Revenue:** Shifting from being a company focused on costs by managing income to a company focused on the culture of revenue with efficient cost management.
- **Real Estate Strategy:** Consolidating the real estate function as an owner and developer, creating and making value for the group.

The new Strategic Plan 2012-2014 was introduced in 2011, seeking transformation and repositioning in various fields.

The new Strategic Plan 2012-2014 aims at promoting Meliá Hotels International's sustainable business model.



Strategic Levers

The strategic levers contribute to giving the company the ability and the means to achieve the strategic objectives in the way it wishes to:

- **Talent Management:** Spearheading a human resources management model that helps to achieve the strategic objectives by promoting internal talent.
- **Technology:** Taking advantage of and adapting the group's technology to the needs of the areas, to make technology a competitive advantage.

- **Sustainability Positioning:** Promoting the sustainable business model of Meliá Hotels International and getting our stakeholders to choose us because we are a responsible hotel company. Within this lever is the company's commitment to do everything within its power to reduce its contribution to climate change. The positions and strategies designed to accomplish this are outlined in point 4.4 of this report.

EC2-1

2.3 INNOVATION

Meliá Hotels International focuses on innovation as one of the organisation's key values and a decisive factor in generating growth. After the recent years characterised by a difficult economy, innovation is once again recovering its status as a strategic priority for the organisation.

At Meliá Hotels International we want to do our utmost to take care of the knowledge and talent existing in the organisation and turn the company into a multicultural, dynamic and motivating workplace. And above all else, we

want to recognise the participation and involvement of our entire human team. Innovation is an attitude that will enable us to identify new opportunities to invest in the future and put into practice actions that will help to transform them into value and growth

2.4 EXPANSION

In the forthcoming years, the company's expansion will be focused on growing internationally with a growth model through formulas that are

not capital-intensive, mainly management and lease. We will primarily encourage growth in the middle-to-high sector:

In 2012,
25 hotels will join
the company's
portfolio.

2.5 ARCHITECTURE AND BRAND MANAGEMENT

Each of the eight Meliá Hotels International brands defines a lifestyle and a way of understanding hospitality and service anywhere in the world. Gran Meliá, Meliá, ME, Inside, Tryp by Wyndham, Sol, Paradisus and Club Meliá are referents in the market within their respective segments.

Gran Meliá

Gran Meliá is a collection of the most select hotels, where elegance and glamour are the cornerstones of the brand. With traditional architecture, from neoclassical to contemporary styles, this portfolio of hotels and resorts is designed to please the most sophisticated travellers. Gran Meliá Hotels are located in the most popular leisure and business destinations, and thanks to their unique product and service attributes, they challenge the concept of perfection to offer a sublime experience that never fails to surprise. At Gran Meliá no detail is overlooked to ensure that our guests enjoy a unique and unforgettable experience. Gran Meliá hotels also provide the first service concept with its own brand identity, the Red Glove Service, as well as the exclusive Red level, an area that delivers the most refined experience, with private access and the most exclusive personalized service.

Meliá

Meliá Hotels & Resorts includes city and resort hotels with stunning facilities in fantastic locations in major tourism and business destinations all over the world. The hotels enjoy enormous international prestige and are the perfect blend of design and functionality. Meliá is the perfect choice to meet the needs of business and leisure travellers thanks to their focus on customer satisfaction and personalized service of which the brand is proud.

Meliá continues to invest in growth, creating new experiences and attributes to meet customer needs. From new culinary concepts to a focus on health and relaxation thanks to Spa, Wellness & Fitness facilities, all of the brand attributes make every stay a journey of experiences that endure over time.

ME

The most avant-garde brand at Meliá Hotels International, a new concept in hotels with striking personalities in which cutting-edge design, international cuisine, the latest technology and the intriguing music play a fundamental role. ME hotels operate in both the most important cities in the

MELIÁ
HOTELS & RESORTS

GRAN MELIÁ
HOTELS & RESORTS

ME
BY MELIÁ

Paradisus
RESORTS

INSIDE
BY MELIÁ

TRYP
BY WYNDHAM

Sol Hotels

CLUB MELIÁ

world and in the best resort destinations, providing guests with the truly unexpected. ME offers a personalised service which goes far beyond simple accommodation. Guest service is built around four features: RememberME, ExperienceME, EnergiseME and DareME, the perfect combination for creating an atmosphere that stimulates the senses and connects with our life rhythms, with the AURA of each guest, the essence of the hotel. ME hotels have been designed for travellers that are aware of fashion, who look not only for quality but for individual, vibrant experiences in a cosmopolitan atmosphere, reflecting their professional needs and personal desires. That is why visual experiences at ME hotels are of the most vital importance.

INNSIDE

Inside provides stylish urban hotels in Germany and Spain. Elegance and a futuristic orientation are key for a hotel brand with ambitious expansion plans in Europe. Atmosphere, service and pleasure, ensure a relaxing stay for guests who choose to stay in the unique setting offered by hotels with facilities different from the norm and adapted to the way of life of its individualistic and demanding guests seeking a modern product with personality.

TRYP by Wyndham: Own the City

TRYP by Wyndham offers a warm welcome to the passionate traveller, allowing them to explore some of the most dynamic and culturally attractive cities in the world. Nearly 100 hotels in 62 cities in Europe and Latin America, including Barcelona, Berlin, Buenos Aires, Frankfurt, Lisbon, Madrid, Paris, Sao Paulo, and soon New York and Medellin. Quintessentially urban hotels, modern, excellent value for money, and designed to meet the needs of both business and leisure travellers. The Meliá Hotels International team shows its passion for people and the city every day, in everything they do. Concept rooms based on the travellers' needs: Premium Rooms for business travellers, *Fitness Rooms* for running miles without leaving the room, and *Family Rooms*, perfect for family travel. High-speed Internet and a great range of details that guarantee guest comfort and relaxation.

Varied and healthy cuisine, adapted to contemporary tastes, with special emphasis on the "Simple Pleasures" TRYP breakfast. To help easily organize all types of successful corporate events, *BE Successful* provides customers with meeting packages which help simplify organisation and also include all the taste of a refreshing break with our TRYP Coffee Breaks and TRYP "To your taste" Menus, along with all of the audiovisual and technical services guests need and the professionalism of an expert team which guarantees meeting success.

Sol

Sol hotels are ideal for fun family holidays. Located in major tourist destinations in the Mediterranean and the Caribbean, Sol hotels provide comfortable rooms, a wide range of restaurants and bars, large swimming pools and an extensive programme of optional activities designed to ensure guests of all ages fully enjoy their vacations. Vacations take on a true dimension of Fun, a choice based on fun at all times and for all ages. The Sol brand has created a number of innovative concepts that offer the widest range of services to guests, including Fun Food themed buffets, activity programmes, and The Flintstones land, a new way to enjoy a fun vacation along with the children's favourite cartoon characters, the Flintstones.

Furthermore, some hotels have included the characters in the television show *Lazy Town* in their children's entertainment programmes with the goal of fostering among children the healthy lifestyle inspired by its stars.

Paradisus

Paradisus Resorts provides a sublime romantic experience for couples and an exceptional holiday for families, all in a sophisticated atmosphere where guests enjoy "all inclusive luxury", and where the main attraction is to be carried away by the exotic and privileged locations in the Caribbean. Characterized by their original and unique architectural style, Paradisus Resorts offer endless sensations for guests thanks to their exclusive services, accompanied by an extensive and exquisite choice of fine cuisine. The

highlights of the prestigious all inclusive service include the variety of the food, the adults-only Royal Service, the Family Concierge, the ultimate luxury experience designed specifically for families, plus a wide range of life-enriching experiences for guests.

Club Meliá

Club Meliá is a club designed to provide its members with a wide range of exotic and spectacular destinations for their vacations, year af-

ter year. Club Meliá provides its members with the first class service for which the Company's hotels around the world are renowned, combining this with the most comprehensive and flexible vacation club in the hotel industry. The Club has become a strategic business for Meliá Hotels International and has been developed as a fully integrated and self-sufficient activity within the Company.

2.6 AWARDS RECEIVED BY OUR HOTELS IN 2011

COUNTRY	AWARDED	ORGANISATION	AWARD / RECOGNITION
ARGENTINA	Meliá Buenos Aires	TripAdvisor	Excellence Certificate 2011
	Meliá Buenos Aires	TripAdvisor	TripAdvisor Recommended Hotel 2011
BRAZIL	Meliá Brasil 21	1st edition of the Caio Prize for Sustainability	Jacaré de Ouro and Jacaré de Prata for two initiatives presented
	Tryp Brasil 21	TripAdvisor	TripAdvisor Recommended Hotel 2011
	Tryp Convention Brasil 21	TripAdvisor	TripAdvisor Recommended Hotel 2011
BULGARIA	Meliá Grand Hermitage	Second National Spa Ceremony	Best Hotel Spa
	Sol Nessebar Palace	2011 Varna Culinary Exhibition	The Chef at the Sol Nessebar Palace (Bulgaria), Ms Dessi Prodanova, won first prize
CAPEVERDE	Meliá Tortuga	Web CNNGo	Ranked 18 out of the 50 best beach bars in the world
CHINA	Gran Meliá Shanghai	TripAdvisor	Excellence Certificate 2011
	Gran Meliá Villas Daios Cove Crete	Busche Verlag	2011 Diamond Award for the best international spa
CROATIA	Sol Garden Istra y Camping Park Umag	Croatia's Ministry of the Environment, Physical Planning and Construction	Friend of the Environment Hotel
	Meliá Las Dunas	Neckerman	2012 Primo Award
CUBA	Paradisus Río de Oro	Monarc.ca	Overall top rating of hotels in the Caribbean
	Paradisus Río de Oro	Neckerman	2011 Primo Award
	Paradisus Río de Oro	First Choice Holidays & Thomson Holidays	Favourite hotel as a vacation destination in Cuba by the clients
DOMINICAN REPUBLIC	Meliá Caribe Tropical	Wedding by Oceans	Preferred Partner for weddings
	Paradisus Palma Real	Travelocity	Travelocity Excellence Award
	Paradisus Palma Real	Wedding by Oceans	Preferred Partner for weddings
FRANCE	Meliá Colbert	TripAdvisor	Excellence Certificate 2011
	Meliá Royal Alma	TripAdvisor	Excellence Certificate 2011
	Tryp Francois	TripAdvisor	Excellence Certificate 2011
GREECE	Gran Meliá Villas Daios Cove en Creta	Busche Verlag	2011 prize for Best Spa Resort
	Meliá Atenas	TripAdvisor	Excellence Certificate 2011
GERMANY	Innside Dresden	TripAdvisor	Excellence Certificate 2011
	Innside Frankfurt Niederrad	TripAdvisor	Excellence Certificate 2011
	Innside Frankfurt Niederrad	"Best Business Hotel" Germany	Travel Award 2011
	Meliá Berlín	Expedia	Expedia Insiders' Select 2011
		Holiday Check	Top Hotel Award 2011
		Hotel.de	Best voted Hotel: 91% (based on 1,066 opinions)
		TripAdvisor	Travellers' Choice Award
	Meliá Frankfurt Niederrad	Hotel.de	Top Rate Hotel
	Meliá Luxemburgo	TripAdvisor	Excellence Certificate 2011
	Tryp Berlin Mitte	TripAdvisor	Excellence Certificate 2011
Tryp Frankfurt	BTME (Business Travel Meeting Events)	Certified Conference Hotel	

COUNTRY	AWARDED	ORGANISATION	AWARD / RECOGNITION
INDONESIA	Gran Meliá Jakarta	ASEAN Green Hotel	ASEAN Green Hotel 2012
		Ministry of the Environment	Blue Rating Award
		Ministry of Tourism and Creative Economy of the Republic of Indonesia	National Green Hotel Standard Prize
	Meliá Bali	Agoda.com Awards	Golden Circle Award 2011
		Royal Bali Network International and Bali Convex Nusa Dua	One of the top hotels in Bali
		ASEAN Green Hotel	ASEAN Green Hotel 2012
		ASEAN Green Hotel Standards Committee	ASEAN Award
IBCA Foundation in conjunction with the Ministry of Culture and Tourism of Indonesia		"Best Hotel & Excellent Service" in the International Business & Company Awards of 2011	
Meliá Benoa	Ministry of Labour	Bipartit 2011	
	Tsunami Ready Certified	Tsunami Ready 2011	
Meliá Purosani	ASEAN Green Hotel	ASEAN Green Hotel 2012	
	Ministry of Tourism of Indonesia	National Green Hotel Award	
ITALY	Meliá Milano	Tri Hita Karana	Gold Medal
	Meliá Roma Aurelia Antica	TripAdvisor	Excellence Certificate 2011
MALAYSIA	Meliá Kuala Lumpur	TripAdvisor	Excellence Certificate 2011
	Gran Meliá Cancún	ASEAN Green Hotel	ASEAN Green Hotel 2012
MEXICO	ME Cabo	Ecology Authorities	Special recognition for the care and conservation of the sea turtle
		World Travel Awards 2011	Leading Resort in Mexico and Central America
	ME Cancun	Travellers' Choice	Most Modern Hotel of 2011
		Travelocity Top Hotel	Excellence Award
	Meliá Cozumel	CNN International	World's 50 Best Beach bars
	Meliá Azul Ixtapa	Condé Nast Traveler	2011 READERS CHOICE AWARDS
	Meliá México Reforma	MLT Vacations	Quality Award 2011
	Meliá Puerto Vallarta	TripAdvisor	Excellence Certificate 2011
Institute of Responsible Tourism		Hotel Biosphere	
PERU	Club Meliá	Secretariat of Tourism and Secretariat of Health	Renewal of the "H" seal with a score of 100%
		Transat	Classification as "Green Hotel"
PORTUGAL	Meliá Madeira Mare	TripAdvisor	Excellence Certificate 2011
	Meliá Madeira Mare	LusoCristal Consulting	Foresee Gold Certificate of Excellent Food Hygiene Standards
SPAIN	Corporativo Palma	TripAdvisor	Excellence Certificate 2011
		European Foundation for Health, Research and Education (EFHRE)	Cardio-Safe Space
	Gabriel Escarrer Julià	European Hospitality Awards	Lifetime Achievement
	Gran Meliá Fénix	The Leading Hotels of the World	Top score of all the LHW hotels in the city of Madrid
	Gran Meliá Palacio de Isora	TUI-UK	Gold Award
	Gran Meliá Victoria	TripAdvisor	Excellence Certificate 2011
	Meliá Alicante	Fuego Foundation	Safehotel
		TripAdvisor	Excellence Certificate 2011
	Meliá Barcelona	TripAdvisor	Excellence Certificate 2011
	Meliá Bilbao	TripAdvisor	Excellence Certificate 2011
	Meliá Cabo Real	TripAdvisor	Excellence Certificate 2011
	Meliá Castilla	TripAdvisor	Excellence Certificate 2011
	Meliá Golf Vichy Catalán	Today's Golfer & Your Golf Travel	2nd best hotel and golf course in Spain
	Meliá Granada	Food Bank Foundation of Granada	2011 Generosity Award
		TripAdvisor	Excellence Certificate 2011
	Meliá La Quinta	TripAdvisor	Excellence Certificate 2011
	Meliá Madeira Mare	TripAdvisor	Excellence Certificate 2011
	Meliá Maria Pita	TripAdvisor	Excellence Certificate 2011
	Meliá Palas Atenea	TripAdvisor	Excellence Certificate 2011
	Meliá Sierra Nevada	TripAdvisor	Excellence Certificate 2011
	Meliá Sitges	EMAS	Honorary Prize for 10 years with Environmental Certification
	Sol Gavilanes	Thomas Cook	Excellence in Service
		TUI Germany	Environmental Champion Prize
	Sol Guadalupe	TripAdvisor	Excellence Certificate 2011
	Sol La Palma	AIPLP (Infosida de La Palma)	Solidarity Prize
	Sol Menorca	TUI Germany	TUI Umwelt Champion Award 2011
	Sol Pelicanos Ocas	Hotel Business Association of the Province of Alicante	Hotelier of the Year, for Javier Luri, Managing Director of the Hotel Sol Pelicanos Ocas
Sol Príncipe	TripAdvisor	Excellence Certificate 2011	
Tryp Cibeles	TripAdvisor	Excellence Certificate 2011	
Tryp Palma	TripAdvisor	Excellence Certificate 2011	
UNITED KINGDOM	Meliá White House	Investors in People	National Prize for Staff Training and Development
VENEZUELA	Gran Meliá Caracas	Latin Trade	Outstanding hotel for business trips in Latin America
VIETNAM	Meliá Hanoi	Vietnamese Association of Victims of Agent Orange/Dioxin	Certificate of Merit

3 Good Governance Value



Meliá Düsseldorf | Germany

3.1 KEY FIGURES

45% independent directors
vs. 45% in 2010

2.4 million € total remuneration for directors
vs. 2.15 million € in 2010

2.39 million € total remuneration for senior management
vs. 1.85 million € in 2010

The regulation of the corporate governance of Meliá Hotels International S.A. is contained in its bylaws, in the regulations of the Administrative Council and in the Internal Rules of Conduct on matters related to the stock market, which are available to shareholders and investors both at the company's headquarters and on its website (www.meliahotelsinternational.com) in the section on Corporate Governance.

The highest governing body is the Board of Directors. It currently has eleven members. For more information on the board's composition see section B.1 of the Financial Report.

During financial year 2011, there was only one change in the Administrative Board: the representative from Caja de Ahorros del Mediterráneo became José Francisco Ibáñez Llompart, replacing Armando Sala Loret.

The category of each of the Board Members of Meliá Hotels International corresponds to the definitions established in section 3 of the Unified Code of Good Governance of Quoted Companies.

Executive Director	
Independent Director	
Proprietary Director	
Secretary	

NAME OF DIRECTOR OR COMPANY	REPRESENTATIVE	POSITION
Gabriel Escarrer Juliá		Chairman
Sebastián Escarrer Jaume		Vice Chairman
Gabriel Escarrer Jaume		Vice Chairman, Chief Executive Officer
Juan Vives Cerdá		
Hoteles Mallorquines Consolidados S.A.	M ^a Antonia Escarrer Jaume	
Luis María Díaz de Bustamante		Secretary
Alfredo Pastor Bodmer		
Caja de Ahorros del Mediterráneo	José Francisco Ibáñez Llompart	
Emilio Cuatrecasas Figueras		
Amparo Moraleda Martínez		
Juan Arena de la Mora		

Audit and Compliance

NAME	POSITION
Alfredo Pastor Bodmer	Chairman
Juan Arena De La Mora	Member
Juan Vives Cerda	Member
Juan Ignacio Pardo	Secretary

Appointments and Remunerations

NAME	POSITION
Alfredo Pastor Bodmer	Chairman
Amparo Moraleda Martínez	Member
Gabriel Escarrer Jaume	Member
Hoteles Mallorquines Consolidados, S.A.	Member
Sebastián Escarrer Jaume	Member
Gabriel Cánaves	Secretary

Executive Director	
Independent Director	
Proprietary Director	
Secretary	

Strategy

NAME	POSITION
Hoteles Mallorquines Consolidados, S.A.	Chairman
Alfredo Pastor Bodmer	Member
Juan Vives Cerda	Secretary - Member

Transparency

Meliá Hotels International has a self-appraisal process through which the Board evaluates its own performance every year.

With regard to possible conflicts of interest that may arise within the Board, article 28 of the Regulations of the Board of Directors defines a control mechanism which obliges directors to report any situation or direct or indirect conflict which may affect company interests. Furthermore, article 15.2 of the same Regulations states that it is the responsibility of the Appointments and Remuneration Committee to report to the Board any such situation and propose the measures to be taken to avoid any such conflict.

The variable bonuses of Meliá Hotels International senior executives are linked to the performance of the company. Part of the bonus depends directly on company EBITDA, quality and work environment. Long-term remuneration is linked to several variables: change in share price, company results and business results. There is no link between the remuneration of the members of the board and the performance of the company, as the amounts they receive are allowances for their attendance of Board and Committee meetings.

Ethical Code of Meliá Hotels International

The company's own evolution has led it to gain awareness of the need to review and improve its framework of behaviour in order to align it with the new values and thus ensure better cohesion and protection of all its employees, while also contributing to improving the daily interactions with its stakeholders.

In 2011, the company completed the design phase of the Meliá Hotels International Ethical Code. In 2012, the text will be polished and a training and communication plan will be designed and implemented.

What the implementation of the new values means, especially in their ethical aspect, is what the Code will develop. With its publication, the company will take on a heavy public commitment to all its stakeholders, and especially to its employees.

Audit

In 2011 a total of 168 internal audits were carried out globally¹, compared to 170 in 2010, 139 in hotels and 29 in other business units and corporate offices.

¹ These audits evaluate compliance with the processes and procedures, and both internal and external compliance with a total of 181 points divided into 25 categories.

In 2011, the company completed the design phase of the Meliá Hotels International Ethical Code.

In 2011, a total of 168 internal audits have been carried out globally

SO4-1 y 2 > In 2011 there were four cases in which the Internal Audit Department detected fraudulent use of company assets or cash for the private benefit of certain employees. Appropriate disciplinary action (dismissal) was taken immediately. In only one case, in response to a lawsuit for unfair dismissal brought by the sacked employee, was legal action taken, which ended favourably for the company.

Managerial Behaviour

Meliá Hotels International has internal human resources regulations which govern managerial behaviour, regardless of the applicable legislation, and which must be assumed by all Group executives. These regulations govern conflicts of interest and the use of confidential and privileged information, equal opportunities and complaints.

SO3-1 y 2 > Although there is no specific anticorruption training programme at Meliá Hotels International, the fight against corruption is an essential part of Company values, which emphasis that ethics should always guide management

In addition, Meliá Hotels International has an internal manual on the Prevention of Money laundering, designed to prevent and avoid within the organization any possible use by third parties of Group resources for money laundering from, amongst other activities, drug trafficking, weapons trading, terrorism and organized crime.

Within the scope of the company, essential administrative obligations of verification and, where appropriate, information are observed, to detect and/or hinder these practices, all in accordance with current applicable legislation.

Regulatory Compliance

In 2011 Meliá Hotels International has made no financial contribution or payment in kind to any political party. < SO6

The company limits its possible contributions to political parties solely to exceptional cases and in strict compliance with the laws in every country. These contributions must be duly reported to the Administrative Council and duly registered. Under no circumstances shall these contributions be used to pressure the political party leaders to adopt decisions through which we can secure or maintain business.

With regard to Spain, the Company is aware that, pursuant to the provisions of applicable law, if it were to make non-finalist contributions as referred to in Article 4 of Law 3/1987 of July 2 on the financing of political parties, it must obtain a receipt for the amount and also observe the terms and conditions provided for therein.

In 2011, Meliá Hotels International received no sanctions involving significant fines² for monopolistic practices or for violating free competition, or for noncompliance with the laws or regulations. Additionally, no cases arose which led us to engage mechanisms of legal arbitration. < SO7-1 y 2 < SO8-1 y 2

² Significant sanction: A sanction of more than 5,000 euros in amount, or one that serious affects the operations of a business unit, hindering it from operating normally.

4 Environmental Value



Gran Meliá Palacio de Isora | Spain

4.1 KEY FIGURES

27 hotels with environmental certification
vs. 29 in 2010

Reduction of 5.9% in kg CO₂ per stay³
vs. 4.3% in 2010

Reduction of 9.75% per m³ of water
consumed per stay²
vs. 8.4% in 2010

³ Average for the period 2007-2011 regarding the average reference for 2004-2006 at the 82 hotels in Spain that have been participating in the SAVE project since 2007.

4.2 COMMITMENT TO THE ENVIRONMENT

The problems that current generations have to face mean that organisations that do not adapt will disappear. We are in the midst of an economic crisis motivated by a crisis in values, an ecological crisis of impressive dimensions and a crisis of trust in the business leaders, who, after politicians, are the social agent that citizens value the least.

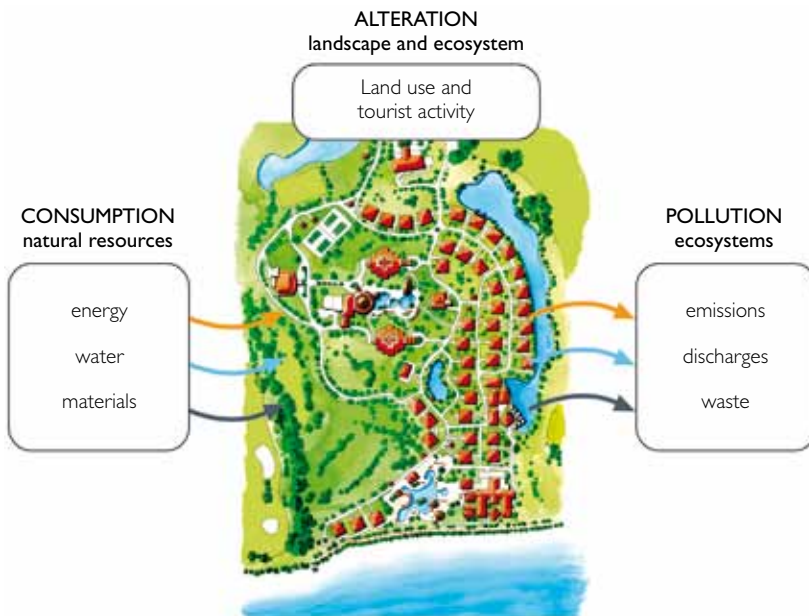
Travel and tourism generate considerable pressure on the natural environment, not so much due to the danger of their impact, but rather the sheer size of the industry. We should view the tourism industry under the criterion of sustainability: respecting the environment and the local culture and helping to develop the local economies, which should have repercussions on social improvements. Clients are increasingly aware of their responsibility and of companies' responsibilities. We are living at a time when, for the same price, customers prefer to stay in a sustainable

hotel. However, due to the evolution in collective consciousness, it will not be long before this becomes an actual requirement.

On the other hand, if the industry's top asset, the environment, is not cared for, tourism destinations will be left without a product to sell. The *Climate Vulnerability Monitor 2010* has calculated that more than two and a half million people live under the threat of desertification – a danger that is particularly important in the USA and Spain – and that this figure will multiply by four by the year 2030. Sustainable innovation and management will be the key to dealing with this environmental circumstance.

For this reason, Meliá Hotels International has taken on the commitment to contribute to preserving the environment and landscape, checking the impact of its activities and fostering awareness of sustainability among all its stakeholders.

4.3 ENVIRONMENTAL MANAGEMENT



Regarding the environment, how we act must be determined by the relevance of the environmental impacts that are typically associated with hotel activity, and which can be divided into four areas:

Energy and emissions:

Mitigating the effects of climate change, mainly through energy savings and efficiency, and by controlling and reducing emissions of pollutants into the atmosphere.

Water:

Reducing water consumption and controlling waste discharges.

Biodiversity:

Protecting and conserving ecologically important habitats, and preserving their wealth in biodiversity.

Resource consumption and waste management:

Minimising the environmental impact caused by the consumption of resources and the generation of waste.

Environmental management forms an integral part of Meliá Hotels International strategy through its inclusion in the global sustainability policy, from which are drawn a number of activities and principles which are included in the Strategic Plan of the Company.

Corporate headquarters defines the global environmental approach designed to ensure hotels reduce their environmental footprint and assume respect for and protection of the environment as part of their daily operations

The different activities aim to respect the principle of "think globally – act locally". To achieve this, on the one hand we aim to preserve the natural environment in the destinations where the company operates, and on the other hand we attend to our activities on a global level, aiming to reduce the overall effect of our business on the planet.

There is also a forum for hotels to share their experiences and best practises. Communication between hotels and corporate offices is encouraged, as well as between the hotels themselves, in order to convert best practises into standard practises.

SOI > With regard to the initiatives to mitigate the impact of our activity and apply the principle of precaution, in 2010 a number of environmental criteria have been included in the new pre-opening procedures which must be reviewed before any newly-built or newly-purchased hotel is opened. The criteria to be reviewed include:

- Availability of relevant corporate environmental information.
- Waste management.
- Control of liquid waste to drains or directly to the natural environment.
- Energy and water efficiency.
- Control of atmospheric emissions.
- Existence of native flora in hotel gardens.

Certifications

Hotel environmental management systems can act as tools for constant improvement in day-to-day operations and their impact on the natural environment. Certification by independent third parties confers greater credibility and transparency on the activities carried out by the hotel.

