Meliá Hotels International, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2021 and Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Meliá Hotels International, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Meliá Hotels International, S.A. ("the Parent") and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2021, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment test on assets associated with the hotel activity

Description

As described in Notes 1, 4 and 5 to the accompanying consolidated financial statements, in 2021 the Group's business activities, consisting of the management and operation of 316 hotels (owned, leased, managed and franchised) in 36 countries, continued to be affected by the effects of the covid-19-related crisis, which has led to the closure of hotels and reduced customer numbers as a result of mobility restrictions, as well as other significant challenges, although certain signs of recovery were apparent with respect to 2020.

The assets associated with the hotel activity include goodwill, property, plant and equipment, intangible assets, right-of-use assets and investment property with an aggregate carrying amount of EUR 3,200 million at 31 December 2021.

At each year-end management performs an impairment test in order to determine the recoverable amount of these assets.

In order to calculate the recoverable amount of each cash-generating unit ("CGU"), Group management generally considers the calculation of the value in use of each of those units based on the estimate of future cash flow generation, whilst still taking into consideration the impacts of covid-19, and applying specific growth and discount rates for the CGUs in each country in which the Group operates, as well as adjusting the discount rates to make them consistent with the underlying cash flows.

In this context, the circumstance described represents a key audit matter, given the significance of the carrying amount of the assets associated with the hotel activity in the consolidated balance sheet, and given that the valuation methods used require the use of significant estimates involving a significant degree of uncertainty exacerbated by the ongoing presence of covid-19, such as certain operating assumptions, including the reopening of hotels, the recovery of occupancy rates and the containment of both costs and investments, and financial assumptions such as the discount rate and the long-term growth rate.

Procedures applied in the audit

Our audit procedures included, among others, evaluating the accounting policies for determining the recoverable amount of the assets associated with the hotel activity described in Notes 2, 3 and 4 to the accompanying consolidated financial statements for 2021, in order to evaluate their consistency with the applicable regulatory financial reporting framework.

Also, in order to identify possible bias in management's assumptions, we retrospectively reviewed the estimates made in the previous year, evaluating the degree to which they were realised, as well as those made in prior years, checking them against historical information. Moreover, we obtained the impairment tests performed by management of the Parent on the Group's hotel assets, and we verified their clerical accuracy and the appropriateness of the valuation methodology used in each case, with the assistance of our internal valuation specialists. We also obtained the most recent budgets approved by the Parent's directors, adjusted to the current circumstances of the markets in which the Group operates, and, for the hotels with indicators of impairment, we evaluated the reasonableness of their main operating assumptions compared with macroeconomic and industry forecasts, taking into account the existing uncertainty with regard to overcoming the pandemic and the gradual recovery of the Group's business activities, and, for the long-term projections, their reasonableness compared with the hotels' historical data. Additionally, we analysed the reasonableness of the discount rates and the long-term growth rates applied, also with the assistance of our valuation specialists, and we reviewed the sensitivity analyses performed in relation to these assumptions, after having performed our own independent sensitivity analysis to evaluate other less favourable potential scenarios.

Lastly, we evaluated whether the disclosures made by the Group in relation to these matters, which are included in Notes 4.2, 10, 11, 12 and 18 to the accompanying consolidated financial statements, contained the information required by the applicable accounting regulations, including an appropriate level of transparency regarding the consequences of the pandemic and the uncertainty existing in relation to the recovery of business activities and, as the case may be, regarding the impacts on the determination of the recoverable amount of the assets associated with the hotel activity.

Liquidity situation

Description

As indicated in Note 4.3 to the accompanying consolidated financial statements for 2021, the crisis caused by covid-19 has continued to have a negative impact on the Group's profit or loss and liquidity situation. At 31 December 2021, the Group's bank borrowings, as well as its debt instruments and other marketable securities and other financial liabilities, amounted to EUR 1,431 million. Following the transactions entered into in 2020 to cover its working capital requirements and to adapt the maturity of its debt to its capacity to generate cash projected at 2020 year-end, in 2021 the Group carried out an asset rotation transaction amounting to EUR 188.5 million and issued debt of virtually the same amount as the repayments made under the financing agreements in force, whilst maintaining significant amounts of undrawn credit facilities and available funding.

In this regard, the Parent's directors prepared a cash budget, considering the obligations assumed at the end of the reporting period and the cash flows to be generated in adverse scenarios in view of the uncertainty existing with respect to the recovery of the business activities, and taking into account potential liquidity improvement measures to be taken should they be necessary.

In the preparation of the aforementioned cash budget, as described in Notes 3.2 and 4.3 to the accompanying consolidated financial statements, the Parent's directors had to apply a high level of judgement and significant estimates, taking into account the Group business plan, which contains relevant operating and financial assumptions, and the probability that, if necessary, the potential liquidity improvement measures could be taken, in order to assess the Group's ability to meet the liquidity needs and, therefore, the situation described was considered to be a key matter in our audit.

Procedures applied in the audit

Our audit procedures included, among others, the evaluation of the overall reasonableness of the estimates made by the Parent's directors in relation to the approved business plan and cash budget, including the evaluation of the degree to which the previous year's predictions were realised, and the sufficiency of the net inflows of funds envisaged in the aforementioned estimates to cover the Group's financial needs and obligations.

Also, we reviewed the documentation of the asset rotation transaction and the inflow of funds therefrom, obtained confirmations from banks regarding both the cash balances and bank borrowings and the undrawn credit facilities held at 31 December 2021, and checked the financing agreements entered into in 2021 and subsequent to year-end, in order to gain an adequate understanding of the milestones and repayment obligations assumed by the Group and to check their consistency with the projections of debt maturities and liquidity needs included in the cash budget.