In this context, in addition to the environmental impact, hotels with management systems which integrate other aspects of sustainable development also focus on the impact of the business on the socio-economic and cultural environment in the location

Meliá Hotels International operates hotels which have achieved four different types of certification. On the one hand, there are the ISO 14001 and EMAS European regulations which cover environmental management and which may be adopted by public and private organisations in any industry, and on the other hand, the **Earth Check** (previously Green Globe) and Biosphere Hotel standards covering not only environmental requirements, but also other requirements related to sustainability such as socio-economic and cultural factors.

The company ended 2011 with 27 certified hotels, compared to 29 in 2010, holding a total of 30 awards compared to 32 in 2010 as may be seen in the following table **Certified Hotels** < EN26-1

Quantitative information is not available on the degree to which the environmental impacts of products and services have been mitigated. < EN26-2 y 3

Regulatory compliance

With regard to compliance with the environmental norms in effect, in 2011 the Company received just one major sanction. The Hotel ME Madrid received a decision and letter of payment for a sanction of 18,600 EUR for noise pollution. < EN28-1, 2 y 3

HANDBOOK OF SUSTAINABLE DEVELOPMENT

This is a document that defines the basic guidelines for the company's actions in sustainable development. The goal is for hotels to gradually adopt these guidelines within the means available to them, either individually or through initiatives spearheaded by the corporate headquarters. The main principles of action include some whose compliance is regarded as basic and top priority within each area. Therefore, the hotels must place a priority on achieving these principles gradually bearing in mind any possible technical, operative or economic conditions that may arise. These minimum compulsory criteria may vary as the action priorities determined by corporate headquarters change.

Certified Hotels

		BIOSPHERE HOTEL	EARTH CHECK	ISO 14001	EMAS
Paradísus Punta Cana	(Punta Cana, Dominican Republic)				
Paradísus Palma Real	(Punta Cana, Dominican Republic)				
Meliá Palas Atenea	(Mallorca, Spain)				
Meliá Bali	(Nusa Dua, Indonesia)				
Meliá Kuala Lumpur	(Kuala Lumpur, Malaysia)				
Meliá Benoa	(Bali, Indonesia)				
Meliá Purosani	(Java, Indonesia)				
Meliá Costa del Sol	(Malaga, Spain)				
Meliá Sitges	(Barcelona, Spain)				
Meliá Barcelona	(Barcelona, Spain)				
Meliá Azul Ixtapa	(Ixtapa, Mexico)				
Meliá White House	(London, United Kingdom)				
Meliá Lima	(Lima, Peru)				
Meliá Mexico Reforma	(Mexico D.F., Mexico)				
Meliá Caribe Tropical	(Punta Cana, Dominican Republic)				
Meliá Düsseldorf	(Düsseldorf, Germany)				
Gran Meliá Palacio de Isora	(Tenerife, Spain)				
ME Cancún	(Cancun, Mexico)				
ME Madrid Reina Victoria	(Madrid, Spain)				
ME Barcelona	(Barcelona, Spain)				
Tryp Bellver	(Mallorca, Spain)				
Tryp Palma	(Mallorca, Spain)				
Sol Pinet Playa	(Ibiza, Spain)				
Sol Milanos Pingüinos	(Menorca, Spain)				
Sol Menorca	(Menorca, Spain)				
Sol Falcó	(Menorca, Spain)				
Sol Gavilanes	(Menorca, Spain)				
		15	5	6	4

4.4 ENERGY AND CLIMATE CHANGE

The importance of the worldwide problem of global warming caused by human beings makes it necessary for a multinational company like Meliá Hotels International, which is present in multiple destinations, to have a clear action strategy on climate change.

In this vein, the main courses of action in the company's climate change strategy are:

- Identification of risks and opportunities associated with climate change.** The effects of climate change translate into a series of risks and opportunities for the activity of Meliá Hotels International. These risks have been included in the company's map of risks, while the opportunities were captured in the strategic guidelines on sustainability.
- Identification and quantification of the impact of Meliá Hotels International on climate change.** This is primarily achieved by monitoring and tracking energy consumption through the SAVE project on energy efficiency, as well as by determining the carbon footprint of both the company and its different business units.
- Reduction in greenhouse gases.** After identifying and quantifying the impact on climate change, the strategy to be pursued to mitigate the emissions of greenhouse gases and the priority actions to be carried out to achieve this associated with the company's activity are determined, both directly and indirectly.

- **Reporting and communication on the impact of the measures taken.** As an exercise in transparency to its different stakeholders, every year Meliá Hotels International reports on its impact on climate change and the strategy and actions performed to mitigate it, mainly through the *Carbon Disclosure Project* initiative and the publication of the Sustainability Report following the criteria of the *Global Reporting Initiative*.

- The possibility of generating a competitive advantage due to clients' positive perception of the actions taken by the company to mitigate the effects of climate change in its facilities, services and products.

Risks and Opportunities of Climate Change

EC2-2 > The opportunities and risks of climate change for the hotel sector in general and the company in particular were identified in 2008, in conjunction with the Entorno Foundation, through the publication *Adaptation: Business Leadership in View of Climate Change in Spain*.

The risks identified have been included in the company's map of risks as a single, generic risk called "Negative effect of climate change". It includes the following:

- Loss of tourist appeal of destinations that can become too warm, experience water shortages or be exposed to forest fires, or that experience a drop in precipitation in the form of snow in mountain destinations.
- Damage to facilities because of more frequent and serious occurrences of extreme weather phenomena and a possible rise in sea level. Likewise, this could also lead to a rise in insurance premiums and a cutback in coverage for facilities.
- Rise in labour costs derived from a rise in extreme weather phenomena, such as hurricanes or flooding, and the way they affect the local labour works near tourism facilities.

The **opportunities** identified are:

- Opportunities for expansion in destinations where climate change is boosting the site's tourism value as the weather becomes more pleasant.
- Extension of the peak season in certain tourist destinations where warm (though not extreme) temperatures remain steady for a longer period of time.

Identification and Quantification of the Impact on Climate Change

In 2011, Meliá Hotels International calculated the carbon footprint corresponding to the hotels included in the SAVE project based on the standard **GHG Protocol**. For scopes 1 and 2, this meant the evaluation of a total of 54% of the company's portfolio and a total of 189,626 tonnes of CO₂e: 47,384 tonnes in scope 1 and 142,278 tonnes in scope 2. For scope 3, the data on employee transport was estimated through a statistically representative sample, yielding a total of 31,034 tonnes of CO₂e. The results are the following:

SCOPE 1	47,348 tCO ₂
SCOPE 2	142,278 tCO ₂
SCOPE 3 (employee transport)	31,034 tCO ₂
TOTAL	220.660 tCO₂

Note: No data reported for 2010 due to methodology change and different the reporting scope (130 hotels in 2010 vs. 166 in 2011)

SAVE RATIOS (scope 1,2 and employee transport)	
kgCO ₂ e/stay	12.0
tCO ₂ e/hotel-year	1,142

The emissions of greenhouse gases for the 166 hotels in the report after 2011, and for scopes 1 and 2 plus employee transport, total 220,660 tonnes of CO₂e according to the result yielded by the calculation of the carbon footprint described above.

CARBON FOOTPRINT

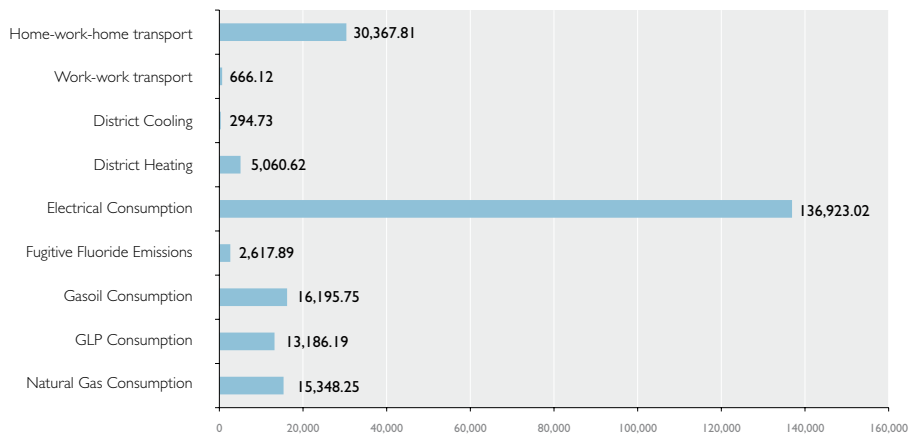
The carbon footprint represents all the greenhouse gases that are emitted into the atmosphere either directly or indirectly by an individual, organisation or product. In the case of a hotel company, the carbon footprint measures the greenhouse gases that are produced through its activity, either directly or indirectly, including energy consumption, consumption and transport of raw materials, employee transport, waste elimination and others.

Quantifying the carbon footprint allows the company to learn what phase of its activity generates the most greenhouse gases and therefore helps it to prioritise the actions aimed at reducing the impact on climate change caused by humans.

EMISSIONS BY SOURCES

MHI Hotels (SAVE scope Sust. Rep. 2011)

tCO₂e/year



In 2011 Meliá Hotels International lowered its CO₂ emissions by 5,550,025 kg.

Reduction of Greenhouse Gas Emissions

EN18-1 > Meliá Hotels International's strategy to reduce greenhouse gas emissions seeks to reduce both direct emissions associated with the energy consumption of its business units, mainly through the SAVE project, and indirect emissions associated with the acquisition of products and the construction of the products and services offered:

- **Direct emissions:** SAVE programme, sustainable construction programme, energy efficiency in variable pay 2011, Green IT systems.
- **Reduction of indirect emissions:** responsible procurement project which will encourage the prioritisation of products that minimise CO₂ emissions in their production process.

Meliá Hotels International continues to focus on energy savings and efficiency to lower the environmental impact of its activity. Today, the SAVE project, spearheaded in 2007 and with 201 affiliated hotels, is now fully consolidated and has become part of the company's management culture. In this report, we shall only report on the figures corresponding to the 166 hotels that are owned and leased in Spain and internationally and the hotels managed in Spain.

The establishments included in this project must fulfil the necessary condition of having a proper;

up-to-date record of their energy consumption in the past five years, which must be recorded in the corporate SAP BW tool. Every month, the energy and water consumption in the hotels participating in the project is monitored to analyse any possible deviations that might arise.

The main objective of the project is to lower the energy and water consumption and the greenhouse gases emitted into the atmosphere. To do this, its main courses of action are still management, monitoring and control of the energy demand, the standardisation of efficient systems and products, awareness-raising among the company's employees, and the study and feasibility of investments related to energy savings.

Worth noting is the improvements in the level of energy efficiency, which is reflected in the drop in CO₂ emissions by client, with a reduction of 5.9% of kilograms of CO₂ by stay in the period 2007-2011 compared to 2004-2006. Translated into absolute values, this means a reduction of 5,550,025 kg of CO₂. To measure the CO₂ reductions by energy-efficient actions, a fixed emission factor and multi-year comparison are used in order to avoid the climatic distortions and biases that can arise when comparing energy values from the comparison of instantaneous values from one year to another. This result comes from the improvement in the different energy consumption ratios by client. With regard to energy, we should note that in 2011 more than

< EN18-2

< EN5-2

EN18-1 > 657,000 EUR was invested in 25 energy savings and efficiency projects. Of these 25 projects, 18 correspond to investments in the optimisation of lighting, where conventional lighting was replaced with LED and energy-saving technology.

Another action that we continued to promote in 2011 was the implementation of climate and lighting control systems through motion detection in the rooms and the installation of water flow regulators in faucets and showers, which led to notable water and fuel savings. We also used biofuel or combustion booster in the gas-oil furnace installations, thus managing to save in fuel consumption and lower the amount of carbon dioxide, sulphur dioxide and nitrous oxides emitted.

EN6-1 > Likewise, through maintenance, we continued to standardise efficient lighting in all the company's hotels in Spain, where each hotel may only buy the most efficient alternative available on the market. With this system, we are managing to gradually replace the conventional, energy-inefficient lighting, such as incandescent bulbs, non-energy-saving halogen bulbs and electromagnetic devices, with another more efficient kind, such as LED technology, fluorescent bulbs, energy-saving halogen bulbs and electronic devices, and all of this without the need for investment.

In 2011 approximately 657,000 EUR was invested in 25 energy savings and efficiency projects.

EN3-3 > The total consumption of fossil fuels was 740,545 GJ.

ENERGY CONSUMPTION TOTAL*						
	2011	Δ%	2010	Δ%	2009	
EN4 >	Electricity (MWh/GJ)	342,042 / 1,231,351	+68%	203,593 / 732,934	+6.87%	190,496 / 685,78
EN3-1 >	Natural Gas (m ³ / GJ)	7,100,634 / 276,996	+39.02%	5,107,769 / 199,254	+19.13%	4,287,000 / 167,255
EN3-1 >	GLP (t/GJ)	4,411 / 203,791	+176.41%	1,596 / 73,727	+40.34%	1,137 / 52,535
EN3-1 >	Diesel oil (m ³ /GJ)	6,126 / 259,758	+19.05%	5,146 / 196,353	+14.85%	4,480 / 170,965
	TOTAL (GJ)	1,971,897	+63.1%	1,202,269	+11.7%	1,076,541

* This only includes the SAVE hotels owned and rented in Spain and internationally, plus the hotels managed in Spain included in the SAVE programme, for a total of 166 hotels in 2011. In 2010 and 2009 we only took into account the hotels in Spain, which totalled 130 and 121, respectively.

SAVE PROGRAMME SAVINGS*						
	2011	Δ%	2010	Δ%	2009	
EN6-2 >	Electricity (MWh/GJ)	5,330 / 19,188	+88.33%	2,830 / 10,189	+10.1%	2,871 / 9,255
	Natural Gas (m ³ / GJ)	-55,647 / -2,165	+165.64%	84,556 / 3,299	-24.1%	111,482 / 4,349
	GLP (t/GJ)	ND	ND	ND	ND	ND
	Diesel oil (m ³ /GJ)	1,142 / 43,586	+134.9%	486 / 18,560	-10.4%	543 / 20,712
EN5-1 >	TOTAL (GJ)	60,609	+189.1%	32,048	+6.6%	34,316

* This only includes the SAVE hotels owned and rented in Spain and internationally, plus the hotels managed in Spain included in the SAVE programme since 2007, for a total of 82 hotels. In 2010 and 2009 we only took into account the hotels in Spain which participated in the SAVE project, which totalled 86 in 2010 and 90 in 2009.

		NOx(t)				SOx(t)				
2011	Δ%	2010	Δ%	2009	2011	Δ%	2010	Δ%	2009	
48.2	+48%	32.5	+16%	28.0	20.5	+19%	17.2	+14%	15.0	

* This only includes the SAVE hotels owned and rented in Spain and internationally, plus the hotels managed in Spain included in the SAVE programme, for a total of 166 hotels in 2011. In 2010 and 2009 we only took into account the hotels in Spain, which totalled 130 and 121, respectively.

ENERGY CONSUMPTION BY PRIMARY SOURCES FOR SAVE HOTELS (G)*												
SOURCES	DE	ES	FR	GR	IT	LU	MX	PE	PR	UK	DO	VE
Coal	6,889	24,659	108	769	976	0	4,374	52	ND	1,258	5,990	0
Oil	258	12,584	23	173	583	0	6,777	83	ND	52	29,450	1,433
Gas	2,114	71,281	79	248	3,312	718	20,514	702	ND	1,964	6,231	1,675
Biomass	695	1,769	8	5	135	13	403	29	ND	108	90	0
Waste	258	1010	15	0	76	17	0	0	ND	39	0	0
Nuclear	3,615	35,003	1,537	0	0	0	1,556	0	ND	820	0	0
Hydroelectric	662	19,347	232	127	1,202	210	3,957	1,178	ND	106	4,523	8,316
Geothermal	1	0	0	0	120	0	999	0	ND	0	0	0
Photovoltaic Solar	176	3,992	1	1	15	5	2	0	ND	0	0	0
Thermal Solar	0	15	0	0	0	0	0	0	ND	0	0	0
Wind	1,035	25,059	30	57	147	16	88	0	ND	110	0	0
Tidal energy	0	0	2	0	0	0	0	0	ND	0	0	0
Other	170	226	0	0	14	0	0	0	ND	0	0	0
TOTAL	15,874	194,943	2,034	1,380	6,581	979	38,669	2,045	17,374	4,458	46,283	11,424

* This only includes the SAVE hotels owned and rented in Spain and internationally, plus the hotels managed in Spain which were included in the SAVE programme, for a total 166 hotels in 2011. Source: Based on statistics from the International Energy Agency on the electrical mix of the respective countries for 2009.

The Company earned a score of 74 points over 100 on transparency in the Carbos Disclosure Project Iberia 125.

Awareness and training

One of the SAVE programme's main courses of action is training staff and raising their awareness. To do this, courses, talks, competitions are held and the "SAVE space" in the hotel's portal for employees is periodically updated, with energy-savings measures (to apply both at the hotel and in employees' everyday lives), success stories in the company's hotels, banners to raise staff's awareness, a tool to simulate the energy cost based on consumption, and more.

We should highlight the **YES, WE SAVE!** competition held in 2011. Its goal was to share the energy savings and efficiency initiatives spearheaded by the hotels and to reward the most innovative ones with the most impact from the standpoint of energy and water savings.

Reporting and Communication

In 2011, Meliá Hotels International improved its score on the last Carbon Disclosure Project Iberia 125, which evaluates the performance in mitigating CO₂ emissions as well as transparency in reporting on these emissions among the 125 companies with the highest stock capitalisation in Spain and Portugal.

The company earned 74 points over 100 in the *Carbon Disclosure category*, which measures transparency, compared to the 26 points it earned the previous year. It also earned a C score (on a scale from A to D, A being the highest) in the *Carbon Performance category*, an evaluation which appeared that year for the first time which refers to the effectiveness of the measurements and actions taken to mitigate companies' CO₂ emissions.



4.5 WATER CONSUMPTION AND SPILLAGE CONTROL

Water consumption

Water is an essential part of the tourism and travel industry. Tourism services depend to a large degree on water. In areas where there are problems of supply and levels of water deficiency, the lack of water can be an obstacle to the development of tourism, and a source of conflicts due to its allocation, pricing and distribution.

As part of the SAVE project a number of measures to save water have been considered which will not only reduce consumption but will also save energy due to the lower volume of hot water in circulation

In 2011, 97% of company hotels fed their waste water into the local sewage system, as in 2010, for transportation and treatment in the public purification plants nearby. < EN21-1

The other 3% are hotels that have their own purification systems. Waste water is treated and purified in keeping with existing local legislation. The total volume of this purified water was 1,538,149 m³ compared to 1,662,053 m³ in 2010. The company does not have centralised reporting procedures related to the quality of the water dumped in terms of DQO, DBO5, nitrates, phosphates, pH, conductivity, temperature, dissolved oxygen and solids in suspension. < EN21-2

The volume of water saved in 2011 was 274,188 m³.

EN8-1 > Total water consumption in 2011 for the 166 hotels that form part of the SAVE project was 7,763,447 m³ compared to 3,503,699 m³ in 2010 for the 130 hotels in Spain. The amount of water saved was 274,188 m³ compared to 266,797 m³ in 2010.

According to the information available, a total of 244,194 m³ of this volume, or 16%, was re-used, mainly to water gardens and golf courses, compared to the 831,356 m³ reused in 2010, or 50%. The difference in the percentage of waste water reused is due primarily to the unavailability of this figure from the Playa Bávaro and Paradisus Punta Cana complexes in 2011. < EN10-1

EN8-2 > The company currently has no standardised procedures to break down the water consumed according to its source or to measure the water capture from the sources affected. It is worth noting that in the 2010 report the company pledged to report on this indicator in its 2011 report; however, it has been impossible to implement the procedure to date. We hope to be able to report on this figure by the end of the 2012-2014 strategic plan. < EN9

The volume of reused water over the total water consumed by the organisation was 3%. < EN10-2

The company does not yet have a centralised management system for the registration of the volume of average waste water and spillages. < EN25

In 2011, no major accidental spillages occurred in any of the Meliá Hotels International business units. < EN23-1, 2 y 3

Spillage control

Hotels can generate considerable quantities of waste water, both grey water from washing machines, fridges, showers and baths, as well as black water from dishwashers and toilets.

If waste water is not treated properly, it may cause ground and surface water contamination, as well as the degradation of marine habitats, such as coral reefs. It can also cause infections and gastro-intestinal diseases. As a general strategy for reducing the environmental impact caused by our activity, spillage levels are controlled for both private septic tanks and for connections to the public sewage system.

HOTELS	m ³ TREATED		m ³ REUSED		%		
	Year	%	2010	2011	2010	2011	2010
Meliá Purosani		45,138	103,678	13,735	31,100	30%	30%
Gran Meliá Jakarta		101,358	128,164	8,113	8,211	8%	6%
Meliá Gorriones		101,930	116,439	101,930	98,973	100%	85%
Meliá Golf Vichy Catalán		17,516	15,993	17,516	15,993	100%	100%
Paradisus Playa Conchal ¹		--	176,508	--	176,508	--	100%
Playa Bávaro Resort ²		966,550	1,070,171	NA	449,471	NA	42%
Gran Meliá Palacio de Isora		81,000	51,100	81,000	51,100	100%	100%
Paradisus Punta Cana		202,757	--	NA	--	NA	--
Meliá Zanzibar ³		21,900	--	21,900	--	100%	100%
TOTAL		1,538,149	1,662,053	244,194	831,356	16%	50%

NA = Not Available

1 Establishment no longer affiliated as of 2011

2 This name encompasses the following business units: Meliá Caribe Tropical, Paradisus Palma Real & The Reserve, Centro Comercial Sierra Parima, Palma Real Villas and Cocotal Golf

3 Estimated Data

4.6 USE OF RESOURCES AND WASTE MANAGEMENT

Waste Management in Hotels

To ensure appropriate waste management the company carries out the selective collection of waste in keeping with existing legislation. There are also projects which allow the company to minimise the consumption of resources and the generation of waste.

Given the activity in our hotels, the waste they generate is mainly classified as urban waste such as paper, cardboard, glass, vegetable oil, packaging and other non-separated domestic rubbish. There is also another type of waste in lesser quantities which includes printer cartridges and toners, electrical and electronic waste not considered dangerous, and used batteries and storage batteries (without heavy metals).

To a far lesser extent, there are also some dangerous waste products mainly generated from cleaning and maintenance services. These products basically consist of plastic and metal packaging of dangerous materials (paint stripper, varnish, paint, cleaning products, aerosols, etc.), contaminated rags and sponges, fluorescent bulbs, batteries that contain mercury, used hydraulic acids and hazardous batteries and electrical materials.

In 2011, the Company has been developing a system to quantify and report on the generation of waste in hotels. The aim is to provide reliable and consistent data, reflecting the scope of the environmental impact more accurately. However, given that a large part of the waste is collected by municipal services, it is difficult to make an exact calculation, so we can only make an approximate estimation of the total waste generated. Meliá Hotels International's objective is to have a waste quantification and reporting model as one of the results of the 2012-2014 strategic plan.

Below we shall only report on figures related to the centralised waste management contracts in Spain.

EN22-2

EN22-1

Used vegetable oil

In 2011, we continued with the framework agreements in Spain for the collection of used vegetable oil, batteries and waste from electrical and electronic devices.

The total amount of vegetable oil collected in 2011 was 45,801 kg.

	2011	2010
Total	45,801 kg	44,087 kg
Per hotel	594.82 kg (77 hotels)	595.68 kg (74 hotels)

Electrical and electronic waste from hotels in Spain

(Electrical and electronic waste except fluorescent and low power consumption bulbs)

In 2011, the amount of electrical and electronic waste collected under this agreement was 40,818 kg.

	2011	2010
Corporate	355 kg	1,630 kg
Hotels	40,463 kg	270 kg
Total	40,818 kg	1,900 kg
Per hotel	2,380.18 kg (17 hotels)	270 kg (1 hotel)

The rise is primarily due to the gradual consolidation of a service that we began to provide in September 2010 and which began to be used by the establishments regularly in 2011.

Fluorescent and low power consumption bulbs

In 2011, the amount of low energy light bulbs collected by AMBILAMP was 4,074 kg.

	2011	2010
Total	4,074kg	5,612 kg
Per hotel	88.50 kg (46 hotels)	431.70 kg (13 hotels)

Used batteries

In 2011, the total amount of used batteries was 640 kg in eleven hotels, resulting in a total of 58.18 kg/hotel.

Waste management in corporate offices

Waste management in corporate offices focuses on waste which is generated in greatest quantities, concentrating mainly on paper and cardboard and, to a lesser extent, electrical and electronic waste, packaging, fluorescent bulbs, batteries, toner and ink cartridges, cleaning products packaging, etc.

In 2011, the amount of paper and cardboard waste generated and sent for recycling in company headquarters was 18,225 kg, compared to 12,200 kg in 2010.

Likewise, the amount of other waste collected in the corporate offices was 40 kg of batteries, 37.5 kg of fluorescent tubes and 355 kg of waste from electrical and electronic devices.

4.7 PRESERVATION OF BIODIVERSITY

EN12-1 > Description of the most significant impacts in biodiversity

On a global scale, the tourism and travel industry can influence the loss of biodiversity due to the consumption of natural resources and the contribution to climate change associated with the production of goods and services offered by tourism.

On the local level, tourism has the potential to create a negative impact on the surrounding natural areas through the degradation and/or destruction of habitats and the alteration of wildlife, primarily due to:

- Actions taken during construction and operation, or neglect that causes physical changes in the natural environment, such as changes in soil use, deforestation, alterations in water resources, soil degradation, the generation of water stress, and contributing to the loss of coral reefs in the area, among others.
- Risk of land or water contamination. If not properly controlled, chemical cleaning products, fertilisers, pesticides and wastes and waste water can pollute the soil and surface, underground or marine water masses, affecting the animal and plant species living there, in addition to the very functioning of the ecosystem.
- Emission of dangerous pollutants which are toxic or harmful to the atmosphere. Certain atmospheric pollutants coming from cleaning

products, pesticides, paint or other hazardous chemical products can damage the local flora and fauna if they are not properly managed.

- Risk of noise or light pollution, or pollution by electromagnetic radiation. If not properly controlled, the artificial light, vibrations or noise generated by an establishment, especially in sensitive environments, can affect the life cycles of different species, as well as their very habitat.
- Introduction of invasive exotic species. Animal or plant species introduced outside their natural distribution zone can cause serious damage to the local ecosystem through the possible unbridled growth of individuals from the invasive species to the detriment of other local species, thus generating a loss in the local biodiversity or even the extinction of certain native species.

Meliá Hotels International cannot report on the specific impacts in terms of the species or extensions affected by the hotels identified as being in protected natural areas as a detailed analysis of this impact has not been carried out. < EN12-2

Presence in privileged natural enclaves

Meliá Hotels International has hotels in a number of countries which have biodiversity hotspots, regions with an enormous wealth of animal and plant species, but also with a greater level of danger and fragility.

The Company operates numerous hotels in or near privileged natural environments of great ecological value. In many cases, these areas are protected by the public institutions in the country or by international agreements. The table List of Hotels Identified, Near or Adjacent to Protected Natural Spaces outlines the establishments located near protected natural areas.