In addition, we assessed the Group's ability to meet its obligations in the event of variances from its projections through liquidity improvement measures, evaluating the reasonableness of these measures and the probability of their materialising for the amounts and in the time periods envisaged, by, inter alia, checking the minutes of the meetings of the managing bodies held up to the date of this report, reviewing the documents associated with the various alternatives considered and checking them with senior executives of the Group through meetings with them.

Lastly, we checked that the disclosures included in Note 4 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Recognition of vacation club revenue

Description

The Group sells timeshare rights for specific holiday complex units. The revenue recognised in the accompanying consolidated statement of profit or loss for 2021 arising from this vacation club activity amounted to EUR 39 million, and the amounts contracted but not yet recognised in profit or loss, which are recognised under "Grants Related to Assets and Other Deferred Income" in the accompanying consolidated balance sheet as at 31 December 2021, amount to EUR 280 million.

Although the recognition of revenue from the exercise of rights of use by customers, under the Group's habitual terms and conditions, is not complex, it does involve the consideration of specific circumstances associated with the various terms and conditions entered into with the customers and includes a manual recording process. Also, the Group recognises revenue arising from the club for customer rights not exercised on the basis of the customer's pattern of use, and provided that the probability of the customers exercising their remaining rights becomes remote, which requires the use of significant estimates and judgements by management.

Accordingly, this matter was a key audit matter in our audit.

Procedures applied in the audit

Our audit procedures included, among others, the review of the accounting policies for the recognition of revenue from the Group's vacation club, which are described in Note 3.11 to the accompanying consolidated financial statements for 2021, in order to evaluate whether they were in conformity with the applicable regulatory financial reporting framework, as well as checking the design and implementation and the operating effectiveness of the relevant controls identified in the process of recognising revenue from the vacation club.

Also, we performed substantive procedures consisting of checking, for a randomly selected sample, the timeshare rights exercised in the year, the consistency of the recognition for accounting purposes of the exercise of those rights with the related contractual documentation and the appropriateness thereof in light of the contractual terms and obligations of the programme contracted by the customer of the club. Also, we obtained the calculation performed by management of the revenue recognised for the customer rights that had not been exercised, evaluating the clerical accuracy thereof and the most significant assumptions, especially the percentage of the rights not exercised, based on historical information.

Lastly, we evaluated the reasonableness of the disclosures contained in Notes 8.1 and 17.1 to the accompanying consolidated financial statements on the revenue from the Group's vacation club.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2021, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2021 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Compliance Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description, which is on the following pages, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Meliá Hotels International, S.A. and its subsidiaries for 2021, which comprise the XHTML file including the consolidated financial statements for 2021 and the XBRL files with the tagging performed by the Group, which will form part of the annual financial report.

The directors of Meliá Hotels International, S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and compliance committee dated 25 February 2022.

Engagement Period

The Parent's Annual General Meeting held on 6 June 2018 appointed us as the Group's auditors for a period of three years from the year ended 31 December 2018, i.e., for 2019, 2020 and 2021.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pablo Hurtado March
Registered in ROAC under no. 20408

28 February 2022

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and compliance committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

MELIÃ HOTELS INTERNATIONAL

Leisure at heart, business in mind

Management Report and Consolidated Annual Accounts

2021

MELIÃ HOTELS INTERNATIONAL | Leisure at heart, business in mind

Management Report

2021

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Letter from the CEO

GRI 102-14

Gabriel Escarrer Jaume
Executive Vice President and CEO

Dear shareholders, employees, customers and partners,

2021 was another very difficult year for the global population as a result of a pandemic that is still with us and that, despite the global vaccination programme, has continued to disrupt society in general and travel in particular, based, as we all know, on mobility and interaction between people.

It was a year characterised by constant ups and downs in the evolution of the pandemic and in both domestic and international travel restrictions, factors which have continued to test our resilience, our ability to **adapt our strategy, and also our corporate responsibility**, all of which are aspects that we will try to reflect in this Annual Report.

A YEAR FOCUSED ON RESILIENCE

2021 began as 2020 had ended, full of uncertainties due to the successive waves of the pandemic. This meant that the key drivers of our resilience in 2020, our liquidity, efficiency and collaboration with our partners and stakeholders, continued to be needed in 2021 to manage a very complex and volatile financial year.

Meliá managed to maintain its liquidity at over €400 million through to the end of the year while also improving its management and consolidating the progress made in efficiency the previous year. This led to a positive trend in EBITDA, which at the end of the year stood at €124.7 million.

The transaction in June also contributed to this performance, with the sale of 6 owned hotels and a share in another 2 hotels for a net cash amount of €170 million, while still retaining the management of the properties through long-term management contracts.

The third quarter saw a turning point in the hotel business, with a progressive improvement in the number of bookings week after week from May (although still way below 2019 levels), allowing Meliá to keep 27% more hotels open than in the third quarter of 2020 (although 22% less than in 2019).

By the end of the quarter, hotels in Spanish and Caribbean resort destinations even managed to recover the levels seen in the third quarter of 2019. This positive trend continued in the fourth quarter, except in December when we began to see the effect of the Omicron variant.

The Group saw month-on-month increases in revenue, closing with €902 million, and was able to meet its commitment to generate positive EBITDA from June onwards, all in spite of the Omicron variant which affected the performance at the end of the year.

In order to maximise hotel openings whenever the situation allowed, Meliá continued to apply agile and effective tactical management that led to almost all its hotels being open at the end of the year (except resort hotels closed for the winter season), with only 6% of hotels closed either due to Covid or due to being used to accommodate people affected by Covid or essential workers.