Even though the company has detected these nearby areas and their location, it does not yet have the size of the protected habitats, nor has it performed habitat restoration activities in these areas. < EN13-1 y 2

EN11 > List of Hotels Identified, Near or Adjacent to Protected Natural Spaces

HOTEL	SURFACE AREA (m ²)	PROTECTED AREA
Gran Meliá Cancún	75,114	Costa Occidental National Park of Isla Mujeres, Punta Cancún and Punta Nizuc. Mexico
Gran Meliá Palacio de Isora	78,284	La Corona Forestal Natural Park. Spain
Gran Meliá Puerto Rico	161,244	Río Espíritu Santo Nature Preserve. Puerto Rico
Gran Meliá Salinas	59,658	Lanzarote World Biosphere Reserve. Spain
ME Cancún	24,650	Costa Occidental National Park of Isla Mujeres, Punta Cancún and Punta Nizuc. Mexico
Meliá Cozumel	23,231	Coral Reefs of Cozumel National Park. Mexico
Meliá Génova	980	Pelagos Sanctuary for Mediterranean Marine Mammals. Italy
Meliá Gorriones	85,000	Jandía Natural Park. Spain
Meliá Jardines del Teide	24,038	La Corona Forestal Natural Park. Spain
Meliá Royal Tanau Boutique	625	Aigüestortes and Estany de Sant Maurici National Park. Spain
Meliá Sancti Petri	30,000	Bahía de Cádiz Natural Park. Spain
Meliá Santo Domingo	19,770	Southern Coast of Santo Domingo National Park. Dominican Republic
Meliá Sierra Nevada	6,107	Sierra Nevada National Park. Spain
Meliá Sinaí	43,500	Ras Mohammed National Park. Egypt
Meliá Sol y Nieve	7,438	Sierra Nevada National Park. Spain
Meliá Zanzíbar	315,000	Kiwengwa Pongwe Forest Reserve. Tanzania
Sol Alcudia Center	10,691	S'Albufera de Mallorca Nature Park. Spain
Sol Calas de Mallorca Resort	57,495	Calas de Mallorca Natural Area of Special Interest. Spain
Sol Cyrene	28,600	Ras Mohammed National Park. Egypt
Sol Falcó	41,493	Menorca World Biosphere Reserve. Spain
Sol Gavilanes	48,752	Menorca World Biosphere Reserve. Spain
Sol Jandía Mar	17,400	Jandía Natural Park. Spain
Sol La Palma	46,212	Caldera de Taburiente National Park. Spain
Sol Lanzarote	20,048	Lanzarote World Biosphere Reserve. Spain
Sol Menorca	10,336	World Biosphere Reserve. Spain
Sol Milanos Pingüinos	7,614	Menorca World Biosphere Reserve. Spain
Sol Sancti Petri Aptos.	30,000	Bahía de Cádiz Natural Park. Spain
Sol Sharm	26,966	Ras Mohammed National Park. Egypt
Sol Sun Beach Aptos.	13,034	Corona Forestal Natural Park. Spain
Sol Vielha	2,232	Aigüestortes and Estany de Sant Maurici National Park. Spain
TRYP Almussafes	1,730	Albufera de Valencia Natural Park. Spain
Tryp La Caleta	629	Bahía de Cádiz Natural Park. Spain
TRYP Las Matas	2,291	Cuenca Alta del Manzanares Regional Park. Spain

EN14 >

Most Important Activities

At this moment, there is no overall biodiversity strategy. Initially, the company pledged to report on this strategy in its 2011 report; however it has been impossible to implement this strategy so far. We hope to be able to report on it by the end of the 2012-2014 strategic plan.

EN13-3 >

The most noteworthy action regarding the protection of biodiversity on the corporate level was the economic aid of €7,143 for the project by the NGO Nature Action to Conserve the Brown Bear in the Pyrenees. This amount was

earned from the bonus received for gathering vegetable oil in the establishments in Spain, and it was wholly earmarked to this NGO.

With regard to individual actions by the establishments, we do not yet have a system to consolidate this information, although, just as in other years, numerous actions were conducted, mainly aimed at raising clients' and employees' awareness and getting them involved, such as beach cleaning, client involvement in the release of sea turtles, planting seeds of local plant species or working with NGOs.

EN30 >

4.8 ENVIRONMENTAL INVESTMENTS AND EXPENDITURE

In 2011 spending and investment in the environment reached a total of €6,423,606.

In 2011 investments and spending on the environment accounted for in centralised company systems amounted to 6,423,606 € compared to 6,150,880 € in 2010, broken down into the following categories:

- Costs of sewage charges, rubbish collection and water supply: 4,962,300 € compared to 4,949,736 € in 2010.
- Investments in energy and water efficiency as part of the SAVE project: 657,549 € compared to 492,464 € in 2010.
- Cost of separate collection of waste, bacteriological analysis of water and environmental certifications and initiatives: 803,757 € compared to 708,680 € in 2010.

5 Human Value



5.1 KEY FIGURES

36,622 employees
vs. 35,728 in 2010

532 specific training courses in labour health and safety
vs. 100 in 2010

128 nationalities
vs. 109 in 2010

90,414 hours of training in Spain
vs. 77,899 hours in 2010

5.2 EMPLOYEE SATISFACTION

Tienes la palabra (“You have the floor”) survey on company climate, commitment and culture

One of Meliá Hotels International's objectives is to ascertain its employees' degree of satisfaction. The survey on workplace climate is the tool it uses to evaluate the employees' degree of acceptance of the company's culture, management and procedures, as well as the atmosphere in which they work.

Tienes la palabra (“You have the Floor”) is the new survey on company climate, commitment and culture which was created in 2011 as the continuation of the climate survey that the company had been administering for years.

It is a venue of participation where all the professionals who wish can express their opinion once a year, directly and confidentially, on issues related to their day-to-day jobs and the company itself. In the 2011 edition, a total of 23,993 people participated in this survey, compared to 20,914 participants in 2010. They shared their assessments of the following issues:

- The company's image
- Their job
- Corporate management
- Responsibility and sustainability
- Internal communication
- Alignment of the rules with the values
- Equality
- Workplace stability
- Trust and coherence
- Working environment and means
- Management and organisation
- Training and development
- Enough time and staff
- Compensation and benefits
- Timetable and work-family balance (corporate headquarters)

What is more, in alignment with the new Culture and Values project, the survey enabled us to ascertain our professionals' opinions on the culture, the new values (identification and real practice) and leadership, specifically on the following topics:

- Orientation towards guest services
- Culture of revenue (income)
- Teamwork
- Corporate headquarters' orientation towards guests

- Proactiveness and effectiveness
- Acting with confidence to innovate
- Coordination among departments (corporate headquarters)
- Identification with the values
- Effective practice of the values
- Immediate supervisor
- Level above immediate supervisor
- Status of the supervisors (questions only for supervisors)

The results were published globally through the internal gazette *Tú también / Utoo* and were also presented in a detailed fashion in each of the hotels and corporate areas. Once analysed, we spearheaded the participative development of action plans in the hotels and departments with the goal of preserving what should be kept and improving what needs to be improved.

Due to the change in the methodology and structure of the new survey on climate, it is impossible to directly compare the results with previous years. However, we would like to spotlight the results in the sections on **employees' commitment to the company's successes and results** (89% of the responses between 7 and 10 on a ten-point scale), **pride in belonging** (90%) and **levels of satisfaction** (82%) and **motivation** (82%). All of this is a sound foundation upon which to reinforce the solidity and future of Meliá Hotels International.

Communication channels and feedback

At Meliá Hotels International employees receive information through different meetings and tools that encourage interaction between departments and promote constant improvement, as well as providing greater access to information:

The tools include the following:

Video-communications from senior management

Just like every year, the CEO of Meliá Hotels International, Gabriel Escarrer Jaume, sent his end-of-year message, and taking advantage of the celebration of the Christmas cocktail at the hotels and corporate headquarters, the employees watched a new video message in which he took stock of 2011 and briefly presented the content of the new 2012-2014 strategic plan.

Top-down communication process

Communication at Meliá Hotels International always follows a top-down process in which information is first transmitted to the senior levels of management and then filters down to all employees.

Employee portal

Meliá Hotels International runs an Employee Portal which provides access to corporate and other information, applications and other company services.

The portal is still yet to reach all of the locations in which Meliá Hotels International operates. Users may enter the portal at the PC Points in the hotels or on their own computers. What is more, in 2011 secure access to the portal via the Internet was activated, which enables users to access the contents from any computer with an Internet hook-up, even though not everyone has a username for the portal yet.

Internal gazette “Utoo”

The internal gazette “Utoo” was created to facilitate employee access to internal communication.

Its lightweight printed format enables the gazette to reach all employees, even those that do not have a computer in their workspace. What is more, there is also a German-Portuguese edition which is delivered to the Meliá Hotels International hotels in Portugal, Brazil, Germany and Luxemburg, and other Spanish-English version.

The internal gazette “Utoo” has enabled us to inform all our employees about the brand change, the closure of the 2008-2010 strategic plan and the headway in the design of the new guidelines of the 2012-2014 strategic plan, as well as the new hotel openings.

Diversity

The professional and human qualities of every person that forms part of the company are decisive when it comes to transmitting to guests the passion for service.

In 2011 the team at Meliá Hotels International was formed by 36,622* employees, compared to 35,728 in 2010. The positive results of the international expansion strategy have led to a total staff increase of 894 people in 2011. < LA1-1

Among the staff working for the hotel, there is a not a significant number of freelancers. < LA1-2

The average number of staff members in Spain with disabilities was 14 men and 30 women, which means 0.51% of the average total staff in Spain. < LA13-2

The job rotation ratio at Meliá Hotels International worldwide, i.e. the ratio of people leaving the company during the year, was 3.75% in 2011 compared to 3.84% in 2010. Below is a series of tables with ratios related to the human team and its diversity:

During financial year 2011, the total staff rose by 894 people.

* Includes Cuba, Bulgaria and Egypt.

Average number of employees by region

LA1-y5

	SPAIN		REST OF EMEA*		AMERICA		ASIA		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Corporate	654	629	71	76	224	239	13	8	961	952
Hotel	8,611	8,900	3,140	3,039	19,850	19,968	2,702	2,869	34,303	34,776
Club Meliá	110	NA	0	0	566	NA	0	0	675	NA
Other Activities	226	NA	0	0	456	NA	0	0	682	NA
TOTAL	9,601	9,529	3,210	3,115	21,095	20,207	2,715	2,877	36,622	35,728

* EMEA: Europe, Middle East & Africa. Includes Bulgaria, Cuba and Egypt. In the 2010 figures, Club Meliá is consolidated in the hotel figures.

Workforce by levels, gender and region

LA1-5

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
Corporate	296	358	654	27	45	71	116	107	224	4	9	13	962
General Manager	95	34	129	12	3	15	28	11	39	1	2	3	187
Heads of Department	84	86	170	11	21	33	29	29	58	2	1	3	264
General Staff	117	237	354	3	20	23	59	68	127	1	5	6	511
Hotel	4,465	4,146	8,611	1,065	1,095	2,160	6,367	3,512	9,880	1,885	817	2,702	23,353
General Manager	123	35	159	33	18	51	25	6	31	9	1	10	250
Heads of Department	912	557	1,468	130	133	263	920	494	1,414	156	68	224	3,370
General Staff	3,430	3,554	6,984	901	944	1,846	5,423	3,012	8,435	1,720	748	2,468	19,733
Club Meliá	38	72	110	0	0	0	217	188	404	0	0	0	514
Other Activities	121	105	226	0	0	0	365	91	456	0	0	0	682
TOTAL	4,920	4,681	9,601	1,091	1,140	2,231	7,065	3,899	10,964	1,889	826	2,715	25,511

* EMEA: Europe, Middle East & Africa, 2011 figures. Does not include Bulgaria, Cuba and Egypt.

Workforce by kind of contract, gender and geography*

LA1-4

	SPAIN			REST OF EMEA**			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
Corporate	283	339	621	23	38	61	116	107	223	1	0	1	907
Full time	278	328	606	23	38	61	116	107	223	1	0	1	892
Part time	5	11	16	0	0	0	0	0	0	0	0	0	16
Hotel	3,481	2,857	6,338	864	868	1,731	4,959	2,728	7,687	1,875	813	2,689	18,445
Full time	3,400	2,742	6,142	823	825	1,647	4,959	2,728	7,687	1,875	813	2,689	18,165
Part time	81	115	196	41	43	84	0	0	0	0	0	0	280
Club Meliá	27	46	73	0	0	0	217	188	404	0	0	0	477
Full time	26	40	66	0	0	0	217	188	404	0	0	0	470
Part time	1	6	7	0	0	0	0	0	0	0	0	0	7
Other Activities	88	66	154	0	0	0	362	89	451	0	0	0	605
Full time	73	62	135	0	0	0	362	89	451	0	0	0	586
Part time	14	4	18	0	0	0	0	0	0	0	0	0	18
TOTAL	3,878	3,308	7,186	887	905	1,792	5,654	3,112	8,766	1,877	813	2,690	20,434

* 2011 figures. Figures on the staff with permanent contracts.

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

LAI-3 } Average staff by kind of contract, gender and geography
LAI3-1 }

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
Permanent	3,878	3,308	7,186	887	905	1,792	5,654	3,112	8,766	1,877	813	2,690	20,434
Temporary	1,042	1,373	2,415	204	235	439	1,411	787	2,198	12	13	25	5,077
TOTAL	4,920	4,681	9,601	1,091	1,140	2,231	7,065	3,899	10,964	1,889	826	2,715	25,511

* EMEA: Europe, Middle East & Africa. 2011 figures.

LAI-3 } Average staff by type of contract, business area, gender and geography

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
Corporate	296	358	654	27	45	71	116	107	224	4	9	13	962
Permanent	283	339	621	23	38	61	116	107	223	1		1	907
Temporary	14	19	32	3	7	10	0	0	0	3	9	11	54
Hotel	4,465	4,146	8,611	1,065	1,095	2,160	6,367	3,512	9,880	1,885	817	2,702	23,353
Permanent	3,481	2,857	6,338	864	868	1,731	4,959	2,728	7,687	1,875	813	2,689	18,445
Temporary	984	1,289	2,273	201	228	429	1,409	784	2,193	9	4	13	4,908
Club Meliá	38	72	110	0	0	0	217	188	404	0	0	0	514
Permanent	27	46	73	0	0	0	217	188	404	0	0	0	477
Temporary	11	26	37	0	0	0	0	0	0	0	0	0	37
Other Activities	121	105	226	0	0	0	365	91	456	0	0	0	682
Permanent	88	66	154	0	0	0	362	89	451	0	0	0	605
Temporary	33	39	73	0	0	0	3	2	5	0	0	0	78
TOTAL GENERAL	4,920	4,681	9,601	1,091	1,140	2,231	7,065	3,899	10,964	1,889	826	2,715	25,511

* EMEA: Europe, Middle East & Africa. 2011 figures.

LAI-1 } Age distribution by gender and region
LAI3-3 }

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
<20	0.4%	0.2%	0.3%	2.3%	2.2%	2.3%	1.7%	1.2%	1.6%	0.3%	0.2%	0.3%	1.0%
20-29	14.1%	17.4%	15.7%	35.8%	43.8%	39.9%	36.7%	39.5%	37.7%	16.2%	23.5%	18.4%	27.6%
30-39	27.1%	30.7%	28.8%	35.7%	32.2%	33.9%	35.7%	35.4%	35.6%	36.7%	44.2%	39.0%	33.3%
40-49	23.1%	26.2%	24.6%	16.0%	13.5%	14.8%	18.2%	18.0%	18.1%	38.6%	28.9%	35.6%	22.1%
50-60	31.9%	22.9%	27.5%	7.5%	7.1%	7.3%	6.7%	5.1%	6.1%	7.0%	3.1%	5.8%	14.2%
>60	3.5%	2.6%	3.0%	2.7%	1.1%	1.9%	1.0%	0.8%	0.9%	1.3%	0.2%	1.0%	1.8%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* EMEA: Europe, Middle East & Africa. 2011 figures.

Workforce by gender and region

LA1-5

	SPAIN		REST OF EMEA*		AMERICA		ASIA		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Men	51.2%	51.8%	48.9%	46%	64.4%	64.6%	69.6%	69.9%	58.7%	59.1%
Women	48.8%	48.2%	51.1%	54%	35.6%	35.4%	30.4%	30.1%	41.3%	40.9%
TOTAL	100%	100%	100,0%	100%	100,0%	100%	100,0%	100%	100,0%	100%

* EMEA: Europe, Middle East & Africa. 2011 figures.

Number of hires by age, gender and geography

LA2-1,3 y 5

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
<20	10	6	17	7	13	20	66	30	96	1	1	1	134
20-29	158	182	340	116	139	255	656	402	1,058	20	10	31	1,684
30-39	151	144	295	78	53	131	371	233	603	47	13	60	1,089
40-49	66	71	137	28	23	51	132	89	221	8	1	10	418
50-60	20	24	45	8	3	11	35	21	56	1	1	2	114
>60	1	1	1	1		1	7	4	10	10	1	10	23
TOTAL	406	428	835	238	231	469	1,266	778	2,045	87	27	113	3,462

* EMEA: Europe, Middle East & Africa. 2011 figures.

% of hires by average staff, by age, gender and geography

LA2-2,4 y 6

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
<20	59.10%	59.83%	59.38%	29.24%	50.02%	39.59%	53.94%	61.90%	56.20%	17.14%	39.27%	21.55%	52.34%
20-29	22.88%	22.31%	22.57%	29.75%	27.80%	28.66%	25.27%	26.14%	25.60%	6.65%	5.26%	6.11%	23.95%
30-39	11.34%	10.05%	10.67%	20.06%	14.45%	17.34%	14.69%	16.88%	15.47%	6.76%	3.51%	5.64%	12.84%
40-49	4.92%	5.79%	5.78%	15.85%	14.74%	15.33%	10.30%	12.59%	11.11%	1.15%	0.57%	1.00%	7.39%
50-60	1.30%	2.27%	1.70%	9.73%	4.22%	6.99%	7.42%	10.61%	8.37%	0.50%	3.61%	1.00%	3.13%
>60	0.30%	0.63%	0.44%	3.68%	0.00%	2.57%	9.52%	12.33%	10.39%	40.22%	41.32%	40.29%	5.05%
TOTAL	8.26%	9.15%	8.70%	21.85%	20.25%	21.03%	17.93%	19.97%	18.65%	4.60%	3.21%	4.18%	13.58%

* EMEA: Europe, Middle East & Africa. 2011 figures.

LA2-7,9 y 11 > Number of voluntary departures by age, gender and geography

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
<20	0	0	0	1	0	1	22	7	29	0	0	0	31
20-29	15	13	28	45	59	104	213	164	377	0	0	1	509
30-39	15	13	28	21	27	48	127	87	214	4	2	6	296
40-49	5	2	7	9	5	15	43	24	68	2	1	3	93
50-60	3	2	5	1	2	3	9	2	11	1	0	1	19
>60	0	0	0	1	0	2	4	2	6	0	0	0	8
TOTAL	39	30	69	79	93	172	418	286	704	7	3	11	956

* EMEA: Europe, Middle East & Africa. 2011 figures.

LA2-8,10 y 12 > % of voluntary rotation by average staff size, by age, gender and geography

	SPAIN			REST OF EMEA*			AMERICA			ASIA			TOTAL
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
<20	2.60%	0.00%	1.61%	3.29%	1.35%	2.32%	17.98%	14.28	16.93%	0.00%	0.00%	0.00%	11.91%
20-29	2.14%	1.62%	1.86%	11.55%	11.74%	11.65%	8.20%	10.68%	9.12%	0.00%	0.26%	0.10%	7.24%
30-39	1.14%	0.92%	1.03%	5.45%	7.37%	6.38%	5.02%	6.30%	5.47%	0.62%	0.50%	0.58%	3.49
40-49	0.48%	0.15%	0.31%	5.36%	3.41%	4.44%	3.37%	3.44%	3.40%	0.31%	0.40%	0.33%	1.64
50-60	0.19%	0.20%	0.19%	1.47%	2.07%	1.77%	1.83%	1.08%	1.60%	0.53%	0.00%	0.44%	0.53
>60	2.60%	0.01%	0.00%	4.66%	3.20%	4.22%	6.00%	5.23%	5.76%	0.00%	0.00%	0.00%	1.65
TOTAL	0.79%	0.65%	0.72%	7.25%	8.19%	7.73%	5.91%	7.34%	6.42%	0.38%	0.40%	0.39%	3.75%

* EMEA: Europe, Middle East & Africa. 2011 figures.

LA13-2 > Women in positions of responsibility by region – HOTELS

COUNTRY	MEN		WOMEN	
	2011	2010	2011	2010
Argentina	75.0%	66.7%	25.0%	33.3%
Brazil	59.0%	61.5%	41.0%	38.5%
Bulgaria	100.0%	100.0%	0.0%	0.0%
Cape Verde	100.0%	0.0%	0.0%	0.0%
China	100.0%	100.0%	0.0%	0.0%
Croatia	0.0%	64.7%	0.0%	35.3%
Cuba	100.0%	95.7%	0.0%	4.3%
Dominican Rep.	100.0%	100.0%	0.0%	0.0%
Egypt	100.0%	100.0%	0.0%	0.0%
France	28.7%	28.6%	71.3%	71.4%
Germany	68.8%	77.3%	31.2%	22.7%
Greece	100.0%	100.0%	0.0%	0.0%
Indonesia	100.0%	100.0%	0.0%	0.0%
Italy	100.0%	100.0%	0.0%	0.0%
Luxembourg	100.0%	100.0%	0.0%	0.0%
Malaysia	100.0%	100.0%	0.0%	0.0%

COUNTRY	MEN		WOMEN	
	2011	2010	2011	2010
Mexico	100.0%	100.0%	0.0%	0.0%
Panama	0.0%	0.0%	0.0%	100.0%
Peru	100.0%	0.0%	0.0%	0.0%
Portugal	0.0%	69.2%	0.0%	0.0%
Puerto Rico	100.0%	100.0%	0.0%	0.0%
Spain	84.8%	84.6%	15.3%	15.4%
Tanzania	100.0%	0.0%	0.0%	0.0%
United Arab Emirates	79.3%	0.0%	20.7%	0.0%
United Kingdom	55.2%	100.0%	44.8%	0.0%
Uruguay	100.0%	100.0%	0.0%	0.0%
USA	100.0%	100.0%	0.0%	0.0%
Venezuela	100.0%	100.0%	0.0%	0.0%
Vietnam	40.5%	100.0%	59.5%	0.0%
TOTAL	83.3%	82.4%	16.8%	17.6%

Includes Hotel General Managers

Women in positions of responsibility by region – CORPORATE

LA13

COUNTRY	MEN		WOMEN	
	2011	2010	2011	2010
Brazil	100.0%	100.0%	0.0%	0.0%
China	0.0%	100.0%	0.0%	0.0%
Germany	100.0%	0.0%	0.0%	0.0%
Hong Kong	100.0%	0.0%	0.0%	0.0%
Mexico	0.0%	100.0%	0.0%	0.0%
Spain	75.6%	76.7%	24.4%	23.3%
United Kingdom	0.0%	100.0%	0.0%	0.0%
USA	100.0%	100.0%	0.0%	0.0%
TOTAL	79.6%	80.8%	20.4%	19.2%

* Includes EVP (Executive Vice President), SVP (Senior Vice President) and VP (Vice President)

Cultural Diversity

LA13-2

In 2011 the workforce at Meliá Hotels International consisted of 128 nationalities, compared to 109 in 2010.

Staff top 5 nationalities (%)

COUNTRY	2011	2010	2009
Spanish	34.06%	35.40%	50.09%
Dominican	16.27%	16.81%	11.16%
Mexican	13.12%	13.53%	5.45%
Indonesian	6.46%	5.92%	5.56%
Brazilian	4.72%	4.45%	4.31%

Staff by nationality (%)

COUNTRY	2011	2010	2009
Afghanistan	0.006%	0.008%	0%
Albania	0.008%	0.015%	0.010%
Germany	3.664%	3.648%	2.200%
Algeria	0.039%	0.043%	0.080%
United States	3.473%	0.880%	1.180%
Angola	0.004%	0.006%	0.010%
Argentina	1.032%	1.039%	0.980%
Armenia	0.002%	1.75%	0.010%
Aruba	0.013%	0.020%	0%
Australia	0.007%	0%	0%
Austria	0.021%	0.027%	0.030%
Bahamas	0.005%	0%	0%
Bangladesh	0.027%	0.042%	0.060%
Barbados	0.001%	0%	0%
Belgium	0.112%	0.117%	0.210%
Belize	0%	0.004%	0.010%
Belarus	0.005%	0.005%	0.010%
Myanmar	0%	0.008%	0.010%
Guinea Bissau	0%	0.009%	0%

COUNTRY	2011	2010	2009
Bolivia	0.096%	0.089%	0.150%
Bosnia	0.009%	0.014%	0%
Botswana	0.008%	0%	0%
Brazil	4.715%	4.452%	4.310%
Great Britain	0.268%	0.266%	0.300%
Bulgaria	0.122%	0.097%	0.110%
Burkina Faso	0.004%	0%	0%
Cape Verde	0.523%	0.007%	0.010%
Cambodia	0.004%	0.004%	0%
Cameroon	0.025%	0.029%	0.030%
Canada	0.019%	0.027%	0.010%
Sri Lanka	0.056%	0.030%	0%
Czech Republic	0.034%	0.024%	0.070%
Chile	0.070%	0.066%	0.120%
China	2.023%	2.374%	0.150%
Cyprus	0.012%	0.012%	0%
Colombia	0.531%	0.568%	1.010%
Congo	0.046%	0.046%	0.040%
Costa Rica	0.034%	2.414%	1.870%

COUNTRY	2011	2010	2009
Croatia	0.081%	0.030%	0.010%
Cuba	0.424%	0.296%	0.400%
Dominican Republic	16.269%	16.812%	11.160%
Ecuador	0.375%	0.404%	0.880%
Egypt	0.027%	0.010%	0%
Eritrea	0.004%	0.004%	0%
Slovakia	0.054%	0.052%	0.070%
Slovenia	0.007%	0.007%	0%
Spain	34.062%	35.399%	50.090%
Estonia	0.003%	0.005%	0%
Ethiopia	0.001%	0%	0%
Philippines	0.087%	0.069%	0.100%
Finland	0.026%	0.030%	0.020%
France	0.777%	0.630%	0.710%
Gabon	0.004%	0.004%	0%
Gambia	0.019%	0.018%	0.020%
Georgia	0.010%	0.014%	0.010%
Ghana	0.014%	0.011%	0.030%
Greece	0.216%	0.241%	0.210%
Guatemala	0.020%	0.005%	0%
Guyana	0.004%	0.004%	0%
Guinea	0.038%	0.020%	0.070%
Haiti	0.269%	0.241%	0.080%
India	0.050%	0.062%	0.060%
Holland	0.106%	0.098%	0.130%
Honduras	0.016%	0.021%	0.020%
Hungary	0.044%	0.043%	0.050%
Indonesia	6.456%	5.922%	5.560%
Iran	0.003%	0%	0%
Iraq	0.008%	0.010%	0.010%
Ireland	0.016%	0.012%	0.030%
Iceland	0.001%	0%	0%
Israel	0.002%	0.005%	0.010%
Italy	1.442%	1.347%	1.470%
Jamaica	0.008%	0.004%	0%
Japan	0.001%	0.014%	0.010%
Jordan	0.004%	0.004%	0%
Kazakhstan	0.002%	0%	0%
Kenya	0.005%	0%	0%
Kyrgyzstan	0.001%	0.004%	0%
Latvia	0.024%	0.013%	0.010%
Lebanon	0.004%	0.005%	0.010%
Lithuania	0.032%	0.024%	0.030%
Luxemburg	0.029%	0.033%	0.020%
Macedonia	0.008%	0.011%	0%
Malaysia	0.734%	0.418%	0.620%
Madagascar	0.003%	0%	0%
Mali	0.007%	0.012%	0.010%

COUNTRY	2011	2010	2009
Ivory Coast	0.014%	0.017%	0%
Morocco	0.354%	0.367%	0.720%
Mauritius	0%	0.007%	0.010%
Mauritania	0.045%	0.575%	0.110%
Mayotte	0.001%	0%	0%
Mexico	13.115%	13.529%	5.450%
Micronesia	0.002%	0%	0%
Moldova	0.018%	0.016%	1.600%
Mongolia	0.001%	0%	0%
Montenegro	0.011%	0%	0%
Nepal	0.010%	0.009%	0.010%
Nicaragua	0.012%	0.102%	0.090%
Nigeria	0.045%	0.043%	0.090%
Pakistan	0.042%	0.036%	0.120%
Panama	1.104%	0%	0%
Paraguay	0.037%	0.050%	0.050%
Peru	0.993%	0.921%	0.890%
Poland	0.198%	0.181%	0.270%
Portugal	0.263%	0.517%	0.360%
Puerto Rico	0%	0.004%	0%
Rwanda	0.001%	0.004%	0%
Rumania	0.281%	0.258%	0.430%
Russia	0.113%	0.097%	0.140%
Western Sahara	0%	0.020%	0%
Solomon Islands	0.001%	0%	0%
El Salvador	0.008%	0%	0%
Senegal	0.067%	0.070%	0.190%
Serbia	0.010%	0.006%	0%
Sierra Leone	0.012%	0.018%	0.010%
Syria	0.004%	0%	0%
Somalia	0.006%	0.004%	0%
Sweden	0.027%	0.021%	0.050%
Switzerland	0.040%	0.035%	0.030%
South Africa	0.008%	0.013%	0.010%
Thailand	0.013%	0.023%	0.010%
Taiwan	0.003%	0%	0%
Tanzania	0.042%	0%	0%
Togo	0.003%	0%	0%
Trinidad	0.007%	0%	0%
Tunisia	0.036%	0.046%	0.040%
Turkey	0.062%	0.046%	0%
Ukraine	0.126%	0.134%	0.260%
Uganda	0.004%	0.006%	0.010%
Uruguay	0.334%	0.124%	0.320%
Venezuela	2.296%	2.138%	2.080%
Vietnam	1.414%	0.008%	1.410%
Yemen	0.004%	0%	0%
Yugoslavia	0.005%	0%	0%

"INSERTA" AGREEMENT

In 2011, Meliá Hotels International signed an "Inserta" Agreement with the ONCE Foundation whose goal is to promote the workplace insertion of individuals with disabilities on its staff. This agreement is valid for an initial period of four years and seeks not only to comply with the law but also to spearhead the workplace integration of this collective. In 2011, 60 job offers were handled through the "Inserta" Forum, 123 candidates were interviewed and 35 of them were hired.

5.3 HUMAN RESOURCES POLICY

Hiring Policy

The internal rules of Human Resources outline the priority of hiring local staff, thus lowering expatriate staff to the minimum and only in exceptional cases. In this way, the company ensures that it will have a better understanding of local needs. EC7-2

This rule promotes the development of the zones where Meliá Hotels International is present by generating jobs, while also ensuring knowledge of the zone and the local culture. Thus, more than 73% of managers* at Meliá Hotels International are local¹ compared to 27% expatriates. In 2010, these figures were 82% and 18%, respectively. EC7-3

* Manager: Hotel Manager. ¹ Local Manager: Native of the country where they are working. EC7-1
EC7-4

Local managers by country

HOTEL GENERAL MANAGER	EXPATRIATE		LOCAL	
	2011	2010	2011	2010
Argentina	25.0%	0.0%	75.0%	100.0%
Men	33.3%	0.0%	66.7%	100.0%
Women	0.0%	0.0%	100.0%	100.0%
Brazil	24.6%	7.7%	75.4%	92.3%
Men	27.8%	12.5%	72.2%	87.5%
Women	20.0%	0.0%	80.0%	100.0%
Bulgaria	0.0%	20.0%	100.0%	80.0%
Men	0.0%	20.0%	100.0%	80.0%
Women	0.0%	0.0%	0.0%	0.0%
Cape Verde	100.0%	0.0%	0.0%	0.0%
Men	100.0%	0.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
China	100.0%	100.0%	0.0%	0.0%
Men	100.0%	100.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
Croatia	0.0%	0.0%	0.0%	100.0%
Men	0.0%	0.0%	0.0%	100.0%
Women	0.0%	0.0%	0.0%	100.0%
Cuba	100.0%	100.0%	0.0%	0.0%
Men	100.0%	100.0%	0.0%	0.0%
Women	0.0%	100.0%	0.0%	0.0%
Dominican Rep.	80.3%	40.0%	19.7%	60.0%
Men	80.3%	40.0%	19.7%	60.0%
Women	0.0%	0.0%	0.0%	0.0%
Egypt	50.0%	0.0%	50.0%	100.0%
Men	50.0%	0.0%	50.0%	100.0%
Women	0.0%	0.0%	0.0%	0.0%
France	42.8%	14.3%	57.2%	85.7%
Men	0.0%	0.0%	100.0%	100.0%
Women	60.0%	20.0%	40.0%	80.0%
Germany	14.5%	0.0%	85.5%	100.0%
Men	20.8%	0.0%	79.2%	100.0%
Women	0.8%	0.0%	99.2%	100.0%

HOTEL GENERAL MANAGER	EXPATRIATE		LOCAL	
	2011	2010	2011	2010
Greece	0.0%	0.0%	100.0%	100.0%
Men	0.0%	0.0%	100.0%	100.0%
Women	0.0%	0.0%	0.0%	0.0%
Indonesia	57.1%	100.0%	42.9%	0.0%
Men	57.1%	100.0%	42.9%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
Italy	33.3%	0.0%	66.7%	100.0%
Men	33.3%	0.0%	66.7%	100.0%
Women	0.0%	0.0%	0.0%	0.0%
Luxembourg	100.0%	100.0%	0.0%	0.0%
Men	100.0%	100.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
Malaysia	65.1%	100.0%	34.9%	0.0%
Men	65.1%	100.0%	34.9%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
Mexico	35.4%	0.0%	64.6%	100.0%
Men	35.4%	0.0%	64.6%	100.0%
Women	0.0%	0.0%	0.0%	0.0%
Peru	100.0%	0.0%	0.0%	0.0%
Men	100.0%	0.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
Puerto Rico	100.0%	100.0%	0.0%	0.0%
Men	100.0%	100.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
Spain	5.7%	0.7%	94.3%	99.3%
Men	4.9%	0.8%	95.1%	99.2%
Women	10.5%	0.0%	89.5%	100.0%
Tanzania	100.0%	0.0%	0.0%	0.0%
Men	100.0%	0.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
United Arab Emirates	100.0%	0.0%	0.0%	0.0%
Men	100.0%	0.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%

HOTEL GENERAL MANAGER	EXPATRIATE		LOCAL	
	2011	2010	2011	2010
United Kingdom	100.0%	100.0%	0.0%	0.0%
Men	100.0%	100.0%	0.0%	0.0%
Women	100.0%	0.0%	0.0%	0.0%
Uruguay	0.0%	0.0%	100.0%	100.0%
Men	0.0%	0.0%	100.0%	100.0%
Women	0.0%	0.0%	0.0%	0.0%
USA	100.0%	100.0%	0.0%	0.0%
Men	100.0%	100.0%	0.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%

HOTEL GENERAL MANAGER	EXPATRIATE		LOCAL	
	2011	2010	2011	2010
Venezuela	0.0%	100.0%	100.0%	0.0%
Men	0.0%	0.0%	100.0%	0.0%
Women	0.0%	0.0%	0.0%	0.0%
Vietnam	0.0%	100.0%	100.0%	0.0%
Men	0.0%	100.0%	100.0%	0.0%
Women	0.0%	0.0%	100.0%	0.0%
TOTAL	26.3%	14.2%	73.7%	85.8%

LA12 > Remuneration Policy

Currently, 8.45% of all Meliá Hotels International employees form part of the performance evaluation system, compared to 16.44% in 2010 (only Spain). The distribution can be seen in the following table:

LA12 > Employees with performance evaluation

	SPAIN			REST OF EMEA*			AMERICA			ASIA			
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	
Corporate	249	235	484	12	20	31	51	46	96	1	2	3	615
Hotel	619	388	1,007	175	205	380	91	63	154	0	0	0	1,542
General Manager	80	21	100	20	13	33	6	1	7	0	0	0	140
Heads of Department	485	297	782	48	43	91	66	49	115	0	0	0	987
General Staff	55	70	125	108	149	256	19	14	33	0	0	0	414
TOTAL	868	623	1,491	187	225	412	142	109	251	1	2	3	2,157

* EMEA: Europe, Middle East & Africa. 2011 figures.

At Meliá Hotels International, performance evaluation is a strategic element which should help to achieve the organisation's overall objectives.

At Meliá Hotels International, the performance evaluation system is a human resource management technique that determines the performance of each employee, in relation with objectives set at the beginning of the year which are directly linked to the specific objectives of the area, as well as with the overall objectives of the company.

The performance evaluation is an analytical process that is carried out systematically and periodically. At Meliá Hotels International employees are evaluated every year with a formal review and follow-up at least once every six months.

The objectives have the following characteristics:

- The variable bonus assigned to the achievement of objectives is a percentage of gross annual salary.
- There are four types of objectives: economic, strategic, quality and performance.
- There are corporate objectives set by senior management in each area for each function, and individual objectives, set by the business area for each employee that takes part in the variable bonus system.
- The objectives are defined according to the employee's position.

Since 2009, the variable compensation of the company's managers includes sustainability criteria.

EC3 > EC3-8 > Meliá Hotels International makes contributions to defined pension funds. The total contributed at the end of 2011 was 5.3 million euro, as reflected in the 2011 Financial report, compared to 5.7 million euro at the end of 2010. The information on the accounting values and the model used to calculate these contributions are outlined in chapter 2.6 of the financial report.

EC5 > > The minimum salary which Meliá Hotels International pays to its employees is, on average, 15.6% above the legal minimum in European countries, calculated in euros, and 2.85% above the rest of the countries, calculated in US dollars. In 2010, these differences were 47% and 30.3%, respectively. This difference is due to the fact that the global economic crisis has led to stiffer competition in the job market, which has raised the demand for jobs, thus lowering the cost. The breakdown of the minimum salaries by region in which the company has major operations² can be seen in the table Minimum monthly gross salary: Meliá Hotels International vs. legal minimum.

The table Average salary difference by gender (men vs. women) shows the salary differences by professional category between men and women in the countries for which we have reliable information to calculate this difference.

EC5-1 > Minimum monthly gross salary: Meliá Hotels International vs. legal minimum

	EMEA* (€)	
	2011	2010
Bulgaria	50%	108%
Egypt	0%	205%
France	0%	0%
Germany	Not Applicable	Not Applicable
Greece	24%	22%
Italy	Not Applicable	Not Applicable
Luxembourg	0%	0%
Spain	23%	82%
Tanzania	33%	0%
United Kingdom	0%	Not Available

EC5-2 > Significant operations: Those in which a hotel owned or rented is involved. In the case of this information, we also thought it relevant to include any developing country to reflect the company's contribution for its employees in these regions.

	AMERICA (\$)	
	2011	2010
Argentina	0%	15%
Brazil	48%	36%
Dominican Republic	0%	0%
Mexico	0%	0%
Panama	Not Available	Not Available
Peru	0%	0%
Puerto Rico	0%	0%
Uruguay	42%	Not Available
USA	0%	0%
Venezuela	0%	31%

	ASIA (\$)	
	2011	2010
China	Not Available	Not Available
Indonesia	0%	18%
Malaysia	Not Available	Not Applicable
Vietnam	0%	67%

2011 figures. In the case of the USA, we used the federal minimum wage.

LA14 > Average salary by gender (Men vs. Women)

CORPORATE	SPAIN			MEXICO	DOMINICAN REPUBLIC
	2011	2010	2009	2011	2011
EVP	Not Available	Not Applicable	Not Applicable	Not Available (the position does not exist)	Not Available (the position does not exist)
SVP	47.0%	Not Applicable	Not Applicable	Not Available (the position does not exist)	Not Available (the position does not exist)
VP	16.0%	Not Applicable	Not Applicable	Not Available (the position does not exist)	Not Available (the position does not exist)
Director	12.0%	Not Applicable	Not Applicable	17.6%	Not Available (only men)
Manager	16.0%	Not Applicable	Not Applicable	107.5%	Not Available (only women)
Executive	16.0%	Not Applicable	Not Applicable	Not Available (only men)	Not Available (only women)
Assistant	-4.0%	Not Applicable	Not Applicable	19.0	25.4
HOTEL	2011	2010	2009	2011	2011
Director	13.6%	18.6%	15.0%	Not Available (only men)	Not Available (only men)
Assistant Managers	-0.9%	1.7%	17.0%	Not Available (the position does not exist)	Not Available (the position does not exist)
Heads of Department	11.2%	11.9%	0.0%	30.1%	-10.8%
General Staff	3.0%	4.3%	6.0%	8.5%	1.1%

The positive figures are in favour of men while the negative ones are in favour of women. EVP (Executive Vice President), SVP (Senior Vice President) and VP (Vice President).

Flexible remuneration

The flexible remuneration system designed by Meliá Hotels International offers the possibility to voluntarily change part of the gross annual salary for some of the following benefits and services at cost price: health insurance, training, purchase of computers, renting property and food vouchers.

It is also applied to permanent employees of the hotels in Spain (both owned and leased) and only with medical coverage.

Employee benefits

LA3

As an employee of Meliá Hotels International, any person who works for the company and has a fixed employment contract has special reduced accommodation rates for themselves and their family and friends in any company hotel. The rates are known as "Estrellas rates".

On the other hand, the employees also have a variety of agreements with commercial entities which offer beneficial discounts for employees and are updated on the Employee Portal.

The categories and number of agreements reached in each of them is listed below:

- Finance and Insurance: 7
- Home equipment: 6
- Computer / Telephone: 2
- Travel: 4
- Health and Beauty: 16
- Leisure and Sports: 6
- Automotive: 2
- Others: 4

All the agreements apply to any Meliá Hotels International employee worldwide, but use might be limited to a local level.

Work-family balance policy

One of the company's challenges is to achieve a balance between work life and personal life. Tourism poses an intrinsic problem when balancing work life and family life which stems from the very functioning of the business: complex work timetables and seasonality are at the root of these complexities.

In 2011, yet another step was taken towards the work-family balance in the corporate offices in Palma and Madrid. The new timetable was extended by 15 minutes from Monday to Thursday in order to be able to work 8:30 am to 3:30 pm every Friday of the year.

In 2011 work-family balance measures were implemented in the corporate offices in Palma de Mallorca and Madrid.

5.4 PROFESSIONAL DEVELOPMENT AND PROMOTION

Throughout the year the company carries out processes to identify personnel with high potential and then organise development plans for them.

LAII > Development plans for high potential personnel for key positions

At Meliá Hotels International a person is considered to meet the criteria of being high potential when they have been at the company for at least a year; have demonstrated excellent work performance, have been trained and show a capacity for improvement, show a positive and proactive attitude towards work, are flexible and demonstrate a strong commitment to the company.

The identification process consists of three stages: identification in the hotels by the general manager; verification by the brand human resources department that the candidate meets the requirements; reporting to the central human resources department so that evaluation interviews can be planned in the designated periods.

Development programmes in the business units

LAII-I > IMP (Internal Management Plan)

This is a programme involving both theoretical and practical training in the Meliá Hotels International hotels whose objective is to develop individuals with potential to take the position of Hotel General Manager. This development plan is held twice a year and includes specific requirements and a selective course.

LAII-I > DPHD (Development Plan for Heads of Departments)

This is a specific programme for the development and consolidation of hotel heads of departments.

DPHD 2011	EUROPE	AMERICA	ASIA
Men	5	0	0
Women	3	0	0
TOTAL	8	0	0

LAII-I > VDP (Vertical Development Plan)

The goal of this programme is to encourage employees to take on positions of greater responsibility. This plan is geared to general staff or middle managers.

VDPS MIDDLE MANAGERS 2011	EUROPE	AMERICA	ASIA
Men	25	0	0
Women	7	0	0
TOTAL	32	0	0

VDPS GENERAL STAFF 2011	EUROPE	AMERICA	ASIA
Men	33	0	0
Women	36	0	0
TOTAL	69	0	0

HDP (Horizontal Development Plan)

This programme is oriented at training a hotel employee to take on similar responsibilities in another area, thus boosting their versatility.

Development programmes for Managers

LA11-1

	EUROPE		AMERICA		TOTAL	
	2011	2010	2011	2010	2011	2010
Men	41	45	14	16	55	61
Women	12	10	3	3	15	13
TOTAL	53	55	17	19	70	74

Development programmes for Assistant Managers

LA11-1

	EUROPE		AMERICA		ASIA		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
Men	15	13	0	2	0	3	15	18
Women	17	17	0	0	0	1	17	18
TOTAL	32	30	0	2	0	4	32	36

Promotion

Internal promotion is a priority at Meliá Hotels International. For this we use the PromoSol messages through which we publish internally all the available vacant positions, providing all employees a chance to participate in company selection processes.

Meliá Hotels International did not provide financial support for external training in 2011, nor was there any request for a sabbatical with a job guarantee afterwards. LA11-2

There are no training plans to adapt to life after retirement, nor are there plans for employees who leave the organisation to look for a new job. LA11-3 y 4

5.5 TRAINING

The purpose of the Meliá Hotels International training model is based on deepening the needs of the hotels and/or corporate headquarters to offer quality training that boosts the competences regarded as essential to the company, as well as the different skills that contribute to employees' better performance in their professional activities.

The main training initiatives carried out during the past year have been the following:

- Institutional training campaigns.
- Individual training plans in hotels and/or corporate offices.
- Training in service culture.
- Development of the project *Corporate University Meliá Hotels Internationals*.
- New induction model for new employees.

The training model in 2011 enabled us to reach the following milestones:

- Participation of the company's experts in the development of actions, thus conferring an added value on the personalisation of the contents according to specific departmental needs.
- Wider range of group training available by zone, which enabled costs to be lowered.
- A Catalogue of Actions which has served as a guide for the hotels to detect needs that may not have been considered initially.
- Inclusion of new methodologies with more participative and practical dynamics.
- Greater participation in the training plans by the Training Committee and trade union representatives nationally.

The training actions in Spain were managed through bonuses received through the Tripartita Foundation. The total amount of paid training in 2011 was €618,446 compared to €539,477 in 2010, and the total number of hours of training was 90,414 hours compared to 77,899 hours in 2010, which means an average of 9.34 hours per participant. The total number of actions managed was 143, with participation by 9,677 employees.

LA10-1 y 2 > Training actions – Spain 2011

	Actions	Courses	Participants	Average hours/participant	Media hours/employee	Total hours
Paid training	131	837	8,057	9.45	7.93	76,139.00
Unpaid training	12	96	1,620	8.81	1.49	14,275.00
TOTAL	143	933	9,677	9.34	9.42	90,414.00

* Meliá Hotels International cannot offer figures broken down by employee category and gender.

Institutional Training

Management training: "Preparing for Normality"

The purpose of this training was to share the results of Meliá Hotels International, reporting on the courses of action for 2011 (income and optimisation), talent management as a lever for developing the potential of the employees, and updating the messages on variable compensation and sustainable development.

Institutional training for Middle Managers

The topics discussed were the following:

- Economic figures on Meliá Hotels International.
- Courses of action for the forthcoming years (2012-2015).
- Variable compensation for 2011.
- Meliá Hotels International map of risks: supervisors' responsibilities.
- Sustainability
- Training module on situational leadership

5.5.2 Individual training plans in hotels

To draw up the 2011 training plan for the hotels in Spain, a study was conducted of the professional profiles existing as well as the new requests from the business units.

This study enabled us to define training plans appropriate for the particularities of the establishment as well as for the different departments and their employees.

Below is a list of the most important campaigns conducted by the different departments:

- Food and Drink. Protocol & Up-selling and Culinary Techniques.
- Reception, Reservations, Revenue Management, Sales. Up-selling & Client Orientation and Commercial Negotiation Techniques.
- Technical Services. Energy Efficiency and High and Low Tension Regulations.
- Economato, Administration and Personnel. Finances for Non-Financial Staff, Warehouse Management and Procurement.
- Department Heads. Uniform System of Account.
- All departments. Legislative training.

Training Plan for Corporate Offices

The training plan for corporate offices is focused on fostering the competences and skills needed for Meliá Hotels International employees to perform their jobs better.

The main training actions conducted were the following:

- Public speaking techniques
- Teamwork
- Time management
- Languages

In 2011 the project of the Meliá Hotels International Corporate University got underway.

Corporate University by Meliá Hotels International

With the goal of having an educational area within our internal structure to ensure that internal learning and knowledge are directly connected to the company's strategy and objectives, in 2011 we decided to launch the Corporate University by Meliá Hotels International project. Throughout the year, the structure of the different curricula was designed. In the forthcoming year, the project design phase will be completed and its implementation will begin.

The benefits of this university will be:

- Alignment of the training strategy with the company's strategy in an effective, global way.
- Coordination of the different corporate areas under a shared strategy.
- Responding to the company's expansion strategy by standardising the working processes.
- Improvements in the professional quality of all the employees of Meliá Hotels International.
- Motivation to participate through specific, high-level training.

New induction programme in hotels and corporate offices

In 2011, the corporate offices in Spain worked on a new induction format, **Welcome Day**, whose main objective is to share the mission, objectives and structure of the different corporate areas as well as the basic concepts in the corporate hotel management for recently hired employees.

Welcome Day is made up of two workshops, and consists of:

- The **first day**, in which the heads of the different corporate areas share with their fellow employees the main mission of their department (in the broadest sense), the organisational chart (who's who), responsibilities and main projects in the most entertaining and participative way possible.
- The **second day**, when the heads of a hotel spend time showing the new hires how the hotel operates in order to ensure better and greater understanding of hotel operations, their structure, functions, avenues of work with corporate headquarters, etc.
- The **overall objective** of the induction programme is to provide the new team members with information on the company, its history, its culture and its values. The company has an induction pack adapted to the organisation and its brands.

In the case of induction in hotels, we also provide specific information on the hotel and the brand to which it belongs.

5.6 WORKPLACE HEALTH AND SAFETY

The human team at Meliá Hotels International is the company's most important asset, and for this reason the group particularly emphasises making headway in the prevention of workplace risks.

Health and Safety policies vary according to local legislation and the idiosyncrasies of each location, but in every case Meliá Hotels International policy demands strict compliance with the law and the development of preventative measures for specific hazards detected in each area. In Spain, 95% of workers are represented by a Health and Safety Committee. The functions of these committees are clearly outlined in articles 38 and 39 of Spain's Law on the Prevention of Workplace Risks.

LA6-1 }
LA6-2 }

LA9 } Meliá Hotels International has never refused to sign specific formal agreements with unions that improve the legal conditions of workers on safety and health issues.

Health and Safety Indexes

In total, the average workforce in 2011 of employees that the company had under the responsibility of the department of labour Health of Spain was 9,222 compared to 9,641 in 2010.

In 2011, the company registered 626 work-related accidents, compared to 625 in 2010, which resulted in the loss of 11,798 days, compared to 11,475 in 2010. The rate of absenteeism was 3.61% compared to 4.36% in 2010.

LA7-9 }

LA7-1 } The kinds of injuries included in the report on workplace accidents are:

- Superficial lesions
- Open wounds
- Other kinds of wounds and superficial lesions
- Closed fractures
- Open fractures
- Other kinds of bone fractures
- Dislocations and fractures
- Sprains and twists
- Other kinds of dislocations, sprains and twists
- Traumatic amputations
- Internal lesions

In 2011 the
absenteeism rate in
Spain dropped from
4.36% to 3.61%.

- Other kinds of disturbances and internal lesions
- Burns and scalds (heat)
- Chemical burns (corrosion)
- Other kinds of burns, scalds and freezing
- Acute infections
- Asphyxia
- Traumatic blows
- Multiple lesions
- Heart attacks, strokes and other pathologies

LA7-2 > For all purposes, a missed day of work is considered a calendar day, and missed days started being
LA7-4,8 y 10 > tallied as soon as the person leaves work. There is no record of any accidents by contractors or concurrent companies in our facilities. According to internal procedure PRL 006 – Coordination of Business Activities – all contractors have to sign an agreement with Meliá Hotels International in Spain in which they accept the obligation to report serious, very serious or mortal accidents as soon as they happen.

LA7-5 > In 2011 there were two cases of occupational illnesses. There were no cases of occupational ill-
LA7-6 > nesses in contractors, who follow the same internal procedures as they do with accidents, namely PRL 006.

LA7-10 > The absenteeism rate among the staff in 2011 can be seen in the Table of Workplace Health Indexes. In the case of absenteeism by contractors, this information is not available as there is no system to report these absences.

LA7-11 y 12 > Throughout 2011, there were no work-related deaths either among the Meliá Hotels International staff or contractors.

LA7-13 > The system of recording workplace accidents and illnesses used by the company is the Ministry of Labour's Delta System (electronic declaration of workers who experience accidents).

LA7-3,5,7 y 9 > **Table of Workplace Health Indexes**

	Incidence	Frequency* (LA7-3)	Seriousness (LA7-7 y 8)	Average duration**	Absenteeism (LA7-9 y 10)
Men	59.08	33.69	0.73	21.63	2.94
Women	77.24	44.43	0.74	16.57	4.33
TOTAL	67.87	38.86	0.73	19.11	3.61

* With and without commuting accidents taken into account. ** In natural days.

LA8 > **Prevention Programmes**

In 2011, the Prevention Service of Meliá Hotels International held several specific education, training, consulting and risk prevention and control campaigns in Spain on the following themes:

- Health requirements for expatriate staff.
- Flu information and vaccination campaign.
- Hepatitis A / B information and vaccination campaign.
- Information and vaccination campaign on the human papillomavirus in women to prevent cervical cancer.

In addition, the Department of Prevention and Workplace Risks manages and maintains the health protocols in the event of epidemics (cholera, meningitis, food poisoning, legionnaire's disease).

Other training programs

TITLE	NUMBER
Basic level courses (30 h)	38
Basic level courses (50 h)	29
Job-specific PRL	295
Fire training	107
Emergency team training	63
TOTAL	532

LA8-5 > On the other hand, no workers were involved in professional activities with a high incidence or a high risk of specific illnesses.

5.7 HUMAN RIGHTS

Meliá Hotels International has an Executive Code of Conduct supervised by the Remuneration and Appointments Committee of the Board of Directors and by the Human Resources department which deals with the following issues:

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

In 2011, no incident of discrimination of any kind was reported.

HR1-1 y 2 > The investment agreements and major formal contracts² do not yet include human rights clauses. For now, this kind of clause is only signed with suppliers and tour operators in Spain.

HR3 > In 2011, no specific employee training was offered on topics related to protecting human rights for either in-house or subcontracted security staff.

HR10-3 > A total of 44.17% of operations were analysed for human rights. Their distribution by country can be seen in the table called **Operations Audited for Human Rights by Country**. These operations correspond to internal audits conducted in the hotels internationally, where a checklist was used that includes a survey of the issues included in human rights, as well as issues related to product safety and health, corruption, etc.

In total, 44.17% of operations carried out have been analysed with regard to human rights.

HR1-3 > ² Major investment agreement: An agreement that entails an investment of more than 100,000 euros.

COUNTRY	NR OPS.	%
China	1	0.94%
Dominican Republic	1	0.94%
France	3	2.83%
Germany	10	9.43%
Greece	1	0.94%
Indonesia	1	0.94%
Malaysia	1	0.94%
Mexico	5	4.72%
Peru	1	0.94%
Puerto Rico	1	0.94%
Spain	80	75.47%
USA	1	0.94%
	106	100.00%

Distribution of the 44.17% of the centres audited over the total number of hotels.

HR6-2 > Child exploitation

Meliá Hotels International's social position is child-focused. This is why it is fundamental that all the company areas ensure that none of their activity entails any potential risk to children's rights.

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

Our social commitment to children was strengthened by signing the alliance with UNICEF Spain to contribute to the United Nations' Children's Fund objectives on education, children's protection and the fight against child sexual exploitation and child trafficking.

- HR2 > Through the Sustainable Development clause in agreements signed with suppliers, our suppliers are also committed to not using child labour in their production processes, accepting the possibility of being audited and running the risk of contract rescission if found in contempt.

5.7.2 Indigenous peoples

Meliá Hotels International is committed to the conservation of the tangible and intangible cultural heritage of the communities in which it operates. Is it fully involved in the local community, integrating the cultural, gastronomic and artistic elements of each location, respecting and defending the historical heritage as its own. It aims to energise the local community, protecting their roots and encouraging the complicity of guests in the discovery and conservation of the cultural wealth of the destination.

- HR9 > Currently, Meliá Hotels International has no business units or corporate offices located in areas which could affect, generate incidents or violate the rights of indigenous peoples.

Labour rights

Meliá Hotels International is governed at all times by the relevant labour legislation, applicable collective convention or employment agreement or company contract. The company safeguards the right of association in the countries which are covered by any of the bodies mentioned above, with the exception of China and Cuba, which do not allow that.

LA4 > En Meliá Hotels International the number of employees represented by a collective or employment agreement is 98%, excluding China and Croatia. China is excluded because it does not allow such agreements and Croatia because its employees do not depend directly on the company so it cannot guarantee that they have this representation today. The Company guarantees the right of its workers to belong to a trade union or work association.

HR4 > Throughout 2011, only two grievances related to human rights were filed. The first was a case of sexual harassment in Spain, which resulted in the dismissal of three workers for sexual harassment of an employee. The second was an investigation into workplace harassment in a hotel in Spain; after the deeds of this case were investigated, the conclusion was that there had been no workplace harassment.