Although the pandemic caused a delay to numerous projects, it did not prevent us from continuing to grow. We added no less than 20 hotels with more than 4,300 rooms over the year, enhancing our strategic focus on destinations in Spain, the Mediterranean and Asia.

To keep up our growth in an increasingly competitive market and also adapt to changing market trends, we also introduced a franchise and affiliation model under the "Affiliated by Meliá" brand, as well as *"The Meliá Collection"*, an attractive opportunity for unique and singular hotels all over the world to leverage all the commercial and management strengths of a market leader like Meliá.

FORESIGHT AND STRATEGIC ADAPTATION

As a company with strong family values, our long-term vision has allowed us to look further into the distance as the industry was hit by the perfect storm of Covid-19. That's why in 2020 we focused on maintaining momentum in strategic areas that would be key in emerging from the crisis even stronger and enhancing our competitiveness in the post-Covid business environment.

In 2021 we started work on a new strategy for the recovery period, which aims to see us become more profitable, better managers, more efficient, and more sustainable as we move towards 2024.

While always maintaining our mission and our vision as a company, as you will read in this report, the **new strategic roadmap** is based on the lessons learned during the pandemic and an in-depth analysis of the post-Covid business environment, including changes in society and habits, new trends in the demand for travel, the opportunities presented by a market in the process of consolidation, and the growing regulation and universal awareness of the importance of sustainability.

I sincerely believe this strategy sets the right path for us in times such as these if we wish to continue enhancing our strengths, recovering value that has been lost, and taking advantage of all the opportunities that the end of the crisis will undoubtedly bring for companies such as ours, that have prepared themselves better for the recovery period. We aim to continue to grow with a special focus on resort and bleisure (business & leisure) hotels, to further strengthen our balance sheet, to complete the implementation of our "Leading a New Future" operating model, to continue increasing our digital leadership in sales and supporting our "BeDigital360" digital transformation, and to continue to develop our sustainable management model.

RESPONSIBLE MANAGEMENT

Since the beginning of the pandemic, Meliá Hotels International has aimed to maintain and even strengthen as far as possible our commitments to society, the environment, ethics and corporate governance. In addition to bolstering our resilience, the Contingency Plan that we explained in our previous report focused significant efforts on preserving the health and safety of our customers and employees, protecting employment and retaining talent, and also showing our solidarity with the communities most affected by the pandemic.

In 2021 we continued to make progress with our commitments in corporate responsibility, focused on the defence of the **Principles of the Global Compact** and promoting responsible tourism through projects with partners, such as the creation together with the *World Travel and Tourism Council* and the *Sustainable Hospitality Alliance* of a Basic Sustainability Framework to be made accessible to hotels all over the world in line with the Glasgow Declaration and the SDGs.

We have also recently signed the UNESCO *Sustainability Travel Pledge*, a global commitment to promote responsible tourism and travel projects. With regard to **diversity and equality**, we also form part of the CEO Action for Diversity & Inclusion, in addition to making progress in our commitment to reduce the gender gap in Spain through the ClosinGap cluster.

In **environmental issues**, in 2021 we set far more ambitious goals for reducing our emissions, introducing improvements in technology and processes to be more energy-efficient, committing to reduce the carbon footprint of our hotels, and ultimately, as a leading company in sustainability in the travel industry, making a major effort to adapt to the new regulatory environment and the new deadlines and demands caused by accelerating climate change

All this led to us being named the leading company in the industry in the Governance and Economic dimension in the *S&P Global Corporate Sustainability Assessment* thanks to our progress in Corporate Governance.

This important report also named us the best company in the industry in the area of Climate Strategy. In one of the most difficult periods in the history of the travel industry, our commitments and performance in the different dimensions evaluated in the report once again led to us being declared the most sustainable hotel company in Spain and Europe, and second in the world, earning the category of *Silver Class* in the *S&P Global Sustainability Yearbook 2022.*

In relation to **our people**, in 2021 we once again focused on supporting employees through furlough programmes, recovering as many of our people as possible as activity began to resume and facilitating teleworking whenever advisable, while at the same time involving them in the company's profound digital and cultural transformation to ensure, as we said during the pandemic, that nobody was left behind.

Our constant commitment to our people, at a time when there is strong competition for talent, has been recognised with our certification as a **TOP Employer 2022**, as one of the companies that contributes the most to excellence in the work environment in some of the countries where we have the greatest critical mass, such as Spain, Mexico and the Dominican Republic.

This report coincides with the end of the so-called "sixth wave" caused by the Omicron variant. Although we must still remain extremely prudent, this may become a turning point that will mark the end of the global disruption caused by Covid, and the beginning of a new era of "living with" a virus that has changed everything.

Again with the greatest prudence, if there are no major surprises, we believe 2022 will be a historic year for resort tourism, which may recover the RevPAR (Revenue Per Available Room) levels seen in 2019, thanks to reduced disruption and a new stage that will allow greater social interaction and mobility, releasing all the pent-up demand for travel.

At Meliá Hotels International we expect to be at the forefront of this historic change, and as a leading company in the tourism industry, we will continue to do our very best to lead a solid, responsible and sustainable recovery together with all our stakeholders.

Gabriel Escarrer Jaume
Executive Vice President
and CEO

About this report

GRI 102-48; GRI 102-49; GRI 102-53; GRI 102-54; GRI 102-55; GRI 102-56

CONTEXT

The context was defined by a year in which the pandemic wreaked havoc on the travel industry, eventually leading to a slow but stable recovery. The constant restrictions imposed by governments on mobility and interaction kept a part of our normal hotel activities on standby, affecting our operations and, consequently, our data reporting. However, the increasing demands of our stakeholders and the environment encourages us to continue to share a vision of our annual performance with the greatest transparency and rigour. Following international reporting standards and recommendations, we therefore assume our commitment to publish corporate information that reflects both our performance and the challenges and opportunities we face in this new post-pandemic stage.