LA5 > The minimum notice period concerning organisational changes is outlined in the table Minimum notice period organizational changes. These periods follow the legislation, covenant or collective bargaining agreement applicable in each region..

LA5-1 > Minimum notice period organisational changes*

	No. of days minimum notice		No. of days minimum notice
EUROPE		ASIA	
Bulgaria	0	China	30
Egypt	0	Indonesia	90
France	30	Malaysia	60
Greece	0	Vietnam	1
Germany	14		
Italy	15		
Luxembourg	60		
Spain	15		
Tanzania	14		
United Kingdom	7		
AMERICA			
Argentina	15		
Brazil	30		
Dominican Republic	7		
Mexico	0		
Panama	ND		
Peru	6		
Puerto Rico	60		
Uruguay	0		
USA	0		
Venezuela	7		

LA5-2 > *The sources of this information are the minimum notice period stipulated in the labour legislation of the respective countries.

Meliá Hotels International protects its employees against suffering from any episode of forced labour, and no operations associated with this risk were detected.

LA15 > The table **Number of employees with the right to parental leave by gender** reports on the figures from Spain, since today the company cannot guarantee that the same parental rights as in Spain exist in other countries.

LA15-1 > Number of employees with the right to parental leave by gender

	SPAIN
Men	4,920
Women	4,681
TOTAL	9,601

LA15-2 > Parental leave by gender

	SPAIN	REST OF EMEA*	AMERICA	ASIA	TOTAL
Men	106	8	0	0	114
Women	123	49	135	0	307
TOTAL	229	57	135	0	421

LA15-3 > Number of parental leaves taken by gender

	SPAIN	REST OF EMEA*	AMERICA	ASIA	TOTAL
Men	101	8	0	0	102
Women	102	43	113	0	216
TOTAL	203	52	113	0	368

LA15-5 > Number of returns to work and employee retention broken down by gender

	SPAIN	REST OF EMEA*	AMERICA	ASIA	TOTAL
Men	95.43	100	0	0	95.75
Women	82.99	89.15	83.46	0	84.19
TOTAL	88.74	90.68	83.46	0	87.31

*EMEA: Europe, Middle East & Africa. 2011 figures. Does not include Brazil.

6 Socio-cultural Value



ME Cabo | Mexico

6.1 KEY FIGURES

16,953 people involved in Solidarity Day
vs. 10,925 people involved in 2010

6.2 LOCAL ACTION

Due to its influence on the socio-cultural environment of its destinations, it is important for Meliá Hotels International to contribute to palliating the existing imbalances in the local communities where it is present. While doing this, special emphasis should be placed on the most disadvantaged collectives, plus we should foster and protect cultural diversity to ensure the survival and conservation of cultures over time as one of the destination's most important tourist attractions.

The positive effect that tourism generates in the progress of local groups, with a particular impact in developing countries, is one of the foundations on which to build sustainable and responsible tourism.

One fundamental goal of sustainable tourism consists of respecting the culture of the destination and communicating the significance of the

cultural heritage and the need to conserve it to both the destination society and the company's employees and clients.

There are three priority dimensions in Meliá Hotels International's cultural policy:

- Systematic actions for the conservation, enhancement and integration of cultural heritage.
- Management policies, organization and procedures that respect cultural diversity and protect the heritage of destinations.
- Responsible behaviour by staff and customers.

6.3 SOCIAL COMMITMENT

Alliance with UNICEF

In 2009, Meliá Hotels International decided that its social position was going to be in the field of children because of its close ties to the concept of the family company and the legacy of future generations.

To strengthen this position, in late 2010 the company signed a cooperation agreement with UNICEF. With an initial term of three years, the main goals of the are: to spread UNICEF's message on childhood and the fight against child sexual exploitation and to raise economic resources for their priority area, the protection of children.

The result of the first year of cooperation, 2011, is as follows:

The portfolio involved was 223 hotels, of which 176 hotels participated actively (79%) in the following ways:

- The partnership is applied compulsorily to all the owned and leased hotels, while managed hotels are encouraged to participate.
- The franchise hotels do not participate in the initiatives.
- The hotels in the Sol brand participate through the **Socially-Conscious Pay Check** and **Solidarity Day Project** initiatives in favour of UNICEF.
- The alliance does not affect the hotels located in Croatia, Bulgaria, Egypt and Cuba.

The fund-raising actions conducted in the different hotels included the following:

- Check in
- Solidarity Day
- Socially-Conscious Pay Check
- Others

Meliá Hotels
International fulfilled
the promises it took
on with UNICEF
for 2011.

Meliá Hotels International fulfilled the promises it took on for the first year of the alliance.

ECPAT code (Eradicating Child Prostitution Abuse and Trafficking)

Meliá Hotels International has subscribed to and supports several reputed standards and models of business and sectoral behaviour globally. ECPAT International is a worldwide network of organisations and individuals working together to eliminate child prostitution, child pornography and the trafficking of children for sexual purposes.

As part of the agreement with UNICEF and Meliá Hotels International's positioning on social responsibility matters, two formal meetings were held, led by the Vice President of the company, Sebastián Escarrer, to encourage prominent companies in the tourism sector to join the ECPAT code as well. Thanks to these meetings, a pre-agreement has been signed which in most cases will materialise in the Ethical Code Signing Ceremony to be held on the 16th of September 2011.

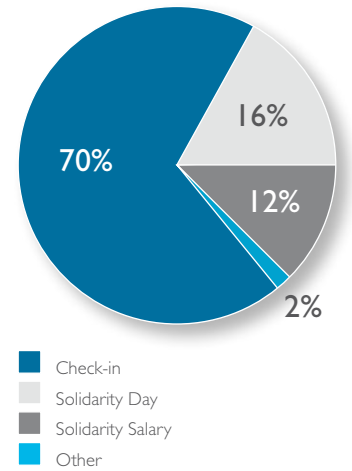
Solidarity Day

The purpose of the Solidarity Day is to raise awareness amongst our customers about all of the values related to sustainable development and local culture, environmental protection, solidarity and teamwork. Solidarity day is conducted one day every week throughout the summer season.

In 2011, Solidarity Day was exclusively focused on raising awareness on the protection of children. Activities were held to spotlight the fact that children are individuals with the right to full physical, mental and social development, and with the right to express their opinions freely, and that wherever this right is violated we must fight to protect them.

All told, 20 of the company's vacation hotels participated, which meant participation by 12,625 adults and 4,328 children. 2,650 employees also got involved. The total proceeds were €32,318, which was wholly earmarked to UNICEF.

Percentage distribution by Initiative



YEAR	PARTICIPATION BY CHILDREN	PARTICIPATION BY ADULTS	PARTICIPATION BY EMPLOYEES	PROCEEDS
2006	3,560	9,462	310	69,398 EUR
2007	4,377	20,434	217	75,407 EUR
2008	4,475	37,529	330	99,250 EUR
2009	2,700	4,486	154	0 EUR
2010	4,215	6,508	202	0 EUR
2011	4,328	12,625	2,650	32,318 EUR

In 2011, Meliá Hotels International received 103 requests for partnerships from different non-profit organisations and entities.

Asset Disposal

In addition to its partnership with UNICEF, Meliá Hotels International also receives other requests for cooperation from a variety of organisations both nationally and internationally. The company has designed an internal tool that meets the criteria to determine whether this partnership is in alignment with its social strategy or not.

All of the partnerships are executed exclusively as asset disposals. The hotels give rooms or meeting rooms gratuitously based on the entities' needs.

In 2011, Meliá Hotels International received 103 requests for partnerships from different non-profit organisations and entities. Of them, 81 fit within the company's social strategy and the partnership was approved, while 21 were rejected. This means that 79% of the requests were approved, and 37 hotels participated in implementing these requests.

seeks to perform joint actions and programmes targeted at promoting improvements in the workplace insertion and social inclusion of disabled persons.

This agreement covers a four-year period, and it entails a commitment to hire 60 disabled workers.

In this first year of the alliance, 60 job offers were handled through FSC Inserta, the human resources consultancy of the ONCE Foundation. This consultancy submitted 123 candidates from its job exchange, and 35 individuals were hired.

Meliá Hotels International drew up an informative guide on the agreement to disseminate internally, which contained all the information on the agreement and the steps to take when handling a vacancy in a hotel.

Alliance with ONCE Foundation

In 2011, Meliá Hotels International signed a cooperation agreement with the ONCE Foundation, joining its 'INSERTA' Programme. This agreement

6.4 CULTURAL COMMITMENT

In 2011, Meliá Hotels International renovated its cooperation agreement with the Spanish Federation of Friends of Museums (FEAM), which had gotten underway in 2010. The goal of this agreement is to spur and promote the local cultural heritage through a programme of knowledge and promotion of the cultural activities available in the hotels within the urban brand Tryp by Windham in Madrid.

As an example of its cultural commitment, the Hotel Meliá Las Claras has held several different cultural workshops devoted to literature, music and fashion which aim to promote the works of local artists to whom the hotel lends its rooms (see Appendix 3 Meliá Las Claras: "Let's Open the Doors to Culture").

7 Economic Value



Gran Meliá Shanghai | China

7.1 KEY FIGURES

1,427 million € in wealth creation
vs. 1,282 million € in 2010

1,335 million € revenues
vs. 1,250 M € in 2010

40 million € net profit
vs. 50 million € in 2010

7.2 BUSINESS PERFORMANCE

During 2011, the RevPAR (Revenue per Available Room) of owned and leased hotels increased by +9% due to increases in occupancy and ARR (Average Room Rate) of +6.3% and +2.5% respectively.

Below is an analysis of the evolution of the hotels, broken down by the group's commercial brands.

Sol

The Sol brand consists entirely of vacation hotels in Spain.

In 2011, RevPAR increased by +19.1%, mainly due to the improvement in occupancy by +13.8%.

As seen throughout the year, the brand's strong progress can be explained by the performance of the hotels located on the Balearic Islands and the Canary Islands, where the RevPAR increased by 26.7% and 20.1%, respectively. This positive evolution is consistent with the positive developments in terms of tourists arriving on both archipelagos, showing increases of 9.8% and 18.3% compared to 2010 respectively.

The increase in the number of tourists arriving has been possible thanks to the increased activity of low-cost airlines operating to these destinations as a result of the political instability in the Middle East and North Africa. In specific terms passengers of low-cost airlines increased 23.7% and 11% for the Canary Islands and the Balearic Islands respectively.

With regard to client segmentation, given the contraction seen in traditional outgoing markets, like Spain, which has experienced a 14% drop in room occupancy, the company has taken measures to increase sales in alternative markets such as Italy and the Scandinavian markets, where room occupancy has increased by 34% and 38%, respectively.

With regard to the distribution channels, there has been a strong increase in sales through our direct channels, which is helping the recovery of the individual leisure travel segment, which has

increased by 3.4%, and has a positive effect on the brand's ARR. Likewise, income from rooms generated by tour operators, which accounts for around 64% of the overall income generated by the Sol brand, rose 13% compared to the previous year.

Operating expenses (excluding rental charges) have increased in 2011 by +3.2% while total spending per stay has increased +1.3%. The rise in the cost per stay can mainly be explained by the increase in the number of "all inclusive" stays, both hotels that have recently introduced this product and for those that already operated under this system.

The number of rooms available dropped 10.4% due mainly to the change in the Hotel Sol Antillas Barbados (Mallorca, Spain), which shifted from owned to managed, and the de-affiliation of the Sol Pirámide Salou (Tarragona, Spain), which was previously run on a lease basis.

TRYP by Wyndham

The Tryp by Wyndham brand consists entirely of city hotels, with 76% of all rooms located in Spain

In 2011, RevPAR increased by 4.1%, as a result of an increased occupancy of 3.9%.

The performance of the hotels in the Tryp brand located in the most important cities in Europe, especially in France and to a lesser extent in Italy and Germany, offset the evolution of the hotels in Spain, whose RevPAR rose just 0.1% (3% cumulative in the year) during the last three months. The weakness in the demand for business trips, particularly in Spain, required the company to launch corporate agreements to attract new customers, which have led to a drop in the ARR.

In order to minimise the low levels of demand for business trips, the company has implemented a series of measures, such as launching several sales programmes which targeted leisure travellers, as well as negotiations with important clients (large accounts). Thanks to the measures

adopted in 2011, the individual leisure segment rose 13%, while the income from rooms from leisure travel wholesalers rose 30%.

Following the distribution strategy and the alliance framework between Meliá Hotels International and Wyndham Hotel Group, the latest achievement has been the recent addition of the Tryp hotels to the Wyndham website, which fosters cross-sales and the positive effect of the internationalisation of the brand. We should also note the rise in the room occupancy in 2011 from the outgoing markets in the United States and the United Kingdom (17% and 19%, respectively).

Operating expenses (excluding rental charges) rose in 2011 by 3.3%, while the total cost per stay increased by 0.2% due to an aggressive cost-control strategy which was implemented in the brand, along with a rise in the occupancy levels, which offset the fixed component of permanent staff. Personnel costs per stay remained stable at 0.03%.

Despite the opening of two hotels in the Tryp brand, one in Barcelona and another in Berlin, the number of rooms available dropped by 1.5%, mainly due to the end of the affiliation of two hotels in Spain and one in Italy, and to the change in system of another hotel in Spain from lease to franchise, as well as a drop in the number of rooms available due to the remodelling of several hotels in Spain.

Meliá and INNSIDE

50% of the rooms of the Meliá and Inside brands are in Spain, 19% in Latin America and the remaining 31% is distributed between Europe, Middle East and Africa.

In 2011, the RevPAR increased by 4.2%, due to increases in occupancy and ARR by 2.3% and 1.9%, respectively. During the fourth quarter, the RevPAR rose 1.2%.

The RevPAR of the urban hotels rose 3.5% in financial year 2011 thanks to the positive contribution of the hotels in Latin America and Europe, which showed RevPAR increases of 6.6% and 3.2%, respectively. If we exclude the hotels in Spain, the rise in RevPAR in the brand's ur-

ban hotels is 6.8% thanks to the contributions of the hotels in Paris, London and Germany, which showed increases in RevPAR of 14.9%, 7.2% and 5.6%, respectively. At these same hotels, the company recorded a significant jump in the ARR as a result of the efforts made to lower the exposure of the most sensitive segment to price fluctuations and to corporate strengthening.

The RevPAR of Meliá's vacation complexes rose 6.2%, with the most important rise coming in the last quarter, when the figures reached a two-digit increase of 15% thanks to the contributions from the tourist complexes in the Dominican Republic, Mexico and Spain, where the Hotel Meliá de Mar in the Balearic Islands made a positive contribution thanks to the extension of the period when it is open.

During 2011, operating expenses (excluding rental charges) increased by 0.5%, while the total cost per stay has increased by 0.26%, thanks to the adjustments in all the items at the occupancy levels.

In terms of rooms available, the increase of 2.4% is explained by the addition of the hotels Meliá Valencia Palacio de Congresos (Spain) in February and Meliá Genova (Italia) in September.

Premium

Premium brands have 81% of their rooms located in the Americas.

In 2011, RevPAR for these brands improved by +9.8% during the financial year, due basically to the increases of 7.6% in occupancy and 2.1% in the ARR.

In Latin America, the RevPAR rose 9.5% thanks to the strong performance of the hotels in Puerto Rico and Venezuela, with increases of 18.5% and 11.7%, respectively, as a result of a recovery in the business groups segment. In Mexico, the RevPAR rose 6.9% thanks to the consolidation of the all-inclusive package (Completo-Me) at the Me Cancún Resort Hotel, while the RevPAR in the Dominican Republic rose 6%.

In Europe, the RevPAR improved 11.5% thanks to the performance of the Gran Meliá Salinas Hotel on the Canary Islands and the Gran

Meliá Victoria on the Balearic Islands, after an important year in the business groups segment. The RevPAR also improved at the Gran Meliá Fénix Hotel in Madrid due to the recovery of pleasure travel passengers, mainly from emergent outgoing markets and corporate business, principally international clients.

With regard to client segmentation, we should spotlight the 9% rise in the number of occupied rooms in the United States and the 12% rise in Canada, compared to the 14.7% contraction noted in the Spanish market.

Operating expenses (excluding rental charges) increased in 2011 by 14%, while the total cost per stay decreased by -2.5%, due to a fall in personnel costs per stay by -5.7%, thanks to the optimisation of these expenses, as well as the outsourcing of certain services. Additionally, the contingency plan in the food and drink operation is still in effect, as noted in the positive results of its contribution to the direct cost per stay, which was lowered 3.1%.

Owned and leased hotels 2011 and 2010 (RevPar and ARR in euros)

		% OCCUPANCY	REVPAR	A.R.R.	AVAILABLE ROOMS (000)
SOL	2011	67.9%	37.7	55.4	2,801.7
	% 11/10	13.7%	19.3%	4.5%	-10.4%
	2010	59.7%	31.6	53.0	3,128.5
TRYP BY WYNDHAM BRAND	2011	65.0%	44.4	68.3	2,823.7
	% 11/10	3.8%	4.2%	0.3%	-1.5%
	2010	62.6%	42.6	68.1	2,866.8
MELIÁ	2011	69.4%	63.1	90.9	4,046.1
	% 11/10	2.2%	4.3%	1.9%	2.4%
	2010	67.9%	60.5	89.2	3,952.6
PREMIUM BRANDS	2011	62.7%	64.6	102.9	1,733.5
	% 11/10	7.5%	9.9%	2.1%	2.0%
	2010	58.3%	58.8	100.8	1,700.3
TOTAL	2011	66.9%	52.4	78.3	11,404.9
	% 11/10	6.2%	8.9%	2.5%	-2.1%
	2010	63.0%	48.1	76.4	11,648.2

Detail of hotel revenues in 2010 and 2009, for owned and leased hotels (million euros)

		ROOM REVENUES	F&B AND OTHERS	TOTAL REVENUES	TOTAL EXPENSES *	EBITDA
SOL	2011	105.5	60.5	166.0	124.8	31.7
	% 11/10	6.6%	2.0%	4.9%	-2.7%	5.7%
	2010	99.0	59.3	158.3	128.2	30.0
TRYP BY WYNDHAM	2011	125.3	45.1	170.4	121.0	7.5
	% 11/10	2.5%	-4.9%	0.5%	3.3%	36.4%
	2010	122.2	47.4	169.6	117.1	5.5
MELIÁ	2011	255.1	152.4	407.6	281.3	88.4
	% 11/10	6.6%	0.5%	4.3%	5.0%	-1.2%
	2010	239.2	151.7	390.9	267.8	89.5
PREMIUM BRANDS	2011	111.9	129.8	241.8	185.8	53.8
	% 11/10	11.9%	11.0%	11.5%	13.6%	5.3%
	2010	100.0	116.9	216.8	163.5	51.1
TOTAL	2011	597.9	387.9	985.8	713.0	181.3
	% 11/10	6.7%	3.4%	5.4%	6.5%	2.9%
	2010	560.4	375.2	935.6	669.4	176.2

* Includes lease expenses

Management Fees

Fees received from third-party in 2011 increased by 12.7%.

The Sol brand fees increased by 18.3%, due to the evolution of the vacation hotels in Cuba and the addition of the Sol Antillas Barbados.

The Tryp by Wyndham brand increased its fees by 17.3%, due to the performance of hotels in Brazil, where fees increased by +23.8%.

The fees for Meliá brand increased an 8.2% due to the evolution of management contracts in Brazil and Canary Islands. The addition of two hotels in the United States (Meliá Atlanta and Orlando Meliá) also made a positive contribution.

The fees for Premium brands increased by 24.8%, due to performance of hotels in Spain, where fees rose by 62.1%. Particularly noteworthy is the strong evolution of the Gran Meliá Palacio de Isora Hotel on the Canary Islands after a year in which the hotel gained more solid footing in the market. The success of the RedLevel service at the Palacio de Isora, a sign of the company's commitment to offer the highest range of personalised luxury service and design for adults, has contributed to improving the hotel's performance. The progressive improvement of the ME Barcelona hotel and Gran Meliá Colon, Seville, also contribute to explain this effect.

Below is a breakdown by brand of the management fees corresponding to financial years 2011 and 2010:

Management fees Revenues (million euros)

		2011	% 11/10	2010
SOL	Basic fee	6.0	23.7%	4.8
	Incentive fee	4.5	11.8%	4.0
	Total	10.4	18.3%	8.8
TRYP BY WYNDHAM	Basic fee	5.3	11.0%	4.7
	Incentive fee	3.6	28.0%	2.8
	Total	8.8	17.3%	7.5
MELIÁ	Basic fee	15.7	2.9%	15.2
	Incentive fee	5.7	6.4%	5.3
	Total	21.3	3.8%	20.6
PREMIUM BRANDS	Basic fee	6.9	7.8%	6.4
	Incentive fee	3.6	79.2%	2.0
	Total	10.4	24.7%	8.4
TOTAL	Basic fee	33.8	8.3%	31.2
	Incentive fee	17.3	22.4%	14.1
	Total	51.0	12.7%	45.3

Performance of Club Meliá

During 2011, the total number of weeks sold directly by the Club increased by 1.8% compared to the same period in the previous year, while the average price in euros has decreased by -5.8, which leads to a net total of 4.1% lower income from sales for Club Meliá. Excluding the effect of currency exchange, the average price rose 0.1%, while the net sales of the Club rose 1.9%.

The evolution in prices can be explained by the diversity of products sold instead of by the drop in the average price. In this regard, in 2011 the number of biannual sales rose, which entails the right to use the property every two years, leading to a drop in average prices.

With regard to the EBITDA generated by Club Meliá, in 2010 the company signed a deed of 50 million dollars from its portfolio of clients which

entails a positive impact on the vacation club of approximately 10 million euros, an effect which does not appear in the 2011 figures.

Performance of the Leisure Real Estate Division

The last quarter witnessed intense asset rotation activity. The net appreciation (subtracting costs associated with the sale) in financial year 2011 reached 127.8 million euros on the EBITDA level.

Below is a breakdown of the main asset rotation operations in financial years 2011 and 2010 with the impact in EBITDA:

Evolution of Asset Rotation

(million Euros)	ROOMS		PRICE		CAPITAL GAIN	
	2011	2010	2011	2010	2011	2010
Sol Pelícanos Ocas		794		73.8		54.2
Tryp by Wyndham Gallos		119		10.1		5.5
Meliá Lebreros	437		49.3		16.8	
Meliá Milán	288		34.4		47.7	
Meliá Atlántida	285		20.5		8.2	
Sol Antillas Barbados	757		55.0		19.4	
Sol Galúa	177		12.0		4.8	
Sol Tenerife	522		49.0		18.3	
Tryp de Saxe	51		14.0		8.2	
Me London	157		22.2		0.7	
Terrenos Cozumel			6.2		3.7	
TOTAL	2,674	913	262.6	83.9	127.8	59.7

Note: In 2010 the capital gains from the sale of Tryp were not included in the Leisure Real Estate Division, but in Other Businesses and Corporate, representing 33.5 million euros at the EBITDA level.

With regard to the other businesses related to real estate management within this division, we can highlight the revenues in the Dominican Republic, which totalled 7.8 million euros, a 6% rise derived from:

- A 12.8% drop in income from the management of golf courses, as well as from the administration of villas located in the complex owned by the business Desarrollos Sol, which equalled a drop of half a million euros.
- This was compensated by the extraordinary sale of an additional plot of land, which meant additional income of 1.1 million euros.

Joint Ventures

In total, Meliá Hotels International had 29 Joint Ventures in 2011, 15 in Spain and 14 international ventures, compared to 25 in 2010. Outside Spain, partnerships are located primarily in Latin America - especially Mexico, Peru, Panama and the Dominican Republic - and in Asia, where the Company has 2 joint ventures in Indonesia.

Of these, the Company has a majority in 14 of them and a minority stake in 15.

The majority are purely hotel ventures, although there are also joint ventures dedicated to the exploitation of apartment hotels and the development of mixed use hotel-residential

concepts, the latter referring to the residential-hotel project in Zaragoza and to the much larger 5 million m² development in Brazil. Meliá Hotels International also has some alliances focused on the operation of shopping centres, such as Sierra Parima (Punta Cana, Dominican Republic) and Venezuela (Caracas).

In 2011 two new joint ventures were created: Adprotel, S.L. for the hotel ME London, and another, Evertmel, in Magalluf, Mallorca, for the Calviá Beach Resort, a hotel complex made up of four establishments: Sol Antillas, Sol Barbados and two hotels incorporated by the partner Evertaas: the Royal Beach and the Mallorca Beach. Both establishments are being remodelled to give them a completely innovative identity as they join with two prestigious international firms that will revitalise and modernise the beach hotels: Wave House and Nikki Beach.

The partners include real estate companies, industrial corporations, banks and long-term partners not related to the hotel industry.

En 2011 the contribution of these partnerships to EBITDA was 13.1%, compared to 8.5% in 2010. The value of the assets belonging to the 29 joint ventures is 29.5% over the total value of the company's assets (appraised by Jones Lang LaSalle in March 2011). More specific information on these partnerships can be found in the Financial Report for Meliá Hotels International, Appendix 2 - Associates and Joint Ventures.

En 2011 the contribution of these partnerships to EBITDA was 13.1%.

7.3 INVESTORS RELATIONS

In 2011, the Meliá Hotels International Investor Relations Department has carried out a large number of activities focused on communication with company shareholders and potential investors. The most relevant actions focus on road shows in major European financial markets (Madrid, Barcelona, Paris, London, Vienna, Frankfurt, Zurich, Geneva and Milan), private visits to Spanish and international investors, participation in seminars and the hosting of several teleconferences throughout the year. Visits were made to 154 institutional investors compared to 175 in 2010. All of these activities focused on increasing the transparency of Meliá Hotels International in capital markets.

The company will set up an electronic forum for shareholders for the General Board Meeting for financial year 2011, which is scheduled for June 2012. The purpose of this electronic forum will be to facilitate the shareholders' communication prior to the meeting. Through the forum and with the appropriate guarantees, they may share proposals that they wish to present in addition to the agenda announced in the Board meeting call, requests that these proposals be added to the agenda, initiatives to reach the minority right percentage provided for by law, and offers of voluntary representation.

Minority shareholders

To join the Club, shareholders can register in the Shareholders Club section through Meliá Hotels International website, or by phone with the Loyalty Department: 901 34 44 44 for mas rewards blue shareholders with less than 1,000 shares, and 901 10 00 02 for mas rewards gold shareholders. In addition to registration, mas rewards gold shareholders must also provide a bank statement which proves that they have held their shares for a period of at least one year. This statement can then be sent by e-mail (club_accionista@solmelia.com) or fax 971 22 45 15.

At the end of 2011, there were 152 mas rewards gold shareholders compared to 257 in 2009, and 2,774 mas rewards blue shareholders compared to 2,766 in 2009.

At the end of 2011, the Shareholders' Club had a total of 2,917 members, compared to 2,926 in 2010, six of whom held the mas platinum

shareholder card (the first year it exists). A total of 159 members held the mas gold shareholder card compared to 152 in 2010, and the remaining 2,752 held the mas blue shareholder card compared to 2,774 in 2010. Every month they receive an online newsletter; every two months a points account statement, and every three months an exclusive printed newsletter with special offers and benefits. Every year they also receive a newsletter with news on company performance in its different business units.

melia.com

The Meliá Hotels International website at www.meliahotelsinternational.com has a special section for shareholders. The "Investor Relations" section provides full information on finance and corporate governance in a simple, accessible format. The section is in full compliance with the directives on transparency in financial information issued by the Spanish Stock Exchange Commission (CNMV).

The section also contains updated information for shareholders on events calendar, quarterly results, the issue of securities, important events, financial news, daily prices of Meliá Hotels International stock through Infobolsa, and information from the General Shareholders Meeting and Board of Directors meeting, as well as information on the Investors Club.

The Meliá Hotels International Investor Relations Department is always available to shareholders to guarantee the availability at all times of the most accurate market information and are always open to constructive suggestions on how they may provide better service.

ECI > 7.4 SOCIAL CASH FLOW OR INCOME REDISTRIBUTION

ECI-1 > In 2011, Meliá Hotels International created wealth of more than 1,400 million euros, compared to over 1,200 million euros in 2010, achieving 1,213 million euros in revenues from customers compared to 1,106 million in 2010.