REPORTING FRAMEWORKS

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Guide, the International Integrated Reporting Council (IIRC), which allows us to continue moving forwards towards a fully Integrated Report, and also in accordance with financial materiality in the hotel industry as defined by the Sustainability Accounting Standards Board (SASB). These international reporting frameworks ensure that the information we share with our stakeholders is consistent, comparable and reliable, while also conveying the alignment between our strategy, material issues, our governance model and our performance, both financial and non-financial.

MATERIALITY AND STAKEHOLDER PARTICIPATION

Based on the principles in the GRI Standards, the Integrated Annual Report focuses on the material issues identified in the materiality analysis updated in 2021, whose preparation process and results are described in the chapter on “Value creation for our stakeholders” in this report.

The preparation of the materiality analysis has allowed the company to identify the most relevant issues for each of its stakeholders, defining the areas or aspects considered essential in the preparation of this report and thus allowing an evaluation of company performance in these areas.

Regarding the quality of the information, we always aim to transmit a balanced view, reflecting both the positive and negative aspects of our performance, particularly in the key areas of materiality identified throughout the 2021 financial year. We therefore publish this information in the most precise, detailed, clear, comprehensible and reliable way possible, offering stakeholders an assessment of the evolution over time of material issues for their information and to ensure comparability with other companies or industries.

NON-FINANCIAL INFORMATION STATEMENT

Additionally, and in accordance with Law 11/2018 of December 28 on non-financial information and diversity, and article 44 of the Commercial Code, we have incorporated into this report the Non-Financial Information Statement for 2021.

INFORMATION SCOPE

This Management Report consists of:

- The **Consolidated Management Report** presented by the Board of Directors on February 28, 2022, which also includes the Non-financial Information Statement, the contents of which can be seen in the table "Non-financial and diversity information requirements (Law 11/2018)" in the annexes.
- The **Annual Corporate Governance Report**
- The **Annual Report on the Remuneration of the Board**
- The Consolidated Annual Accounts presented by the Board of Directors on February 28, 2022.

On the other hand, the content of the Management Report regarding the following can be found in the notes to the Consolidated Annual Accounts (CAA):

- Alternative measures to performance: Note 2.4 to the CAA
- Treasury stock: Note 16.3 to the CAA
- Payments to suppliers: Note 23 to the CAA
- Subsequent events: Note 24 to the CAA

This report contains relevant information on company management, financial results and non-financial information for Meliá Hotels International. The information corresponds to a control perimeter aligned with the subsidiaries that are fully consolidated in the Annual Accounts. For some non-financial indicators, in addition to the consolidated perimeter, the aggregated perimeter is also reported, corresponding to companies in which Meliá Hotels International does not have operational control (consolidation by equity method or not consolidated in Annual Accounts). Throughout the report, the perimeter within which each data is reported is stated.

In order to ensure the comparability of information and allow visibility of the evolution of the Meliá performance over time, the report also shows indicators with historical data and, where appropriate, with the objectives that were defined. It should also be noted that the pandemic has significantly affected indicators due to the disruption of our activity, thus affecting all comparisons with historical data.

VERIFICATION

In order to ensure the transparency and reliability of the information, since 2010 Meliá Hotels International has submitted its non-financial information report for verification by an independent, external body. The 2021 non-financial information has been verified by Deloitte, with a limited level of assurance, obtaining the attached independent review report based on essential GRI standards, which includes the objectives and scope of the process as well as the verification procedures used and their conclusions.

QUESTIONS

If you have any question or suggestion related to this report, please use the following channels for direct contact:

FINANCIAL INFORMATION:

Investor Relations Department (***investor.relations@melia.com***)

NON-FINANCIAL INFORMATION:

Sustainability Department (***sustainability@melia.com***)

Meliá in 2021

01 Business model

02 Strategy

03 Value creation for our stakeholders

04 KPIs

05 Annexes

Meliá in 2021

Most important milestones

01 JANUARY

We start the year with a historic alliance to support a project to transform the travel industry based on sustainability and digitalisation, with 70 companies from different parts of the tourism value chain, including Meliá, presenting a Manifesto of Interest to the Spanish Government.

We are once again named leaders in sustainability and earn Silver Class recognition in the 2021 Sustainability Yearbook of S&P Global.

02 FEBRUARY

Thanks to our leadership in digitalisation, we reach an agreement with the famous Spanish Paradores hotel brand to provide the services of our distribution platform.

03 MARCH

The prestigious consulting firm Brand Finance places us fourth in Spain in the "Brand Strength" index and among the top 10 brands in the country for "brand consideration" in its report on the most valuable brands in Spain.

04 APRIL

We continue with progress in digitalisation: one year after the launch of the Robotics 360 project focused on Robotic Process Automation (RPA), we have 30 working software robots present in 30% of the company's areas.

05 MAY

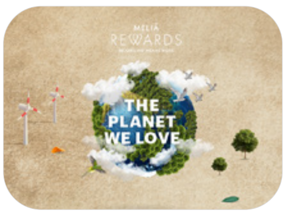
We present our Affiliated by Meliá brand, a new partnership opportunity specially designed to meet the needs of independent hotels. We also announce a boost to our growth in Asia Pacific and the Mediterranean with the signature of 11 new hotel projects.

We add the Playa Esperanza Resort, Affiliated by Meliá, one of the most iconic hotels in Mallorca, to our portfolio.

06 JUNE

The Financial Times includes us among Europe's Climate Leaders 2021. An award that comes as we continue to make progress in combatting climate change, launching The Planet We Love project which uses blockchain technology to offer MeliáRewards members a chance to support environmental projects certified under international standards.

We inaugurate the Meliá Frankfurt City, one of our most exciting new hotels in Europe. It opens in the One Forty West skyscraper with a design reflecting the modern, cosmopolitan lifestyle of the city.



07 JULY

We are named the Best Luxury Resort Hotel Chain in the Leisure Lifestyle Awards organised by Global Traveler. An award that we receive for the seventh consecutive year and that confirms our continued leadership of the resort hotel industry.

08 AUGUST

We announce the signing of a new project in Albania, Sol Dürres. With 4 hotel openings scheduled in the country, we continue to increase our presence in the Mediterranean as one of the most important international hotel chains operating in Albania.

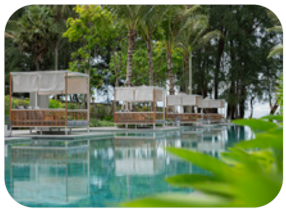
09 SEPTEMBER

As part of our commitment to the transformation of Magaluf in Mallorca and its consolidation as a quality tourist destination, and with the collaboration of our INNSiDE by Meliá brand, we announce the first edition of the Expanded Literature Festival, attended by many of the leading personalities in the cultural world.

10 OCTOBER

After borders open in the USA, we accelerate the recovery of international demand for our hotels with an important sales campaign which sees the number of bookings above that for the same period in 2019.

11 NOVEMBER



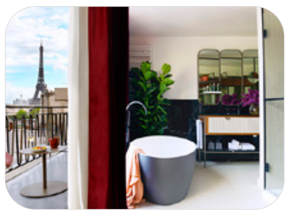
An important month for the company in which S&P Global once again names us the Second Most Sustainable Hotel Company in the World, and number one in Europe and Spain.

We also inaugurate one of our most exciting openings in Spain. ME Barcelona opens its doors with a contemporary vision of luxury and one of the first newly built five-star hotels in recent years. We also open the Meliá Phuket Mai Khao, a sanctuary of luxury and wellness in Thailand.

Our Chairman and Founder, Gabriel Escarrer Juliá, presents his memoirs My Life, the story of the man who created the largest hotel group in Spain.

12 DECEMBER

We end the year presenting The Meliá Collection, a new collection of unique, luxury hotels for travellers seeking authenticity and a connection with the destination. This is a further step in a strategy focused on differentiation, a commitment to quality tourism and to the authenticity of destinations.



Key indicators

Financial	Business	Governance	People	Environment	Society
Total consolidated revenue €902.4 M **(+70.8%)**	Aggregated revenue €1,075 M **(+65.6%)**	Board Members 11	Active workforce 23,434	Scope 1 emissions (SBTi) 38.4k TCO_2 **(-45% base year)**	Grupos Stakeholders +680 **meetings**
EBITDA (excluding capital gains) €61.0 M **(+146.7%)**	Aggregate RevPAR €39.4 **(+14.9%)**	External independent directors 54.5%	Female staff members 41.93% **(+1.53pp)**	Scope 2 emissions (SBTi) 190.1k TCO_2 **(-41% base year)**	Materiality analysis participation 27% **(+2pp)**
Net profit attributed to parent company -€192.9M **(+67.6%)**	Aggregate ARR €107.8 **(+9.7%)**	Board attendance (in person and by proxy) 100%	Women in management positions 29.05% **(+3.55pp)**	Renewable energy use 29.7% **(+3.8pp)**	Project Linens for Life +20.3 k **Masks made**
Net debt €2,853.2M **(+9.6%)**	Aggregated occupancy 36.6% **(+1.7pp)**	Average membership of the Board 8.8 **Years**	Workforce covered by collective agreements 65.8%	Portfolio located in protected areas 53 **Hotels**	Stay Safe with Meliá satisfaction 85.5% **(+3.2pp)**
Consolidated RevPAR €48.7 **(+12.8%)**	NPS customers 48.2% **(+0.1pp)**	Female Board members 36.4% **(+9.1pp)**	Total hours of training +237k	Portfolio located in areas with water stress 97 **Hotels**	Training in human rights 3,919 **employees**
Consolidated ARR €117.9 **(+7%)**	Melia.com revenue 41.3% **(+9.1pp)**	Board meetings 6	Training hours per employee 12.94	Recycling rate (selective waste collection) 60% **(+6.8pp)**	Portfolio with no risk in human rights issues 98%

Contribution to the SDGs

“THE SUSTAINABLE DEVELOPMENT GOALS ARE AN EXCELLENT FRAMEWORK FOR HELPING COMPANIES INTEGRATE SUSTAINABILITY, HELPING PEOPLE UNDERSTAND IT AND, ULTIMATELY, MAKING PROGRESS IN THE ACHIEVEMENT OF SHARED GOALS”

3 HEALTH AND WELL-BEING

Commitment

We have a firm commitment to the health and safety of our stakeholders. The pandemic led us to make it a top priority, adapting our products and services, reinforcing our protocols and management systems to make our hotels and work environments safe spaces.

Priorities

- Redefinition of products and services
- Support for the local authorities
- Support for the vaccination programme

Impact

43.5k SSwM customer surveys (85.5% satisfaction)

1 hotel converted to hospital and 2 for essential workers

+ 20k employees received SSwM training

38 new hotels certified in SSwM by Bureau Veritas

13 audits of critical points in the occupational health system

Cooperation with local authorities in the vaccination programme

+ Info in the Occupational Health & Safety section

8 DECENT WORK AND ECONOMIC GROWTH

Commitment

People are at the centre of all of our approaches, and more than ever before, we are committed to preserving employment, providing constant training and talent development in non-discriminatory and diverse work environments.