ECI-2 > These collections allowed it to pay 345 million euros to its employees, up from 334 million in 2010, more than 119 million euros to the government compared to 112 million in 2010, 645 million euros to its suppliers compared to 587 million in 2010, and about 10 million to its shareholders, compared to nearly 8 million in 2010. The differences between the economic value generated and the economic value distributed, that is, the economic value retained, was -23 million euros.

ECI-3 >

During this period the company invested more than 134,8 million euros in the enlargement, improvement and accessibility of its hotels, new hotels, brand equity and technology, compared with more than 164 million euros in 2010.

ECB > Within the investments in infrastructures and services mainly provided for the public good, a project valued at a total investment of 1.15 mil-

lion euros (19 million pesos) got underway to remodel 5th Avenue in Playa del Carmen. This road provides access to the Hotel Paradisus Playa del Carmen, while the project will considerably improve the condition of the road for the local population. Construction was completed in 2012, but part of the construction (50%) and payments were made in 2011. A total of 507,420 euros (9.2 million pesos) was paid in 2011.

Meliá Hotels International has taken out loans from the Official Credit Institute (ICO) - public corporation under the Ministry of Economy and Finance of the Government of Spain - amounting to 4 million euros in liquid assets. In addition, the Company has received grants from institutions and tax credits worth 1.21 million euros compared to 667,306 euros in 2010, granted as social security payments for the training courses subsidised and for other subsidies from the German state for payments to the hires in Germany.

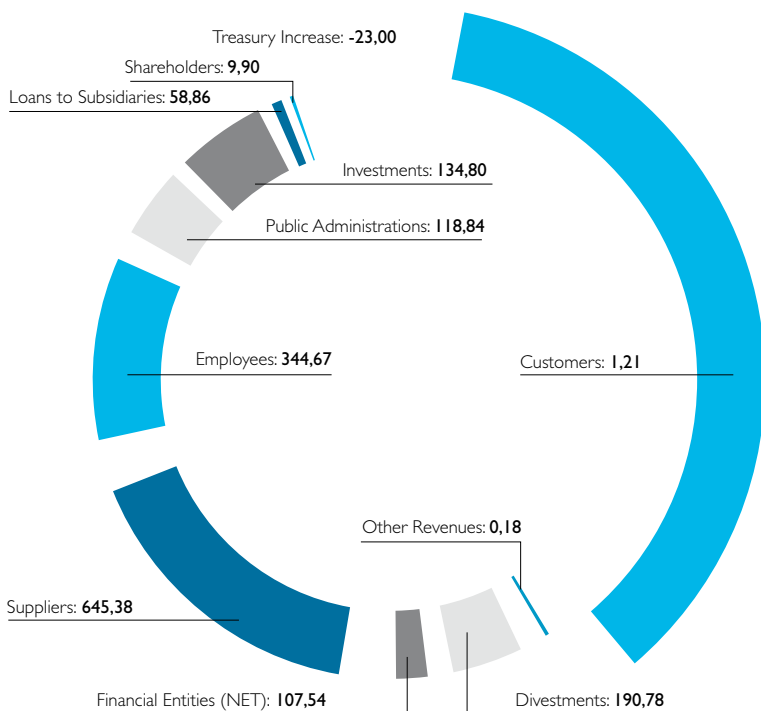
The company has recorded no significant investments (more than 3% of the total shares) by government entities.

< EC4-1

In 2011 Meliá Hotels International created wealth worth more than 1,400 million euros.

< EC4-2

Cash Flow Social (EUR million)



8 Commercial value



TRYP Barcelona Aeropuerto | Spain

8.1 KEY FIGURES

melia.com received 71.8 million visitors
vs. 41 million in 2010

2.5 M members of **mas** Rewards
vs. 2,3 M en 2010

Global Company reputation above 80.7%
vs. 80% in 2010

More than 385,000 fans on Facebook

8.2 SALES

Strategy and Social Networks

In 2011, Meliá Hotels International reinforced its strategic focus on its presence in the social networks. In order to manage its relations with the social networks users, the company created a specific Social Media department with a network of Community Managers who feed it with information, handle conversations and keep all the hotel profiles active. The company has managed to generate a high degree of participation among its fans and strong emotional ties with its brands, which is known as engagement. The total number of fans on Facebook at the close of the year was over 385,000 among all the profiles that the company has there.

The commercial website has adapted its image to the new corporate brand and has nine profiles on Facebook – one for each of its brands and a corporate profile for Meliá Hotels International. The company has achieved a prominent position during the past year thanks to a series of campaigns that have enabled it to boost its brand recognition and its number of fans. The most important campaign was Room of Dreams, launched to celebrate the change in the hotel's corporate brand (which went from Sol Meliá to Meliá Hotels International). In this campaign, we invited our fans to share their dreams on the web. The most recent campaign, Snow Star, was launched jointly with Quicksilver and Roxy to promote the snow hotels in the Meliá Hotels & Resorts brand.

Tour Operation

Contracting at Meliá Hotels International is a centralised function involving the planning, negotiation, signature and monitoring of contracts between the company and international tour operators.

Contracting is the basis for the Key Account Management structure introduced in 2007, in which each Key Account Manager carries out contracting and is responsible for the monitoring and monthly evaluation of the revenues their accounts bring to hotels. They also programme promotional activities (including private meetings, road show presentations, workshops, and stands at the major tourism fairs, amongst others) and also monitor sales forecasts for their key accounts to ensure correct decision making for the future

Since 2009, Meliá Hotels International includes sustainable development criteria to contracts with tour operators obliging them to comply with guide-lines on human rights and minimising the environmental impact of their activities.

8.3 CUSTOMER KNOWLEDGE

Customer Relationship Management is one of the key strategies of the Company in its new Strategic Plan 2012-2014, which is why the CRM department plays a fundamental role in marketing, assuming a dual role of:

- Earning customer loyalty, enhancing their value to the Group, and
- Encouraging conversion between the different businesses (Hotels, Club Meliá and Real Estate).

The centralised CRM database contains information on 9.3 million clients, 4.2 million of whom have expressed their desire to receive commercial information on Meliá Hotels International.

The centralised CRM database contains information on 9.3 million clients.

Guests by country of origin

	2011	2010	2009
Spain	24,65%	26,86%	35,2%
UK	11,93%	11,81%	14,0%
Germany	10,37%	10,12%	10,0%
USA	7,50%	8,44%	7,0%
Brazil	3,83%	3,68%	ND
Russia	3,71%	3,37%	2,0%
Italy	3,70%	3,53%	3,4%
Mexico	3,57%	3,50%	3,3%
Canada	2,45%	2,36%	2,0%
France	2,41%	2,29%	2,4%
Other	25,6%	23,8%	20,7

Loyalty

mas rewards

The **mas rewards** loyalty programme was created in 1995 to reward members with advantages and privileges, and has gone on to become one of the most important foundations of Company success. In 2011 the programme had over 2.5 million members, compared to 2.3 million in 2010, and its own communications channel, a monthly newsletter personalised to each individual customer's profile. The programme offers 3 different membership levels: blue, gold y platinum, and cooperates with a total of 35 partners in different industries with whom members may transfer and redeem points.

In 2011, in keeping with our mission to offer the best benefits to holders of the mas card, Meliá Hotels International launched mymasonline.com, a personalised website where mas clients can cash in their points in a flexible system with the points + money formula. They can also check their account, learn about the benefits and browse through the new online gift catalogue.

The Company has also taken on Flying Blue as a new partner. Flying Blue members can accumulate and cash in miles at the company's hotels.

mas Amigos Programme

Meliá Hotels International updated its loyalty programme for travel agents and meeting planners in June 2011. It updated its package of advantages and added strategic partners like Air Europa and Avis to the programme, which in turn help to improve the services that the programme offers. This programme, which was created in 1997 to bring clients closer to the company, rewards travel agents' loyalty. It currently has more than 86,000 mas friends worldwide, compared to 85,000 in 2010.

8.4 QUALITY AND GUEST SATISFACTION

Quality and customer satisfaction is measured using four tools:

Online guest satisfaction questionnaire (Market Metrix)

Meliá Hotels International has been using this tool for four years, using specific questionnaires for each brand and for the Club Meliá. In 2011

the company obtained a Company-wide satisfaction index of 80.7% compared to 80.6% de 2010 with the Ininside, Gran Meliá and ME by Meliá brands the highest ranked.

In addition, in 2010 questions were also added about the guest perception of the Meliá Hotels International social and environmental commitment, which were revised and expanded in number in 2011.

	Satisfaction level			Value for money		
	2011	2010	2009	2011	2010	2009
PR5-2 > PARADISUS	81.1%	85.8%	86.90%	74.0%	80.2%	79.60%
ME BY MELIÁ	83.1%	84.7%	86.50%	77.1%	78.2%	80.30%
GRAN MELIÁ	82.4%	83.8%	83.20%	77.6%	78.4%	76.90%
INNSIDE	83.8%	83.9%	Not Applicable	81.7%	80.5%	NA
MELIÁ	81.0%	81.2%	80.30%	77.6%	77.6%	78.20%
TRYP	79.7%	79.1%	78.10%	76.2%	76.5%	77.30%
SOL	80.5%	79.8%	79.70%	77.3%	79.8%	76.40%

Brand audit (LRA)

Meliá Hotels International audits each of its hotels through visits by specialist consultants to determine the degree of standardization of the brands. We evaluate products, services, processes and infrastructure, and the results are presented in detailed reports. In 2010, a self-assessment tool was also introduced in hotels to identify specific areas for improvement.

With 254 hotels included in ReviewPRO, compared to 257 in 2010, Paradisus and Ininside were the top rated brands on the Internet. These results are based on 64,130 client opinions/comments.

< PR5-2

Incidents

The Meliá Hotels International Quality department manages all incidents and customer feedback received through the e-mail calidad@melia.com, redirecting queries to the area responsible for each case and providing a response within 48 hours.

In 2011, 2,196 comments were received and 84.7% of them were answered within the established timeframe.

Social networks (ReviewPRO)

In 2010 Meliá Hotels International added the ReviewPRO tool to manage its online reputation, allowing an analysis of the views of customers from more than 45 sources, in English, Spanish, German, Portuguese, Italian and French

In 2011 we received 2,196 comments compared to 2,059 comments in 2010, 84.7% of them answered within the deadline, compared to 76% in 2010.

< PR5-2

The results are processed to obtain the reputation score of each hotel as well as the Global Reputation Score for the Company, its brands and its competitors.

8.5 GUEST HEALTH AND SAFETY

PR1-I > Products and services

The Purchasing Department monitors the quality and guarantees provided by different suppliers, with one of the most important pre-conditions being the possession of a valid health and safety permit. Samples of products are also tested on a regular basis to ensure their quality.

PR3-I > All chemical and hygiene and personal hygiene products undergo strict safety and quality controls, and in the case of hygiene products the law requires that manufacturers must also include a tracking code for production and packaging. The hotels generally use non-rechargeable bath gel, shampoo and hand soap to avoid possible cross contamination.

Washing systems and dishwashers are regularly checked by a SAT chemical product suppliers to ensure that both facilities and products and their dosage mechanisms are in optimum conditions. With regards to swimming pool chemicals, suppliers carry out regular checks on the product dosage mechanism, making sure it is working properly and supplying the correct doses.

Our hotels use different warning signs to signal doors and windows and to warn of wet floors etc. The hotels also have medical contracts both for individual guests staying at the hotel and for medical attention in emergencies.

PR2 > In 2011 Meliá Hotels International has not received any significant fines for non-compliance in relation to the provision and use of any products and services.

Food and beverage

All company hotels employ strict controls carried out by external companies to monitor all of the departments that handle food and beverage products, making sure that they are safe for guest consumption.

The monitoring scheme followed by Meliá Hotels International in each area includes the following analysis:

Operation and maintenance of infrastructure, machinery and utensils.

- Guaranteeing the correct operation of machinery operated by gas and electricity.
- Ensuring that the temperature of fridges, cupboards, defrosting areas, buffet, etc. meet health regulations.

- Ensuring work utensils are in appropriate condition and that they are made of appropriate materials.
- Monitoring the condition of work surfaces such as tiles and ceilings to avoid any type of contamination from animals.

Cleanliness of all areas and utensils used for handling and/or storing food and beverage products.

- Monitoring cooking areas and machinery, fridges and stores, buffet area, dishwasher, etc.
- Adhering to a strict cleaning programme which defines the area to be cleaned, the frequency, the method and the cleaning products.

Food handling training and control of personal hygiene.

- Monitoring of correct product labelling.
- Defining rules for the correct receipt of goods as well as storage systems which guarantee the control of use-by dates, such as the FIFO system (First In First Out).
- Definition of control rules and checklist for the correct storage of products and avoidance of cross contamination.
- Regular checks of hotel staff concerning correct personal hygiene, correct dress code and correct use of utensils.

To carry out these evaluations each department has a Critical Point Control Analysis system which monitors the points mentioned above on a daily basis, noting any lack of compliance and the corresponding corrective measures.

As well as all measures which guarantee the health and safety in food and beverage, Meliá Hotels International also attends to the different dietary needs of certain minorities groups.

Some brands have a special menu for celiacs, athletes, children and low calorie diets.

In 2011 there have been no incidents of non-compliance with regulations and voluntary codes concerning the impacts of products and services on health and safety during their life cycle. < PR4 / PR9

8.6 DATA PROTECTION

PR8-1 y 2 > Meliá Hotels International has the utmost respect for the privacy of its clients and stakeholders, so it applies all the measures necessary to

protect it. In 2011 no claim or complaint in regard to data protection has been registered in Spain or abroad.

9 Business Value



Meliá Madrid Princesa | Spain

9.1 KEY FIGURES

7,384 suppliers
vs. 8,658 in 2010

3.5 million € in purchases from special employment centres
vs. 2.3 M in 2010

9.2 RESPONSIBLE PROCUREMENT

As discussed in point 4.3, the company has been developing a project, which has not been yet completed at the close of 2011, whose goal is to include sustainability criteria in two key processes: the design and construction of the hotels, and the supply chain.

In terms of relations with our suppliers, Meliá Hotels International considers itself an "extended" company in the sense that it not only manages its own value chain, but also takes into account the rest of the links in the chain in the industry, from the guest to the suppliers of raw materials.

100% of the contracts signed in Spain in 2011 included the provision of minimum compliance on Corporate Social Responsibility, which includes respect for human rights. This clause is an appendix added to the body of the contract with a new supplier; so the absence of a signature on it would entail the rupture of the contract with this supplier. < HR2-1

At present, no specific controls have been developed to ensure compliance. < HR2-2

General purchasing policy and supplier management

EC6-2 > The general Meliá Hotels International purchasing policy aims to meet the operational needs of hotels and corporate offices that may be covered by acquisition or contracting in order to generate revenue increases or cost reductions at acceptable quality levels.

The mission of the Purchasing Department is thus to apply supplier management criteria that meet the needs of hotels and corporate offices in a balanced and sustainable way.

EC6-2 y 4 > The following criteria, however, are also taken into account:

- The geographical limits of the supplier
- Type of industry: manufacturer; importer; exporter; distributor; installer and/or maintenance supplier
- Quality certifications
- Environmental certifications
- Health and safety certifications
- Special Employment Centre certifications
- Economic conditions
- Non violation of human rights

EC6-1 > Meliá Hotels International aims to achieve a satisfactory and long-lasting relationship with suppliers. Meliá Hotels International considers that a vendor is of local origin when it is registered in the country in which the Company purchases its products.

Purchasing statistics

The volume of data processed in the system and from which the Purchasing Department gets its information about purchasing patterns according to geographical location, category and hotel brand for 2011 was:

- 7,384 suppliers receiving orders in 2011 compared to 8,658 suppliers in 2010.
- The total volume of purchases made via a purchase order in 2011 by hotels and corporate offices was 328,634,399 €, compared to 232,322,517 € in 2010

In 2011, the company invested €3,479,000 in purchases from special employment centres compared to €2,304,700 in 2010. The invoicing for recycled materials was €202,798, which was 0.06% of total invoicing, compared to €133,800 in 2010, which was 0.05% of total invoicing. To calculate the volume or total weight of recycled materials, we encounter the same difficulties as with the other products in the procurement catalogue, as explained below. < EN2-1
< EN2-2

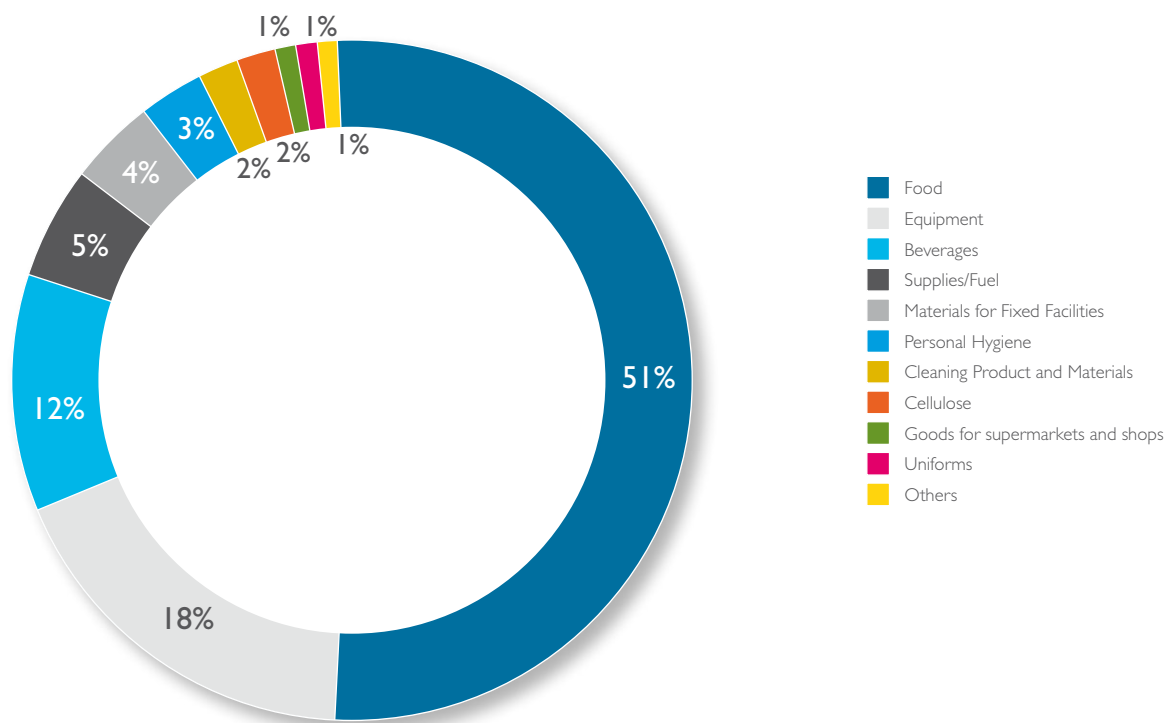
ENI-1.2 y 3 In 2011 Meliá Hotels International had expenses of € 328,634,399 in procurement. Of this amount, we should stress over 194 million euros in supplies with over 80% related to the consumption of food, beverages and equipment, as shown in the chart below. Meliá Hotels International does not currently have the functionality required in its procurement systems to provide reliable data on the raw materials consumed by mass or volumetric units. In this sense, the company has parameterised its system to supply it with the incoming interface needed for this information, and although the existing catalogue of products has not been updated, all the products added into the system in 2012 already include this information.

EC6-3 Volume of local contracting by country by number of local suppliers

Country	2011	2010	2009
Spain	2,609	2,946	3,108
Mexico	1,813	2,160	2,065
Dominican Rep.	633	852	942
Peru	292	278	379
Venezuela	272	309	393
Germany	268	239	203
Brazil	239	575	536
Puerto Rico	214	206	226
United Kingdom	203	126	113
Costa Rica	161	233	267
Italy	106	125	227
France	92	76	112
Luxembourg	44	29	57
USA	15	31	-
Argentina	-	123	89
Chile	-	-	125
TOTAL	6,961	8,308	8,658

Country	Total purchasing volume EUR			Total purchasing volume %		
	2011	2010	2009	2011	2010	2009
Spain	146,786,869	129,862,151	152,149,678	95%	97%	98%
Mexico	77,297,753	33,910,526	19,706,228	100%	99%	100%
Dominican Rep.	39,041,580	36,186,208	36,978,440	97%	95%	96%
Peru	36,394,358	3,992,135	2,019,781	82%	95%	92%
Venezuela	8,765,082	6,467,685	5,192,888	100%	100%	100%
Germany	7,416,756	4,996,250	4,012,557	97%	94%	95%
Brazil	4,152,886	3,100,847	2,948,676	91%	95%	94%
Puerto Rico	2,816,360	5,513,588	5,084,078	96%	98%	96%
United Kingdom	2,661,334	2,707,156	3,088,709	91%	91%	95%
Costa Rica	1,082,755	1,574,163	855,953	78%	55%	86%
Italy	980,544	816,642	846,230	100%	100%	100%
France	794,076	587,936	388,575	48%	61%	66%
Luxembourg	328,988	2,202,237	1,742,032	100%	100%	100%
USA	115,057	219,790	-	100%	100%	0%
Argentina	-	185,202	140,320	-	100%	100%
Chile	-	-	361,833	-	0%	100%
TOTAL	328,634,399	232,322,517	235,515,986	95%	96%	98%

ENI-I > Percentage of purchases corresponding to each product family compared to total procurement cost 2011 vs. 2010



*The 25,000 most representative products are included.

10 Media Value



Paradisus Playa del Carmen | Mexico

10.1 KEY FIGURES

150 press releases
vs. 130 in 2010

6,113 appearances in the media
vs. 6,664 in 2010

Meliá Hotels International's media relations aim to be fluid, consolidating existing ties and seeking expansion towards new international media.

The presence of the company in 29 countries in 4 continents means that coordination is needed between the public relations network and the hiring of media agencies in the countries where our presence is the greatest. From the headquarters in Palma de Mallorca, the Communication department centralises and defines

guidelines and clear action plans concerning the publication of press releases in each country, also incorporating the monitoring of the news and impact generated. This provides a much broader global view of the impact generated by the company on a global level.

It should be noted that throughout 2011, 150 press releases were issued to the media, 15% more than the number released the previous year.

10.3 SUMMARY OF APPEARANCES

In 2011, Meliá Hotels International received coverage from 6,113 items in the media in Spain, 9% less than the previous year. These appearances were quantified in more than 4 million euros, a 12% increase over 2010, and an average of 16.7 news items per day on a total of 621 pages. Thanks to these appearances, the company has managed to reach an audience of more than 1,290 million people, compared to the 1,392 million in 2010.

With regard to the media impact, we should note that the rise in Spain is due to the inclusion of the online impacts in the measurements. Regarding the media impact in China, for which we have no figures from previous years, the volume was not excessively high bearing in mind the size of the country and the voluminous numbers in countries like the USA. Still, the impact in the USA dropped considerably this year; more than 20 million euros less than the previous financial year.

Evolution of global media impact

QUANTIFICATION (€)	2011	2010*	2009*
Spain	89,829,010	3,734,693	3,908,241
UK	1,119,805	1,468,153	545,293
Germany	3,002,919	1,665,661	616,818
Russia	Not Available	Not Available	115,584
USA	9,873,952	30,855,968	Not Available
Brazil	7,095,625	2,655,696	Not Available
Mexico	344,359	658,690	Not Available
China	190,388	Not Available	Not Available
Radio	406,800	198,000	328,000
Radio interviews	464,975	3,825,498	Not Available
Prize draws	859,811	657,820	Not Available
PR actions	519,165	324,950	Not Available
TOTAL	113,706,811	46,045,133	5,513,936

* Does not include online presence

10.4 ETHICS

In December 2011, Meliá Hotels International joined Autocontrol (Association of Auto-Regulation of Commercial Communication).

Meliá Hotels International is aware of the need to ensure that all its actions are coherent with the essence of a responsible, sustainable company. Likewise, it is conscious that all of these actions should not only conserve but also strive to promote the trust that its stakeholders have placed in the group by ensuring the company's responsibility in all its actions, especially in actions targeted at specific collectives or minorities.

Among these actions, communication should be highlighted as an essential element. Any form of communication is a necessary element between companies and consumers and contributes to the sound functioning of the market by generating benefits for both companies and society at large.

For this reason, it is extremely important to establish the framework in which this communication should take place, ensuring that minimum ethical requirements are always fulfilled. At the meeting of the Board of Directors of Meliá Ho-

tels International held in November 2011, the members approved the text of the Marketing and Communication Policy. The purpose of this document is to establish this framework by defining the principles that any marketing, communication or advertising action undertaken by Meliá Group should fulfil.

Likewise, in December 2011, Meliá Hotels International joined Autocontrol (Association of Auto-Regulation of Commercial Communication), a non-profit organisation created in 1995 by the leading advertisers, agencies and media. Its goal is to manage the Spanish system of advertising self-regulation through good advertising: it must be truthful, legal, honest and loyal. Autocontrol's codes are revised every year.

In 2011, Meliá Hotels International received no administrative sanction related to consumers' and users' rights. Furthermore, the company sells no banned goods or products that are questioned or subjected under debate by public opinion.

10.5 COMMUNICATION IN CRISIS MANAGEMENT

During 2011, the Communication Management has helped to manage the crises with a possible impact on Meliá Hotels International's stakeholders. The first goal is to prevent and, if possible, avoid major impacts on the company's corporate reputation.

First of all, because of its global repercussions, we should stress the uprisings in Egypt and the consequent rise in hotel occupancy in the Balearic Islands and Canary Islands. Thanks to the establishment of an internal communication protocol which enabled us to track the situation in real time, we agreed to close two of the four hotels with the consequent transfer of the guests to the two higher-category hotels. According to the procedure established, the information is distributed jointly by the Communication Management, the brand's Operations Management and the hotel to both guests and tour operators, reservation clearinghouses and various agencies. In this context, the support of the World Travel & Tourism Council was crucial

in making an overall assessment of the impact generated for the country as a result of the political instability.

In turn, in view of the tsunami warnings in Indonesia and the Caribbean, action protocols were developed in the event of a natural risk in the Meliá Hotels International hotels located in these areas. These protocols should be distributed to employees and guests so they can take the proper preventative measures.

Another natural alert, in this case the hurricane on the Riviera Maya last October, meant the activation of safety protocols for guests, employees and facilities at all the resorts in the region, as well as maximum cooperation with the local authorities to manage the safety of this destination.

In both cases, Communication Management, in coordination with the hotels affected by both threats, kept all the media punctually informed as needed.

Likewise, soon after opening our first hotel on the island of Zanzibar, there was a shipwreck. Even though the ship was not transporting guests to our hotel, several family members of employees were aboard and died in the disaster. Communication Management and the hotel remained in constant contact with the governor, helping to comb the beaches, be alert to the possible appearance of new bodies, supply water and rations and constantly support the government socially both in the hotel environment and with the employees who had been personally affected by the shipwreck.

The centrally-located ME London hotel suffered from a fire on the building's roof in June as construction was underway, although there was no personal damage. Several British media outlets reported on this event and Communication Management issued a press release the very same morning to provide further information.

In parallel, as a result of a serious water main break, the hotel Sol Ocas was subjected to an

unforeseen closure and the consequent transfer of its guests to another higher-category hotel. The decision was made to take advantage of this closure to undertake refurbishments that would enable the hotel to be fully operating by the beginning of the 2012 season. The guests were transferred to another higher-category hotel in the zone while ensuring communication with both employees and guests at all times.

Finally, upon the announcement of the bankruptcy and permanent closure of Marsans due to insolvency, its debt owed to Meliá Hotels International was made public. Numerous requests for information on possible legal actions that the company might take were received from the media, as were requests for the personal opinions of the managers regarding the presence of Díaz Ferrán at the head of the CEOE. Communication Management provided continual support to the management of the legal actions underway to reclaim the debt still due.

A. CORPORATE INFORMATION

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Date of the most recent previous
annual report: 2010

Signature of the Audit Report on Consolidated
Annual Accounts: PwC
Signature of the Independent Revision Report
of the 2011 Sustainability Report: PwC

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Central Reservations (SolRes):
902 14 44 44

Meliá Hotels International GDS access codes:

AMADEUS:SM
GALILEO:SM
SABRE:ME
WORLDSPAN: SM

B. HISTORY OF THE COMPANY

Foundation 1956 ▲	Hotasa purchase 32 hotels 1984 ▲	First international hotel in Bali 1985 ▲	CHM Purchase 11 hotels 1986 ▲	Meliá purchase 31 hotels 1987 ▲	Initial public offering 1996 ▲	Hotel purchase in Paris 8 hotels 1999 ▲
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1956 - At 21 years of age, Gabriel Escarrer Juliá begins to lease and operate his first hotel: the Altair Hotel located in the residential area of Son Armadams (Palma de Mallorca, Spain). It had 60 rooms.

1960s - The tourism boom of the 1960's was fundamental to the consolidation of the structure of the company. Through reinvestment of profits, increased co-operation with Tour Operators and bank loans, the company began to take shape.

1970s - Es This is the period when hotels began to be opened on the Balearic Islands, the main coastal areas on peninsular Spain and on the Canary Islands. The first vacation hotels were also purchased at that time. During 20 years until 1976, the chain operated under the name Hoteles Mallorquines. In the late 1970s, the national expansion plan was consolidated and the name that appeared on the social register changed to Hoteles Sol.

1984 - En In a joint deal with Aresbank (financial representative of the KIO group in Spain), the 32 hotels of the HOTASA chain in Spain were acquired. The purchase meant the beginning of activities in the city hotel market and the company moved up to number 37 in the world ranking of hotel chains. At the same time, the company also became the largest hotel chain in Spain.

1985 - The company began its international expansion with its first hotel outside Spain: the Bali Sol.

1986 - Continuing with the policy of growth through acquisition, Hoteles Sol took over

Compañía Hotelera del Mediterráneo, including 11 hotels partly owned by the airline British Caledonian.

1987 - On the 27th of June 1987, Hoteles Meliá, with 22 hotels, was purchased from the Luxemburg-based group Interport, presided over by Giancarlo Parretti.

1993 - Sebastián Escarrer Jaume joined the company management, triggering a change towards a matrix organisational structure. To favour continued growth, the management team was strengthened and changes were made in management procedures and systems (information technology, accounting, quality control, bonus systems, financial management, added values for the 5 key client types, etc...). That same year, the company was named as the recipient of the Prince Felipe Award for excellence in tourism for its management and growth policies.

1996 - Once the new organization and management systems had been consolidated, on 2 June 1996, Sol Meliá became the first hotel management company in Europe to be floated on the stock exchange. Prior to the flotation the company had been split in two: Inmotel Inversiones, the owner of hotels, and the new Sol Meliá S.A., a hotel management company and target of the flotation.

1998-1999 - Due to the situation in the international travel industry at the time, characterized by major vertical and horizontal mergers, a strategic decision was made to reintegrate the hotel management and property businesses. The integration ended in 1999 with the take-over of Meliá Inversiones Americanas (MIA) and the merger with

Tryp
purchase
60 hotels
2000
▲

INNSIDE
purchase
11 hotels
2007
▲

Inclusion in the
FTSE4Good IBEX
2008
▲

Global Compact
Principles
subscription
2008
▲

Biosphere Hotel
Company
2009
▲

First hotel opening
in China
Meliá Shanghai
2010
▲

UNICEF
strategic alliance
signature
2010
▲

Corporate Brand
change
2011
▲

Inmotel Inversiones. After the creation of the new Sol Meliá, Gabriel Escarrer Jaume joined the company as Chief Executive Officer. He had held the same position with Inmotel Inversiones.

1999 - Adapting to a new age: solmelia.com was born.

2000 - On 21 August 2000, Sol Meliá sealed its purchase of Tryp Hotels. With the addition of 60 hotels, the company achieved a place amongst the top ten hotel companies in the world by number of hotels.

2001 - A new brand strategy was launched which included a reduction of the group's portfolio to 4 major hotel brands: Meliá Hoteles, Tryp Hoteles, Sol Hoteles and Paradisus Resorts. Near the end of the summer, however, there was a tragic event. 11 September affected the entire planet, and especially the international travel industry.

2004 - Start of the 2004-2007 strategic plan with a new strategy to optimise the group's properties with the creation of the Asset Management Department and to expand its range of products with a strong emphasis on its vacation club, Sol Meliá Vacation Club, and the influx of 50% in capital from Luxury Lifestyle Hotels & Resorts, created in 2004 by The Stein Group.

2006 - Creation of ME by Meliá, the year when the company celebrated its 50th anniversary.

2007 - Sol Meliá purchased the German hotel chain Innside and the 2008-2010 strategic plan was approved, which included investment actions and policies that should foster a major

qualitative leap in terms of organic growth and brand reassessment.

2008 - Sol Meliá was included in the FTSE-4Good IBEX sustainability index. The FTSE-4Good IBEX, created by Bolsas y Mercados Españoles (BME) and the FTSE Group, is the first sustainability index launched in Spain. This year, too, Sol Meliá joined the Global Compact.

2009 - Sol Meliá became the first company certified as a Hotel Company of the Biosphere. This hotel certification includes social, environmental and cultural requirements throughout the entire company, and it applies these requirements to all the stakeholders. To attain this certification, Sol Meliá passed an exhaustive analysis of all the company's activities from the perspective of tourism sustainability.

2010 - Opening of the first hotel in China, the Gran Meliá Shanghai.

2010 - On the 17th of November, Sol Meliá and UNICEF Spain signed an alliance to join forces to work towards the objectives of the United Nations Children's Fund on matters related to education, child protection and the fight against the sexual exploitation and trafficking of children.

2011 - The company's corporate name became Meliá Hotels International S.A.

C. ABOUT THIS REPORT

C.1 PREPARATION METHOD

The objective of the Meliá Hotels International Sustainability Report 2011 is to provide information to all company stakeholders regarding financial, environmental and social results for 2011, although many more subjects are dealt with later within each of the dimensions mentioned.

The following points stand out as advances in the 2011 Meliá Hotels International sustainability report:

- The drawing up of the report, the creation of a Manual of Standards on Non-financial Reporting which ensures the homogeneity and comprehensibility of the information to report, its relevancy and the best way of reporting it throughout the entire company.
- The performance of a materiality analysis to determine the important issues from the standpoint of reporting to the company's stakeholders (see Appendix 2, Materiality Study of Meliá Hotels International).
- An increase in the scope of the report, boosting the scope of the 2010 report to include information on owned and leased hotels outside Spain in the 2011 report.
- An increase in the number of indicators reported compared to the previous year: in 2011, 113 GRI indicators were reported on compared to 107 in 2010.
- Our Sustainability Report 2011 has been produced following the general guidelines to the preparation of the Sustainability Report from the Global Reporting Initiative, version 3.1.

Meliá Hotels International has chosen to define a global process of evaluation, analysis and risk control which will identify, update and monitor the most important risks which might impede the fulfilment of objectives or the successful implementation of strategies.

The integrated risk management model defined by Meliá Hotels Management follows the criteria set in the Committee of Sponsoring Organisations of the Tradeway Commission report. This report defines an integrated framework of internal control and corporate risk management which can be applied periodically and in a standardised manner to the different business units and support group. This allows Meliá Hotels International to produce risk maps for each business unit and consolidate them to generate a risk map for the company as a whole.

Within this management model the following types of risks are considered:

- **Global risks.** Resulting from events that are beyond the performance scope of economic agents.
- **Financial risks.** Relating to financial variables and resulting from the difficulty the company may have in meeting its commitments or liquidating assets.
- **Business risks.** Resulting from the evolution of intrinsic business variables, such as the demand, competitors and markets, strategic uncertainties or major changes.
- **Operational risks.** Relating to the failure or inadequacy of internal processes, human resources, physical equipment or computer systems.
- **Compliance risks.** Resulting from changes in regulations defined by different regulators and/or non-compliance with applicable legislation or internal policies and norms.
- **Information risks.** Related to events caused by inappropriate use, generation and communication of information.

In the process of drawing up this report, we tried at all times to follow the principle of exhaustiveness. The available indicators were al-

ways reported on with transparency and clarity, following the criteria established by the guide to drawing up GRI sustainability reports, the technical protocol on applying the principles for defining the content of the GRI report and the company's most important indicators based on

the materiality study (see Appendix 2). For the sake of transparency, this year we included references in the text to help readers more easily find the reports on the different GRI indicators. We also identified the processes that need improvement, including the 2012-2014 strategic plan.

C.2 COLLECTION AND CONSOLIDATION OF THE INFORMATION

- The principles, policies and activities that Meliá Hotels International includes in this Sustainability Report 2011 and the business strategy defined to move forward on sustainable development have been designed to be applied throughout the company. Nevertheless, there is some margin to take into account the different personality of each of the company's brands and also the different social, labour, cultural and political aspects of each geographical region where Meliá Hotels International operates. The report refers to the full year 2011.
- The scope of the report includes hotels that are owned, hotels that are managed by Meliá Hotels International and leased hotels, a total of 240 hotels and 39,793 since franchises have been excluded.

On a regional level, there are three regions not included (Cuba, Egypt, and Bulgaria), as well as some regions excluded only for certain indicators due to the absence of data or data unreliability. The specific scope of each of the indicators and its degree of consolidation is indicated in each case.

This exclusion was done with the goal of offering the most solid, reliable information possible, since the channels of information from these countries are conditioned by governmental, social and political particularities which seriously hamper the reception of information.

Finally, we must mention that Meliá Hotels International has made great efforts to respond to the different indicators with the greatest possible detail and with the aim of ensuring maximum candour and reliability in the information presented in this report.

With regard to the data and the bases used to make calculations, the company has made several different tools (SAP, Access, Employee Portal etc.) available to employees to help in the process of collecting and processing information, and has also developed collection processes (for example, consumption statistics for which hotel Engineering Managers can report meter readings) to minimise estimations.

- The report includes quantitative, performance-related, qualitative, strategic and narrative information from all sustainability-related points of view: financial, social, cultural, labour-related, environmental, products, human rights etc. Thus, we can describe a global focus on all the matters reported on in this report, offering more complete information for stakeholders.

In matters related to the travel and tourism industry use has also been made of the indicators monitored by the World Tourism Organisation.

C.3 OPPORTUNITIES AND COMMITMENTS TO IMPROVEMENT

The main challenges in the preparation of the next Sustainability Report are:

- Differentiation with respect to the competition, being recognised as market leader in sustainability and carrying out, for example,

an analysis of the company's positioning in sustainability.

- Meliá Hotels International's objective is not only to increase the indicators reported but also broaden their scope and completeness,

an objective achieved in 2011 compared to the previous year and which will continue over the next few years until 100% of the indicators are reported. We will thus continue to make progress on the quality and quantity of the information to be reported in the Sustainability Report via:

- Improvements in data collection processes, documentation and control and validation systems, especially on an international level.
- Tracking of the Manual on Reporting Non-Financial Standards of Meliá Hotels International, clearly indicating the information that needs to be reported, who needs to report it, how to report it and the degree of data consolidation.
- Improve communication channels and dialogue with all Meliá Hotels International stakeholders. This includes:
 - Defining action plans and follow-up from the conclusions of the panel of experts and specialist panels.
 - Reporting the ideas adopted to stakeholders after consultation with the panel of experts and specialist panels, something that will continue throughout 2012 as an important factor in the success of the Public Positioning Action Plan.
 - Greater internal distribution of the Sustainability Report 2011. We understand that everyone who forms part of Meliá Hotels International needs to be aware of the achievements in sustainability thanks to the actions the company carries out and which would be impossible without the direct cooperation of the team.

C.4 VERIFICATION OF THE INFORMATION / AUDITS / CERTIFICATION

With regard to financial performance, the information available in the Annual Report has been processed under applicable law and audited by PwC. The results may be viewed in the Financial Report and, more briefly, in the chapters on finance in this Sustainability Report 2011

As mentioned previously, non-financial information has also been subject to external verification for the first time, also by PwC. The decision to do so has been a test for us and for our re-

porting system, obtaining a Verification Report as a result which reviews the adaptation of the contents of the Sustainability Report 2011 to the GRI-G3.1 Guide and the validation of the performance indicators proposed in the guide. Furthermore, through the production of the Recommendations Report issued by PwC, we were able to identify areas for improvement on which we need to focus our attention, as well as our strong points that we must maintain and consolidate in the years to come.

C.5 YOUR OPINION / FEEDBACK SYSTEM

If you require any additional information, please do not hesitate to contact us.

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Communication Department:
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Or visit the Meliá Hotels International sustainable development website at the following link:

<http://www.meliacerca.com>

APPENDIX I

D.1 GLOBAL SUSTAINABILITY POLICY

BUILDING OUR LEGACY

At Meliá Hotels International we aim to incorporate the values and principles of sustainable development in our business processes and relationships with all of our stakeholders. We believe that sustainability is the key factor which will allow tourism to continue to be the driver of economic development in many countries. We believe that a lot can be learnt from mistakes and we are committed to seeking constant improvement so as to guarantee our future, adopting a humble attitude which allows us to continue to learn as we move forward.

We want this approach to help us strengthen our relationships with our stakeholders, becoming something which makes us different from others and a more sustainable, more stable and more solid company, more attractive to all with whom we come in contact.

Tourism is a business which is extremely sensitive to the environment in which it takes place. Extreme climate and weather events such as hurricanes and floods, drought or lack of snow, have an effect on tourism. The loss of a cultural identity in a destination may make it less attractive for tourism as it implies the disappearance of something that made it unique. The existence of poverty in certain communities in which we operate is also a reality to be faced. Seeking improvements in such situations is an obligation which we must satisfy before our staff, our customers and society in general.

We are convinced that the company is like a living organism that constantly has to adapt to its environment and evolve with that environment

in order to survive. To achieve this one must be very aware of the environment, and there is no better way to achieve this than through listening to stakeholders. The fact that we wish to be closer to our stakeholders and get to know them better means we need to have a more proactive attitude towards them, being more open and approaching them. We believe that greater awareness of their concerns and expectations will drive our development as a company, will benefit us all, and will allow us to continue to grow together, evolve, and adapt to our environment and the times.

Firstly, we are well aware that the natural environment is a key factor in this commitment to sustainable development. We will only be sustainable if we are able to identify the environmental impact of our operations both on a local and a global level, aiming to make environmental management a part of our daily routine. We will strive to reduce the impact of our activity and contribute to the preservation of biological diversity in travel destinations through greater integration with the environment and respect for flora and fauna. We will encourage reduced energy and water use and a reduction in emissions, always seeking greater efficiency and containment in the use of natural resources, and managing our waste products in a responsible manner.

Secondly, our commitment is also a social commitment. We understand that our activity will only be sustainable if we are able to make a contribution to the reduction of social differences and poverty through providing opportunities for mutual economic growth. We will be sensitive to

the social needs of our staff, and aim to share our commitment with them, providing space for their concerns about solidarity, voluntary work and cooperation. We will particularly focus on the most disadvantaged groups such as the elderly or the disabled, and we will take very special care over our influence on children, given their vulnerability and the fact that they are the future inheritors of our legacy

Finally, third and by no means least, we are committed to the conservation of both the tangible and intangible cultural heritage of the communities in which we operate. We will remain fully involved in local life, integrating the cultural, culinary, and artistic characteristics of each location, respecting and defending the historical heritage as if it were our own. And we will also be a catalyst for local development, protecting the roots of society and aiming to get our customers involved in the discovery and conservation of the rich cultural wealth in each destination.

We will aim to integrate sustainable development principles in our entire business lifecycle. We will particularly take the opportunities provided by new investments and development of new destinations.

We wish to share our commitment to sustainable development with our staff, our suppliers, our customers, our shareholders, and with the owners of our hotels.

We wish our strategic partners and the whole of the tourism industry to be our allies in this endeavour and to feel part of our sustainability efforts. We will encourage our suppliers to adopt policies focused on constant improvement in the incorporation of sustainable development criteria to their business, including social justice, minimising their environmental impact and encouraging economic development in each destination. We believe in working alongside all of our stakeholders and we are also prepared to take

a proactive role in the industry, respectful of our competitors and focusing on cooperation and partnership with different social organisations in seeking solutions to environmental, social and cultural deficiencies which will drive us towards a society where responsibility is shared and where the needs of all are covered in a more balanced, just and long-lasting way.

This is our vision of sustainable development. The sum of all of these commitments is what will allow our industry and activity to generate opportunities and wealth for people and for destinations, listening to our stakeholders and getting closer to them, protecting the environment and natural resources, adding value to reduce social differences in an increasingly global economy and conserving cultural diversity and heritage.

Our commitment to sustainable development is a constant search for balance between the needs of this generation and the needs of future generations, for balance between economic, socio-cultural and environmental development and the preservation of destinations, for balance between the needs and requirements of all of our different stakeholders. At Meliá Hotels International we aim to contribute to and support the sustainable development of the communities in which we operate and the people that form part of those communities, leaving a legacy to be enjoyed by future generations. At Meliá Hotels International we do not aim to be the best hotel company in the world, but we do aim to be a standard bearer for achieving a better world.

Meliá Hotels International Board of Directors
Palma, 25 November, 2008.

D.2 MELIÁ HOTELS INTERNATIONAL MATERIALITY STUDY

Materiality is defined as the criterion used to choose the relevant information for the company and its stakeholders, bearing in mind the sector in which it operates, its characteristics and its unique features. In short, it encompasses all issues that may entail a direct risk to its reputation.

In 2011, Meliá Hotels International conducted a materiality study to determine its map of materiality. To do this, the following steps were taken:

1. Selection of topics to evaluate: Based on the priorities of the 2012-2014 strategic plan, the map of risks of the Sustainable Development and Institutional Office and Corporate Diplomacy Office, and on the 20 most important risks company-wide, a list of 32 topics was devised, divided into ten categories.
2. External check: To evaluate the importance of these topics for the external stakeholders, these 32 relevant topics were checked in a specific session of the 5th Panel of Experts through evaluation forms. The participants included the usual panellists plus a group of external observers.
3. Internal check: To evaluate the influence of the 32 topics chosen on the success of the busi-

ness, they were checked by the senior managers in each corporate area as well as by a representative group of employees from different departments through evaluation forms.

The results of the check can be seen in the following map of materiality (Graph 1).

The TOP 5 topics were the following:

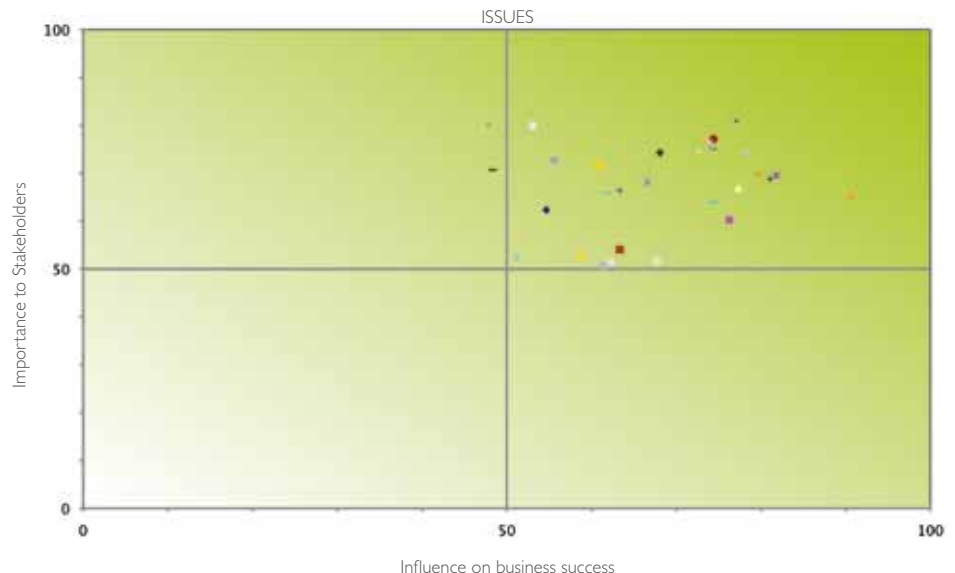
Influence on the success of the business

- 21 Talent management
- 5 Having a sustainability policy
- 24 Job creation
- 26 Anti-corruption policy
- 22 Flexible work

Importance to Stakeholders

- 8 Waste management policy
- 28 Global transparency
- 32 Risks and economic opportunities of climate change
- 6 Greenhouse gas emissions and actions to reduce them
- 14 Expansion

Materiality study results



D.3 MELIÁ LAS CLARAS: "LET'S OPEN THE DOORS TO CULTURE"

In 2011, the Meliá Las Claras Boutique, located right in the historic centre of Salamanca, began opening its doors to the city with cultural events devoted to literature, music and fashion.

In this way, with the goal of promoting the works of local artists, the hotel lent its halls to artists during the months of January and February, thus reinforcing the city's cultural activities for both the local residents and visitors.

In the same vein, the hotel organised three weekly programmes. During the first, held between the 18th and 22nd of January using the "Literary Cafe" format, the hotel held discussions and readings of the works of several local writers coordinated by writer Charo Ruano, who chooses several local poets to recite the poetry of prestigious national poets, including Lorca, Unamuno, Sor Juana Inés de la Cruz, etc. The second week, called "Dining with the Classics" and held between the 25th and 29th of January, featured a daily concert by the Higher

Conservatory of Salamanca, followed by a gourmet sampling dinner at the hotel's restaurant. In the last week, held between the 3rd and 5th of February, the Meliá Las Claras held a "fashion week" with a series of lectures by designer Fely Campo, a participant in Fashion Week in both Madrid and Barcelona who shared an innovative vision of fashion as a kind of art form.

The purpose of these cultural weeks promoted by the Meliá Las Claras was to draw attention to the hotel as yet another cultural container for all residents of Salamanca by spotlighting the works of the city's local artists, including musicians, poets and designers.

All told, around 500 Salamanca residents enjoyed these three weeks, and total revenue was €6,000, in addition to a huge advertising impact. Thanks to the success of these events, cultural associations and schools have expressed an interest in organising similar cultural activities in the hotel.



D.4 CELEBRATION OF WORLD ENVIRONMENT DAY



The United Nations declared 2011 “International Year of Forests”. To celebrate it, the slogan chosen for the campaign was “Forest: Nature at your Service” with the goal of raising awareness of the fundamental role played by human beings in protecting forests, the home to 300 million people in the world.

These activities primarily consisted of beach cleaning, promoting natural areas near the hotels, holding recycling workshops and entertainment shows on environmental conservation, giving guests “sustainable” attention and turning off the lights in the communal areas.

The uniqueness and diversity of natural resources are one of the biggest attractions of tourism; for this reason, protecting and preserving the environment are part of Meliá Hotels International’s strategic principles. In 2008 the Company approved its Global Sustainability Policy which defines the criteria for ensuring sustainable development.

Eighty-two business units in Meliá Hotels International joined this initiative, with around 504 actions and 6,681 participants, including both clients and employees.

To contribute its part, Meliá Hotels International celebrated World Environment Day with a series of awareness-raising initiatives at the group’s hotels and at the corporate offices. These initiatives were targeted at both clients and employees.



Paradisus Palma Real
Beach Cleaning

E. PROGRESS REPORT

Period covered by Progress Report

From: 2010 To: 2011



Declaration of constant support

As already mentioned in our subscription to the Global Pact in 2008, its ten principles have become part of our strategy, culture and day-to-day business. Human rights, labour rights, the environment and the struggle against corruption are of the utmost importance to Meliá Hotels International, and that is why we have made the principles of the Global Pact one of our four public commitments.

These four commitments represent a merger of the external dimensions of sustainability and corporate social responsibility with the operational and internal dimension, due to the actions plans that we have to introduce to maintain our commitments. All four focus on continuous improvement.

In this, our second Progress Report, we renew our commitment to these principles. We believe we have significantly improved in several areas, but we know there is still much work to be done, and we are confident that, with time and perseverance, we will become much more than just a leader in our industry. We will become an example of a sustainable and profitable business.

Sebastián Escarrer Jaume

Meliá Hotels International Vice Chairman

E.1 HUMAN RIGHTS PRINCIPLES

Principle 1: Companies should support and respect the international protection of human rights; and

Principle 2: Make sure that they are not complicit in the abuse of rights human.

tion and Appointments along with the Human Resources Department. The points included are the following:

Evaluation, policy and objectives

Meliá Hotels International has a series of internal norms on human resources that regulate managerial behaviour and must be accepted by all managerial staff in the group, regardless of the legislation applicable. Compliance with these rules is supervised by the Delegate Committee of the Administrative Council on Compensation

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

In financial year 2011, there were no records of any incident related to discrimination of any

kind. In 2011, no specific training was conducted which discussed human rights protection for employees or in-house or subcontracted security staff.

Investment agreements and major formal contracts do not yet include human rights clauses. For the time being, these clauses are only signed in contracts with suppliers and tour operators in Spain.

A total of 44.17% of all operations performed were analysed for human rights matters.

Their distribution by country can be seen in the table Operations audited on human rights matters by country. These operations correspond to the internal audits conducted internationally in the hotels, in which a checklist is used that includes a revision of subjects that include everything from human rights to safety and health issues, products, corruption, etc.

Operations audited on human rights matters by country

COUNTRY	NR. OPS.	%
China	1	0.94%
Dominican Republic	1	0.94%
France	3	2.83%
Greece	1	0.94%
Germany	10	9.43%
Indonesia	1	0.94%
Malaysia	1	0.94%
Mexico	5	4.72%
Peru	1	0.94%
Puerto Rico	1	0.94%
Spain	80	75.47%
USA	1	0.94%
	106	100.00%

* Distribution of the 44.17% of centres audited over the total number of hotels.

Implementation

Meliá Hotels International has a firm commitment to the well-being of children. For this reason, it is essential that all areas of the company guarantee that none of its activities involves any potential risks to the rights of children.

The company has signed an agreement to implement a Code of Conduct which protects children from sexual abuse in the tourism industry, condemning all forms of infant sexual exploitation and supporting all legal actions to prevent and punish these crimes.

This social commitment to children was strengthened with the signing of the alliance with UNICEF Spain, which leads us to work together on the objectives of the United Nations Children's Fund on matters related to education, child protection and the fight against child sexual exploitation and the trafficking of children.

Measurement of results

Meliá Hotels International does not employ anyone under the age of 16 and the Sustainable Development clause in the agreements signed with suppliers, in Spain, ensures they also commit not to use child labour in their production processes, accepting the possibility of being audited and the risk of cancellation of the contract FR they are found in contempt.

E.2 LABOUR PRINCIPLES

Principle 3: Companies should respect freedom of association and the effective recognition of the right to collective negotiation

Principle 4: The elimination of any type of forced or compulsory labour;

Principle 5: The complete elimination of the exploitation of child labour; and

Principle 6: The elimination of discrimination with respect to employment and job-placement.

Implementation

Due to its activity in more than 30 countries, the diversity of regulations means that a standard global labour rights and workplace health and safety policy for all employees would be very difficult to apply in the country. Even though the health and safety policies vary according to local legislation and the unique features of each site, the company policy always requires strict compliance with the law and the development of preventative measures for specific risks detected in each area.

Evaluation, policy and objectives

The human team at Meliá Hotels International is the company's main asset, and for this reason the group places special emphasis on making head-way in preventing workplace risks.

Meliá Hotels International is governed at all times by the corresponding labour legislation, the applicable collective bargaining agreement or the labour covenant or company contract signed. The company safeguards the right of association in the countries that are covered by any of these agreements mentioned above, with the exception of China and Cuba, which do not allow them. In 2011, the number of employees represented by a collective bargaining agreement, labour agreement or company contract was 98.3%, excluding China and Croatia. The company guarantees its workers' right to join a union or labour association.

Likewise, Meliá Hotels International abides by the legislation, agreement or labour covenant applicable in each region with regarding to minimum notice periods for organisational changes.

Measurement

Throughout 2011, only two grievances related to human rights were filed, both of them internal and both in Spain: one for sexual harassment of an employee by three workers with the consequent dismissal; and an investigation into workplace harassment; after the deeds of this case were investigated, the conclusion was that there had been no workplace harassment. Meliá Hotels International protects its employees from suffering from any episode of forced labour; and no operations with this risk associated have been identified.

All told, in 2011 the average number of staff members that the company had under the responsibility of the Department of Workplace Health in Spain was 9,222, compared to 9,641 in 2010. In 2011, the company recorded 626 workplace accidents compared to 625 in 2010. These accidents meant 11,798 lost workdays, compared to 11,475 in 2010. The absenteeism rate was at 3.61% compared to 4.36% in 2010. Throughout 2011, there were no records of workplace-related deaths on either the Meliá Hotels International staff or sub-contracted staff.