Priorities

- Comprehensive responsibility with collaborators
- Internal training programmes
- Focus on talent development
- Support for the employability of vulnerable people

Impact

+29% of women in managerial positions*

+36% of women in junior managerial position*

+39% of women in managerial positions with revenue-generating responsibilities*

+33% of women in STEM (science, technology, engineering and mathematics) positions

+€1.42m invested in training (€77.4 per employee)

+2,700 courses to improve the professional skills of employees

+100k hours of online training

336 offers for people at risk since 2018 (coverage rate 89.3%)

* Of the total in the category

+ Info in the People section

12 RESPONSIBLE PRODUCTION AND CONSUMPTION

Commitment

We continue to make progress in integrating sustainability and ethical management in our supply chain, working together with suppliers who share our values and commitments. We are working on the elimination of single-use products, the use of products with a low environmental impact, the reduction of food waste and the promotion of circular hotels

Priorities

- Responsible supply chain
- Low impact products and services
- Healthy, local and seasonal dining options
- Projects to combat food waste
- Waste reduction and circular hospitality

Impact

-18.6% food-waste reduction

+7k kilos of food saved in the Too Good to Go project (14 hotels)

+20.3k masks made with reusable linen

1,839 suppliers signing sustainability clauses

1980 suppliers signing the Meliá Code of Ethics

Incorporation of sustainable attributes in brands, products and services

+ Info in the Supply Chain section

Associated SDGs:

4 QUALITY EDUCATION · 5 GENDER EQUALITY · 10 REDUCTION OF INEQUALITIES

Contribution to the SDGs

"THE SUSTAINABLE DEVELOPMENT GOALS ARE AN EXCELLENT FRAMEWORK FOR HELPING COMPANIES INTEGRATE SUSTAINABILITY, HELPING PEOPLE UNDERSTAND IT AND, ULTIMATELY, MAKING PROGRESS IN THE ACHIEVEMENT OF SHARED GOALS"

13 ACTION FOR THE CLIMATE

Commitment

Combatting climate change, protecting the environment and biodiversity are strategic priorities in our commitment to sustainability and the protection of travel destinations. That is why the company continues to promote an efficient and responsible hotel management model, both in regard to the use of resources and minimising the impact of our activity

Priorities

- Investment with sustainable criteria
- Energy efficiency and responsible use of resources
- Measurement and reduction of our carbon footprint
- Water management
- Protection of biodiversity

Impact

+2.7 M€ invested in energy efficiency

+24M kWh saved

+11 Tn of CO_2 avoided

+29% renewable energy

98 hotels involved in the Co_2perate project

53 hotels located in special protection areas

42 tons of CO_2 offset through MeliáRewards (ClimateTrade)

100% of CO_2 emissions related to travel offset (Cabify and JoinUp)

+3.7k participants in actions to defend biodiversity

+66k turtles released and **+103.6k** protected turtle eggs

+ Info in the Environment & Climate Change section

16 PEACE, JUSTICE AND SOLID INSTITUTIONS

Commitment

Our commitment to ethical management ensures the integration of sustainability in all our governing bodies, promoting transparency in the management and reporting of company information

Priorities

- Governance structure focused on ethics, transparency and responsible management
- Regulatory body that integrates ESG criteria
- ESG risk management

Impact

New Materiality Analysis (27% average participation)

78% compliance with CBG recommendations

36.36% of women on the Board of Directors

37 ESG risks integrated into the Global Risk Map

100% of stakeholders with access to complaint channels

+200 internal audit reports

55 controls to prevent and/or avoid tax crimes

3,919 employees trained in issues related to human rights

+ Info in the Good Governance & Ethics and Integrity sections

17 ALLIANCES TO ACHIEVE OBJECTIVES

Commitment

Meliá is firmly committed to open dialogue and direct contact with stakeholders, an essential driver of the development of the business and the generation of a positive impact. Meliá also forms lasting alliances and assumes new public commitments focused on the achievement of the SDGs through partnerships.

Priorities

- Creation of alliances and agreements
- New public commitments

Impact

68 social organisations helped

Members of the International Chamber of Commerce (ICC), the Spanish Chamber of Commerce, the Association for Management Progress, the World Travel & Tourism Council (WTTC), UNWTO, Exceltur, the Global Compact, the SERES Foundation, members of the Incorpora project of La Caixa Foundation

6 new commitments and memberships in social, climate change, environment, sustainability and tourism areas

+ Info in the Social Impact & Presence sections

Associated SDGs:

6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND NON-CONTAMINANT ENERGY · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 11 SUSTAINABLE CITIES AND COMMUNITIES

01

Business model

Our essence

GRI 102-16

Leisure at heart, business in mind

Hospitality is more than just a business, it is an attitude towards life, something which you have in your heart. That is why we care as much about our customers' experience as we do about the excellence of our management. Hearts and minds, united to earn your trust and achieve success.

Our values

Our values allow us to make our corporate slogan tangible, expressing the perfect harmony between our hearts and our minds, between the exceptional hospitality we offer and our excellence and rigour in management.

SERVICE VOCATION
born of our passion for hospitality.

EXCELLENCE AND COHERENCE
because we do things well, professionally, efficiently and consistently

PROXIMITY
because we love to share, listen and feel.

INNOVATION
because we anticipate events and innovate to become better every day.

Our corporate values come to life through the behaviour that we encourage among all of us who form part of this large family.

Business model

An excellent and sustainable management model...

....with a business continuity plan focused on 5 drivers of the recovery...