Table of Workplace Health Indexes

	INCIDENCE	FREQUENCY*	SERIOUSNESS	AVERAGE DURATION**	ABSENTEEISM
Men	59.08	33.69	0.73	21.63	2.94
Women	77.24	44.43	0.74	16.57	4.33
TOTAL	67.87	38.87	0.73	19.11	3.61

* Bearing in mind accidents in itinere. ** In calendar days..

With regard to the minimum salary that Meliá Hotels International pays its employees, on average it is 15.6% higher than the legal minimum in European countries, calculated in euros, and 2.85% higher in the other countries, calculated in US dollars. In 2010 these differences were 47% and 30.3%, respectively. This difference is due to the fact that the global economic crisis has led there to be more competition in the

job market, boosting the demand for jobs and lowering costs.

The table **Difference in average salaries by sex (male vs. female)** shows the salary differences by professional categories between men and women in the countries for which we have reliable information to calculate it.

Minimum gross monthly salary: Meliá Hotels International vs. Minimum legal salary

	EMEA* (€)	
	2011	2010
Bulgaria	50%	108%
Egypt	0%	205%
France	0%	0%
Greece	24%	22%
Germany	Not Applicable	Not Applicable
Italy	Not Applicable	Not Applicable
Luxembourg	0%	0%
Spain	23%	82%
United Kingdom	0%	Not Available
Tanzania	32%	0%

* EMEA: Europe, Middle East & Africa

	AMERICA (\$)	
	2011	2010
Argentina	0%	15%
Brazil	48%	36%
Dominican Republic	0%	0%
Mexico	0%	0%
Panama	Not Available	Not Available
Peru	0%	0%
Puerto Rico	0%	0%
Uruguay	42%	Not Available
USA	0%	0%
Venezuela	0%	31%

	ASIA (\$)	
	2011	2010
China	Not Available	Not Available
Indonesia	0%	18%
Malaysia	Not Available	Not Applicable
Vietnam	0%	67%

2011 figures. For the USA, the federal minimal salary was used as the reference.

Difference in average salaries by sex (male vs. female)

CORPORATE	SPAIN			MEXICO	DOMINICAN REPUBLIC
	2011	2010	2009	2011	2011
EVP	Not Available	Not Applicable	Not Applicable	Not Available (the position does not exist)	Not Available (the position does not exist)
SVP	47.0%	Not Applicable	Not Applicable	Not Available (the position does not exist)	Not Available (the position does not exist)
VP	16.0%	Not Applicable	Not Applicable	Not Available (the position does not exist)	Not Available (the position does not exist)
Director	12.0%	Not Applicable	Not Applicable	17.6%	Not Available (only men)
Manager	16.0%	Not Applicable	Not Applicable	107.5%	Not Available (only women)
Executive	16.0%	Not Applicable	Not Applicable	Not Available (only men)	Not Available (only women)
Assistant	-4.0%	Not Applicable	Not Applicable	19.0	25.4
HOTEL	2011	2010	2009	2011	2011
Director	13.6%	18.6%	15.0%	Not Available (only men)	Not Available (only men)
Assistant Managers	-0.9%	1.7%	17.0%	Not Available (the position does not exist)	Not Available (the position does not exist)
Heads of Department	11.2%	11.9%	0.0%	30.1%	-10.8%
General Staff	3.0%	4.3%	6.0%	8.5%	1.1%

The positive figures are in favour of men while the negative ones are in favour of women. EVP (Executive Vice President), SVP (Senior Vice President) and VP (Vice President).

E.3 ENVIRONMENTAL PRINCIPLES

Principle 7: Companies should support a focus on preventative measures to face the challenges of the environment;

Principle 8: launching initiatives to promote greater responsibility towards the environment; and

Principle 9: Promote the development and diffusion of technologies which respect the environment.

Evaluation, policy and objectives

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

business activity with respect for and protection of the natural environment.

For this reason, sustainability is an integral ingredient in the corporate position of Meliá Hotels International, both present and future. As part of the 2008-2010 strategic plan, sustainability was permanently included in the corporate strategy, and Meliá Hotels International's Sustainability Policy was made public. In the new 2012-2014 strategic plan, sustainability has become strategic lever which impacts all the strategic avenues in a cross-cutting fashion. We aim to promote a sustainable business model, leading our interest groups to choose us because we are a responsible hotel company.

Likewise, if we do not care for the most important asset of the tourism industry, the environment, tourist destinations will be left without a

product to sell. The 2010 Climate Vulnerability Monitor has calculated that more than 2.5 million people live under the threat of desertification – a danger it particularly highlights in the United States and Spain – and that this figure will multiply by four by 2030. Innovation and sustainable management will become the key to dealing with this environmental situation. For this reason, Meliá Hotels International has taken on the commitment to contribute to preserving the environment and landscape, ensuring the impact of its activities and fostering the awareness of sustainability in all its stakeholders.

Implementation

Environmental management is included in the company's Global Sustainability Policy, which is the source of a series of principles and actions that are part of the company's strategy.

The different activities aim to respect the principle of "thinking globally – acting locally". To achieve this, on the one hand we aim to preserve the natural environment in the destinations where the Company operates, and on the other hand we attend to our activities on a global level, aiming to reduce the overall effect of our activity on the planet.

With regard to the initiatives aimed at mitigating the impact of our activity and adhering to the principle of precaution, the Company has been developing a product, which was not yet finished as of the close of 2011, whose goal is to include sustainability criteria in two key processes, namely hotel design and construction and the supply chain.

Measurement of results

Included within the SAVE project is a series of water-saving measures which not only lower consumption but also mean energy savings due to the lower volume of hot water circulating.

Total water consumption in 2011 in the 166 hotels participating in the SAVE project was 7,763,447 m³, compared to 3,503,699 m³ in 2010 in the 130 hotels in Spain. The volume of water saved in 2011 was 274,188 m³, compared to the 266,797 m³ in 2010.

Likewise, as an overall strategy to lower the environmental impact generated by spills coming from our activity, we control spills both when they are treated by our own purifier and when they are derived from a public sanitation system. In 2011, 97% of the company's establishments pumped their waste water into the municipal sanitation systems, just as in 2010, to be transported and treated properly in the water purification plants assigned to each zone by the public administrations.

In 2011, 3% of Meliá Hotels International hotels had their own water purification system. The waste water is treated and purified in accordance with the levels stipulated in conformance with the laws in effect in every country. The total volume of this waste water treated by the establishments was 1,538,149 m³, compared to 1,662,053 m³ in 2010. According to the information available, of this volume a total of 244,194 m³ or 16% was reused, mainly to water gardens and golf courses, compared to the 831,356 m³ in 2010, which account for 50%.

The difference in the percentage of waste water reused between 2010 and 2011 comes mainly from the fact that this figure is unavailable from the Playa Bávaro and Paradisus Punta Cana complexes in 2011.

The volume of reused water over the total water consumed by the organisation is 3.0%.

Total volume of water treated in in-house purifiers and reused

ESTABLISHMENTS	m ³ SPILLED		m ³ REUSED		%	
	2011	2010	2011	2010	2011	2010
Meliá Purosani	45,138	103,678	13,735	31,100	30%	30%
Gran Meliá Jakarta	101,358	128,164	8,113	8,211	8%	6%
Meliá Gorriones	101,930	116,439	101,930	98,973	100%	85%
Meliá Golf Vichy Catalán	17,516	15,993	17,516	15,993	100%	100%
Paradise Playa Conchal ¹	--	176,508	--	176,508	--	100%
Complejo Playa Bávaro ²	966,550	1,070,171	NA	449,471	NA	42%
Gran Meliá Palacio de Isora	81,000	51,100	81,000	51,100	100%	100%
Paradise Punta Cana	202,757	--	NA	--	NA	--
Meliá Zanzibar ³	21,900	--	21,900	--	100%	100%
TOTAL	1,538,149	1,662,053	244,194	831,356	16%	50%

NA = Not Available

(1) Establishment no longer affiliated in 2011

(2) The following business units fall under this name: Meliá Caribe Tropical, Paradise Palma Real & The Reserve, Centro Comercial Sierra Parima, Palma Real Villas and Cocotal Golf

(3) Estimated figure

The company does not yet have a centralised management system to record the volume of waste water and water pumped in the environment.

Throughout 2011, there were no significant accidental spills in any of Meliá Hotels International's business units.

Finally, to ensure the proper management of the waste generated by the company, the waste is duly sorted in accordance with the laws in effect.

In 2011, the company has been working to develop a system to quantify and report on the waste generated at its establishments. The purpose of this system would be to have reliable, consistent figures which more accurately reflect the scope of this environmental impact, since much of the waste is removed by the municipal authorities, therefore leaving us without the possibility of precisely quantifying it and instead only able to make approximate estimates of the amounts generated.

E.4 PRINCIPLES OF ANTICORRUPTION

Principle 10: companies should work to combat corruption in all its forms, including extortion and bribery..

direct or indirect situation or conflict directly or indirectly which may affect the company.

Evaluation, policy and objectives

Meliá Hotels International has a process of self-evaluation by which the Board assesses its own performance annually. With regard to the potential conflicts of interest that may arise within the Board, article 28 of the Regulation of the Board of Directors includes a control mechanism which requires directors to report any

In 2011 a total of 168 internal global audits were carried out, compared to 170 in 2010, 139 in hotels and 29 in other business units and corporate offices. During 2011, the Internal Audit Department detected four cases of fraudulent use of assets or company funds for the private benefit of certain employees. This circumstance gave rise to the immediate adoption of disciplinary action (dismissal) in only one of the cases, and in response to the lawsuit filed by the dismissed employee for improper

dismissal legal actions were undertaken, which were resolved in favour of the company.

Likewise, in 2011 the company was not sanctioned with significant fines for anti-competitive practices or for noncompliance with the laws and regulations, and there were no cases in which judicial arbitration mechanisms were needed.

As of today, the company's own evolution has led it to become aware of the need to revise and improve its framework of behaviour in or-

der to align it with the new values and thus ensure greater cohesion and protection of all its employees, while also contributing to improving the company's day-to-day relations with its stakeholders.

In 2011, the company completed the design phase of the Meliá Hotels International Ethical Code, and in 2012 it will finish writing the text and a training and communication plan for it will be designed and implemented.

EVALUATION AND RENOVATION OF COMMITMENTS TO IMPROVEMENT 2011

AREA	OBJECTIVE	EVALUATION
Leadership Value	• Introduce concepts related to the three dimensions of sustainability into the management model.	✔
	• Achieve value through biosphere certification.	✔
Good Governance Value	• Close the design phase of the company's Code of Ethics project.	✔
Environmental Value	• Measurement of the Meliá Hotels International environmental footprint. In 2011 we measured the carbon footprint. The model will be further developed to achieve the ecological footprint.	+
	• Definition of the sustainable construction model. The foundations of the model have been laid, but the definition phase hasn't been closed yet.	+
	• Create audits in hotel waste management.	✔
Human Value	• Integration of people with disabilities: add the ONCE Foundation as a recruitment source.	✔
	• Follow-up on annual Labour Health audits.	✔
	• Consolidate the inclusion of sustainability objectives in the Variable Remuneration manual.	✔
Socio-cultural Value	• Guarantee the Meliá Hotels International commitments to UNICEF.	✔
Economic Value	• Improve the perception of our stakeholders (investors) with regard to sustainability, organising road shows with sustainable development content.	✔
Commercial Value	• Improve the perception of our guests with regard to sustainability, measuring the result with the Market Metrix tool.	✔
	• Integrate healthy eating as a differentiating attribute of Meliá Hotels International.	+
Business Value	• Define a sustainable supply chain model.	+
	• Make a diagnosis of integrating environmental aspects into purchasing procedures at Meliá Hotels International.	+
	• Develop a plan to raise awareness for suppliers and internal partners.	+
Media Value	• Set a timetable for key milestones in communication related to sustainability	✔

✔ Achieved

+ In progress

✘ Cancelled

COMMITMENTS TO IMPROVEMENTS 2012

AREA	OBJECTIVE
Leadership Value	<ul style="list-style-type: none">• Defining the company's certification policy globally.
Good Governance Value	<ul style="list-style-type: none">• Writing, approving and designing the Communication Plan of the Ethical Code.
Environmental Value	<ul style="list-style-type: none">• Having a new tool to calculate the carbon and environmental footprint per business unit.
Human Value	<ul style="list-style-type: none">• Defining an action plan to include web accessibility criteria in Melia.com.
Socio-cultural Value	<ul style="list-style-type: none">• Defining the company's cultural position.
Economic Value	<ul style="list-style-type: none">• Including sustainability criteria in the company's management contracts.
Commercial Value	<ul style="list-style-type: none">• Defining the criteria needed to create products that fulfil sustainability criteria.
Business Value	<ul style="list-style-type: none">• Closing the definition of the model of the sustainable supply chain.
Media Value	<ul style="list-style-type: none">• Redesigning the sustainable development section in the company's corporate web presence.

GRI INDICATORS

1.	Strategy and Analysis	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
1.1	Statement from the most senior decision-maker of the organization.	Fully				●	6, 7, 12, 14, 15
1.2	Description of key impacts, risks, and opportunities.	Fully				●	6, 7, 18, 19
2.	Organizational Profile	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
2.1	Name of the organization.	Fully				●	4
2.2	Primary brands, products, and/or services.	Fully				●	20-22; FR 117
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully				●	4, 20-22; FR 151
2.4	Location of organization's headquarters.	Fully				●	93
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully				●	4, 16
2.6	Nature of ownership and legal form.	Fully				●	FR 123
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully				●	4
2.8	Scale of the reporting organization.	Fully				●	4; FR 32
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully				●	4, 71-76
2.10	Awards received in the reporting period.	Fully				●	22, 23
3.	Report Parameters	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Profile of the report							
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully				●	96
3.2	Date of most recent previous report (FR any).	Fully				●	93
3.3	Reporting cycle (annual, biennial, etc.)	Fully				●	96
3.4	Contact point for questions regarding the report or its contents.	Fully				●	98
Scope and coverage of the scope							
3.5	Process for defining report content.	Fully				●	96, 101
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully				●	97, 125

■ Profile Indicator
 ■ Main Indicator
 ■ Additional Indicator

FR: Financial Report





3.	Report Parameters	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Partial				●	97
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully				●	97
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantial	Fully				●	97
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully				●	96, 97
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully				●	97
Index of GRI content							
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully				●	114
Verification							
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully				●	98

4.	Governance, Commitments and Engagement	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Gobierno							
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully				●	25, 26; FR 126, 127, 162
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully				●	25; FR 126
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully				●	22; FR 126, 127
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully				●	77; FR 157, 170
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully				●	25, 26; FR 134-137
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully				●	26; FR 140, 141
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully				●	FR 140, 141
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully				●	8, 17, 26

4.	Gobierno, compromisos, y participación de los Grupos de Interés.	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agree	Fully				●	14, 15, 31, 32
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully				●	FR 136
Compromisos con iniciativas externas							
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully				●	30
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully				●	12-14
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyo	Fully				●	14
Participación de los Grupos de Interés							
4.14	List of stakeholder groups engaged by the organization.	Fully				●	9
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully				●	9, 10
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully				●	9-12
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully				●	101

GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	To be reported on	Pages
Information on the management approach - Disclosure on Management Approach EC						
Economic performance	Fully					4, 70
Market presence	Fully					4
Indirect economic impacts	Fully					78
Information on the management approach - Disclosure on Management Approach EN						
Materials	Fully					88
Energy	Fully					33, 34
Water	Fully					36
Biodiversity	Fully					39
Emissions, effluents and waste	Fully					32-34, 36, 37
Products and services	Fully					20-23
Compliance	Fully					30
Transport	Fully					32
Overall	Fully					29

GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	To be reported on	Pages
Information on the management approach - Disclosure on Management Approach LA						
Employment	Fully					51
Labor/management relations	Fully					43
Occupational health and safety	Fully					60
Training and education	Fully					57
Diversity and equal opportunity	Fully					44
Equal remuneration for women and men	Fully					54
Information on the management approach - Human rights - HR						
Investment and procurement practices	Fully					86
Non-discrimination	Fully					62
Freedom of association and collective bargaining	Fully					64
Child labor	Fully					13, 63, 67
Prevention of forced and compulsory labor	Fully					65
Security practices	Fully					61
Indigenous rights	Fully					63
Assessment	Fully					51
Remediation	Fully					64
Information on the management approach - Society - SO						
Local communities	Fully					48
Corruption	Fully					24
Public policy	Fully					10
Anti-competitive behavior	Fully					24
Compliance	Fully					24
Information on the management approach - Product liability - PR						
Customer health and safety	Fully					62
Product and service labelling	Fully					62
Marketing communications	Fully					68
Customer privacy	Fully					63
Compliance	Fully					63, 68

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Economic performance indicators							
Aspect: Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully					78
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Direct economic value is not reported.	Not available	Note I		19, 32, 125
EC3	Coverage of the organization's defined benefit plan obligations.	Partially	Whether the pension's liabilities will be fully covered. The level of participation in retirement plans.	Not available	A reporting system is Not available yet to be able to report this information. Expected to be reported by the end of the Strategic Plan 2012-2014.		53
EC4	Significant financial assistance received from government.	Fully					78

■ Profile Indicator
 ■ Main Indicator
 ■ Additional Indicator

FR: Financial Report

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Aspect: Market presence							
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Partially	By gender	Not available	Gender differentiation has not been possible while gathering the data.		53, 54
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully					86-88
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully					51, 52
Aspect: Indirect economic impacts							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully					78
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not reported			Note 2		125
Environmental performance indicators							
Aspect: Materials							
EN1	Materials used by weight or volume.	Partially	Weight and volume of mainly used materials.	Not available	Note 3		87, 88, 125
EN2	Percentage of materials used that are recycled input materials.	Partially	Weight and volume of recycled material over the total purchased materials.	Not available	Note 3		86, 125
Aspect: Energy							
EN3	Direct energy consumption by primary energy source.	Fully			Fuel from renewable sources is not used in our operation.		34
EN4	Indirect energy consumption by primary source.	Fully					34, 35
EN5	Energy saved due to conservation and efficiency improvements.	Fully			No initiative to save energy through redesign, conversion or reconversion of processes has been undertaken.		33, 34
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully					34
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not reported		Not available	Note 4		125
Aspect: Water							
EN8	Total water withdrawal by source.	Partially	Water withdrawal by source.	Not available	Note 5		36, 125
EN9	Water sources significantly affected by withdrawal of water.	Not reported			Note 6		36, 125
EN10	Percentage and total volume of water recycled and reused.	Fully					36, 37

■ Profile Indicator
 ■ Main Indicator
 ■ Additional Indicator

FR: Financial Report

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Aspect: Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully					40
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Partially	Significant direct and indirect positive and negative impacts with reference to species affected and extent of areas impacted.	A detailed analysis of the environmental impact of the hotels hasn't been undertaken.	Note 7		39, 125
EN13	Habitats protected or restored.	Partially	Specific information about the hotels.	A centralized management system hasn't yet been implemented to be able to report this data at group level with enough accuracy.	To be reported in the 2012 report.		40, 41
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not reported			Note 8		41, 125
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not reported			Note 8		125
Aspect: Emissions, effluents and waste							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully					32
EN17	Other relevant indirect greenhouse gas emissions by weight.	Partially	Other emissions included in the Corporate Value Chain (Scope 3) of the GHG Protocol.	A centralized management system hasn't yet been implemented to be able to report this data at group level with enough accuracy.	Note 9		32, 125
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully					32-34
EN19	Emissions of ozone-depleting substances by weight.	No Aplica		Meliá Hotels International doesn't carry out production of export activities of specific ozone-depleting substances.			NA
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully					35
EN21	Total water discharge by quality and destination.	Partially	Quality of water discharges in terms of DQO, DBO5, nitrates, phosphates, pH, conductivity, temperature, dissolved oxygen and solids in suspension.	Not available	A centralized management system hasn't yet been implemented to be able to report this data at group level with enough accuracy. Expected to be reported by the end of the Strategic Plan 2012-2014.		36

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
EN22	Total weight of waste by type and disposal method.	Partially	Method of disposal.	Not available	A centralized management system hasn't yet been implemented to be able to report this data at group level with enough accuracy. Expected to be reported by the end of the Strategic Plan 2012-2014.		37-39
EN23	Total number and volume of significant spills.	Fully					36
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	No Aplica			Meliá Hotels International doesn't carry out production of export activities of specific ozone-depleting substance		NA
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not reported		Not available	Meliá Hotels International hasn't yet carried out an analysis of water bodies affected by its business. Expected to be reported by the end of the Strategic Plan 2012-2014.		36
Aspect: Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	Report quantitatively the extent to which environmental impacts of products and services have been mitigated during the reporting period. Impact mitigation measurement methodology.	Not available	A centralized management system hasn't yet been implemented to be able to report this data at group level with enough accuracy. Expected to be reported by the end of the Strategic Plan 2012-2014.		30, 31
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	No Aplica			Meliá Hotels International doesn't sell packaged products.		NA
Aspect: Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully					30
Aspect: Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	The significant environmental impacts of transportation used for logistical purposes, criteria and impact measurement methodology, as well as mitigation actions.	Not available	Not yet included in the calculation of Meliá Hotels International's Carbon Footprint. Expected to be reported by the end of the Strategic Plan 2012-2014.		32
Aspect: Overall							
EN30	Total environmental protection expenditures and investments by type.	Fully					41

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Social performance indicators: labour and work practices							
Aspect: Employment							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully					44-47
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully					47, 48
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully					55
LA15	Return to work and retention rates after parental leave, by gender.	Partially	The return to work rate 12 months after returning from parental leave.	Not available	Due to being this the first reporting year for this indicator we do not have the data available in our systems to calculate it. It will be reported in 2012's report.		65
Aspect: Labor/management relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully					64
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully					64
Aspect: Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully					60
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully					60, 61
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully					61, 62
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully					60
Aspect: Training and education							
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	Only reporting total number, without dividing it by category nor gender.	Not available	The training registration process does not differentiate between sexes nor categories. Expected to be reported by the end of the Strategic Plan 2012-2014.		58
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully					56, 57
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully					52

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Aspect: Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully					25, 26, 44, 46, 48-50
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully					54
Social performance indicators: human rights							
Aspect: Investment and procurement practices							
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully					62
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully					63, 86
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully					62
Aspect: Non-discrimination							
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully					64
Aspect: Freedom of association and collective bargaining							
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Not reported		Not available	Note 10		125
Aspect: Child labor							
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Partially	Operations and significant suppliers considered to have significant risk for incidents of child labor and/or young workers exposed to hazardous work either in terms of type of operations OR countries or geographical areas with operations considered at risk.	Not available	Note 10		63, 125
Aspect: Prevention of forced and compulsory labor							
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Not reported		Not available	Note 10		125
Aspect: Security practices							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully					62
Aspect: Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully					63

■ Profile Indicator
 ■ Main Indicator
 ■ Additional Indicator

FR: Financial Report

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Aspect: Assessment							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully				●	62, 63
Aspect: Remediation							
HR11	"Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms."	Fully				●	64
Social performance indicators: society							
Aspect: Local communities							
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Partially	Impact evaluation programs during operation and before exiting the communities where business units are located. Number and percentage of analysed operations.	Not available	Note 11		30, 125
SO9	Operations with significant potential or actual negative impacts on local communities.	Not reported		Not available	Note 11		125
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not reported		Not available	Note 11		125
Aspect: Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully				●	62, 63
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully				●	27
SO4	Actions taken in response to incidents of corruption.	Fully				●	27
Aspect: Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully				●	12, 13
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully				●	27
Aspect: Anti-competitive behavior							
SO7	Total number of legal actions for anti-competitive behavior; anti-trust, and monopoly practices and their outcomes.	Fully				●	27
Aspect: Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully				●	27

GRI Code	GRI description	Level of report ⁽¹⁾	Issues not reported	Reason for omission	Comments	Scope ⁽²⁾	Pages
Social performance indicators: product liability							
Aspect: Customer health and safety							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully				●	62, 63, 83
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully				●	83
Aspect: Product and service labelling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully				●	62, 63, 83
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully				◐	84
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully				●	82
Aspect: Marketing communications							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully				●	91
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully				●	91
Aspect: Customer privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully				●	84
Aspect: Compliance							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully				●	84

- Note 1:** As yet no economic quantification is available for the impact of climatic change on business. Work is being carried out with the aim to report this in the findings of the new Strategic Plan 2012-2014.
- Note 2:** Meliá Hotels International doesn't have procedures for the analysis of indirect significant economic impact available. Despite initially expecting to be able to report this data in the 2012 memory, it has been rescheduled for the Strategic Plan 2012-2014.
- Note 3:** Currently there is no means available to the company regarding its purchasing systems as a way of assessing the amount of prime materials consumed in units of mass or volume. In this respect, the company has parameterized its systems to give them the initial interface necessary for this data, if indeed the product catalogue history hasn't been updated, all products entered in the system in 2012 will collect this data.
- Note 4:** Meliá Hotels International only has the global information available regarding energy reduction and not related to individual initiatives. Initially it was agreed that this indicator would be reported in 2011, but it has been impossible to implement this procedure until now. It is expected that it will be reported in the Strategic Plan 2012-2014.
- Note 5:** Meliá Hotels International doesn't currently have information available related to standard procedure for measuring water sources. Initially it was agreed that this indicator would be reported in 2011, but it has been impossible to implement this procedure until now. It is expected that it will be reported in the Strategic Plan 2012-2014.
- Note 6:** Meliá Hotels International doesn't currently have information available related to affected sources of water. Initially it was agreed that this indicator would be reported in 2011, but it has been impossible to implement this procedure until now. It is expected that it will be reported in the Strategic Plan 2012-2014.
- Note 7:** Meliá Hotels International cannot report on specific impact on species or affected extensions related to hotels which have been identified as areas of natural conservation, a detailed analysis must first be carried. It is expected that results will be published in the Strategic Plan 2012-2014.
- Note 8:** Currently no information is available regarding global strategy related to the subject of biodiversity. Initially it was agreed that this indicator would be reported in 2011, but it has been impossible to implement this procedure until now. It is expected that it will be reported in the Strategic Plan 2012-2014.
- Note 9:** Meliá Hotel International intends to continue working on widening the reporting parameters in relation to the indirect emissions from its carbon footprint. This information will initially be available in the Strategic Plan 2012-2014.
- Note 10:** Meliá Hotels International has not yet carried out risk analysis associated with the subject of the infraction of the freedom of collective association and negotiation, child labour and forced labour. It is expected that this information will be available in the Strategic Plan 2012-2014.
- Note 11:** A system of the evaluation of the impact of phases of operation and the company withdrawal from communities is not currently available. Initially it was agreed that this indicator would be reported in 2011, but it has been impossible to implement this procedure until now. It is expected that it will be reported in the Strategic Plan 2012-2014.

- (1) **Complete reporting:** All aspects are reported according to the protocol of the Global Reporting Initiative v.3.1 indicator.
Partial reporting: Some aspects are pending being reported following the protocol of the Global Reporting Initiative v.3.1 indicator.
Unavailable: Unreported indicators, where there is an absence of data or a lack of reliability of the aforementioned, has led to the decision of their omission.
- (2) This information has been provided by Meliá Hotels International to clarify the range of each indicator within the range of the Sustainability report and are not related to the revision carried out by PwC. The criteria used by Meliá Hotels International to reflect the range of each indicator was the number of rooms corresponding to each hotel cited in the indicator; in relation to the total number of rooms included in the Sustainability report. According to this criteria, four levels have been established to describe the range of each indicator:

The total scope of the Report refers to the hotels in ownership, those that are under the management of Meliá Hotels International and leasing, which make up a total of 240 hotels (equivalent to 39,793 rooms). Franchises are excluded from the report's scope. At a geographical level, four areas have been excluded (Cuba, Egypt and Bulgaria).

 75-100% Scope
  50-75% Scope
  25-50% Scope
  1-25% Scope



Statement

GRI Application Level Check

GRI hereby states that **Meliá Hotels International** has presented its report "Meliá Hotels International Sustainability Report" (2011) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 8 May 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **Meliá Hotels International** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 1 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

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