...and a strong commitment to meeting the sustainable development goals...

OWNED (12%)*

Meliá both owns and manages the hotel

LEASED (33%)*

Meliá is a tenant in the hotel and responsible for its management

MANAGED (41%)*

Meliá operates a property owned by a third party under one of its brands. Fees are charged for the management services

FRANCHISED (14%)*

The owner operates the hotel under a Meliá brand and uses our sales channels

(*) Active portfolio

WITH THE MAIN FOCUS ON...

SUSTAINABLE DEVELOPMENT GOALS

3 HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE PRODUCTION AND CONSUMPTION

13 ACTION FOR THE CLIMATE

16 PEACE, JUSTICE AND SOLID INSTITUTIONS

17 ALLIANCES TO ACHIEVE OBJECTIVES

OUR BRANDS

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · PARADISUS BY MELIÁ · The MELIÁ COLLECTION · MELIÁ HOTELS & RESORTS · INNSiDE BY MELIÁ · SOL BY MELIÁ · Affiliated by Meliá

CULTURE & VALUES

Brand portfolio & positioning

GRI 102-2; 102-6

At Meliá we transmit our experience in resort and bleisure through each of our brands, ensuring they all reflect our values and principles while retaining the essence and personality that make each of them unique. Each brand addresses well-defined psychographic and demographic profiles, thus responding to the different demands or needs of modern travellers. At the same time, our drive to achieve constant improvement and innovation, together with our strong commitment to excellence and quality, mean that we are flexible in our approach to changes and new trends that lead to our constant evolution.

Luxury brands 14%

6% Gran Meliá
3% ME by Meliá
3% Paradisus
2% The Meliá Collection

Premium brands 50%

38% Meliá Hotels & Resorts
12% INNSiDE by Meliá

Essential brands 36%

19% SOL by Meliá
17% Affiliated by Meliá

MELIÁ REWARDS
BELONGING MEANS MORE

Luxury brands

GRAN MELIÁ HOTELS & RESORTS · ME BY MELIÁ · The MELIÁ COLLECTION · PARADISUS BY MELIÁ

Premium brands

MELIÁ HOTELS & RESORTS · INNSiDE BY MELIÁ

Essential brands

SOL BY MELIÁ · Affiliated by Meliá

Sustainable brands

Our commitment to sustainability is also tangible in our brand portfolio. Customers today expect companies to be committed to the social and environmental challenges we face. To respond to these expectations we integrate sustainable attributes into the customer experience to increase their social and environmental value proposition.

Our brands offer an experience aligned with our commitments to sustainability bringing them closer to customers during during their stay in the hotel.

- We build hotels that are designed based on sustainability criteria
- We offer healthy dining options
- We are committed to local and seasonal products
- We offer customers low-impact amenities
- We are working to eliminate single-use plastics
- We provide e-mobility solutions
- We use technology to eliminate the use of paper
- We integrate sustainability in our meetings and events
- We offer leisure activities in natural environments
- We get involved in the daily life of the local community

GRAN MELIÁ
HOTELS & RESORTS

A life well lived

GRAN MELIÁ
HOTELS & RESORTS

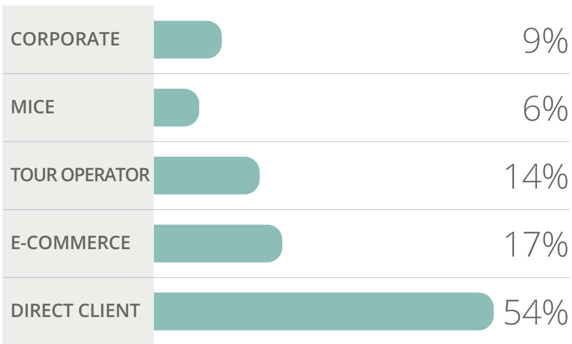
BRAND POSITIONING

Gran Meliá evokes the essence of Spanish culture and a life well lived. It is a space in which Mediterranean character coexists with European prestige. It's a way of life and a way of understanding impeccable service, experiencing outstanding experiences and the possibility of enjoying the best expression of Spanish luxury culture. Because it's not enough to only fall in love with the place, you also have to fall in love with the moment.

Our philosophy shines through every moment of the experience. From the extraordinary architecture in our hotels to the quality of carefully prepared cuisine in which local flavours accompany the most friendly and attentive service. At Gran Meliá you will perceive all the details typical of Spanish style, however small.

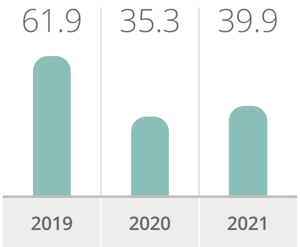
Every Gran Meliá experience shows our appreciation for everyday life while also embracing the creativity and talent of our culture.

REVENUE SEGMENTATION

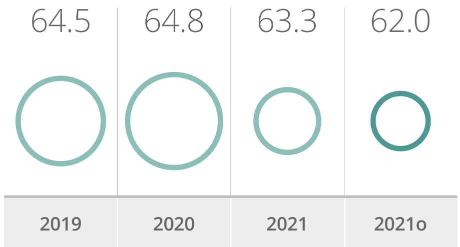


HOTEL STAYS **+0.7** million

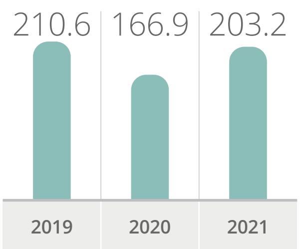
OCCUPANCY (%)



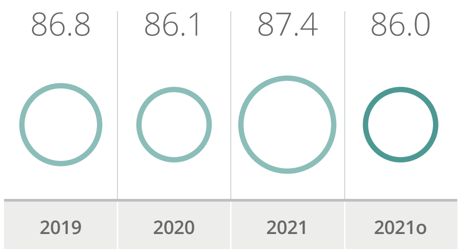
NET PROMOTER SCORE (NPS) (%)



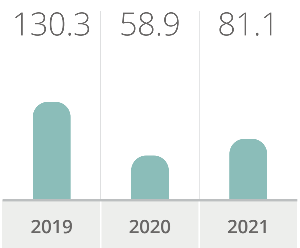
ARR (€)



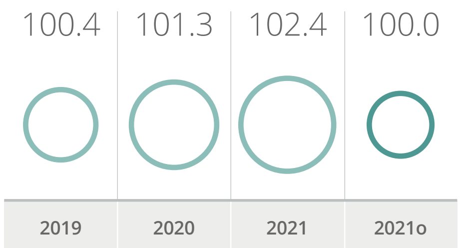
GUEST SATISFACTION SCORE (GSS) (%)



REVPAR (€)



QUALITY PENETRATION INDEX (QPI) (%)



	Hotels	Rooms	Countries
OPERATIONAL	14	3,337	6
PIPELINE	7	1,813	6

ME

BY MELIÃ

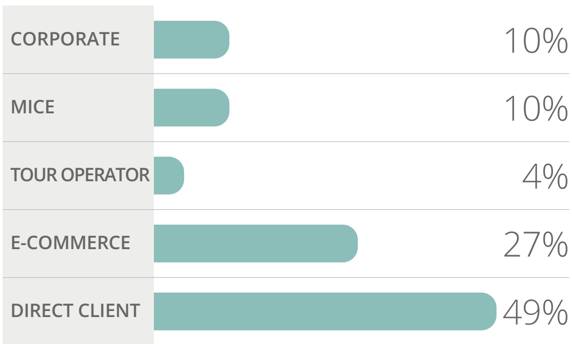
HOTELS WITH EXPRESSION

BRAND POSITIONING

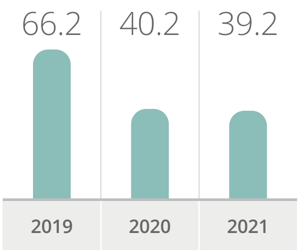
Inspired by the cutting edge of Europe's contemporary scene, ME by Meliá gives guests a true taste of its destinations. Combining architecture, design, art and gastronomy with a bespoke service culture that anticipates the needs of each guest, ME ensures every stay is meaningful.

Considering the uniqueness of each destination, we create customer experiences that contain the best of local culture so that each ME hotel is a reflection of the destination in which it is located. Through our strong cultural connections, we bring local and international talent into our hotels, working with artists, influencers and creative technologists to create social epicentres which buzz with energy and inspiration.

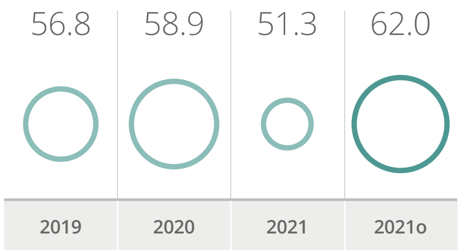
REVENUE SEGMENTATION



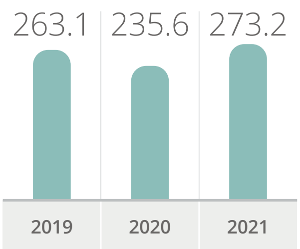
OCCUPANCY (%)



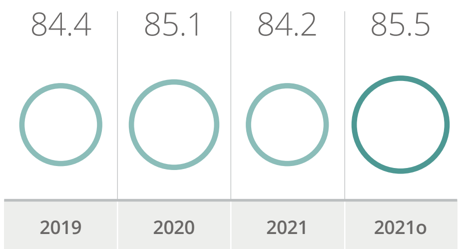
NET PROMOTER SCORE (NPS) (%)



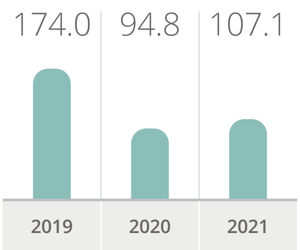
ARR (€)



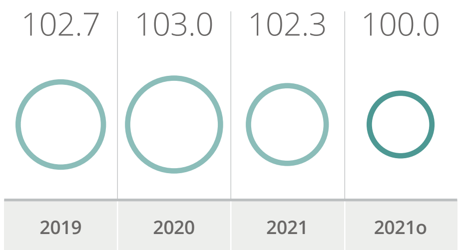
GUEST SATISFACTION SCORE (GSS) (%)



REVPAR (€)



QUALITY PENETRATION INDEX (QPI) (%)



	Hotels	Rooms	Countries
OPERATIONAL	8	1,320	5
PIPELINE	2	350	2

PARADISUS

BY MELIÃ

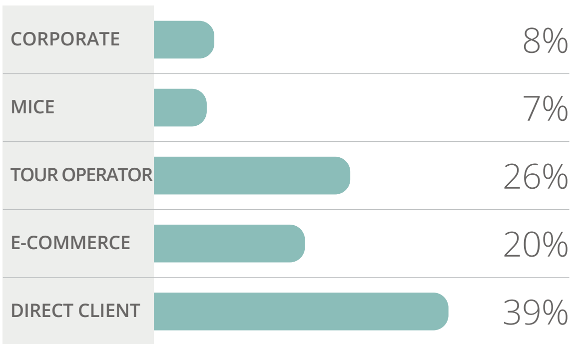
EMBRACE YOUR NATURE

PARADISUS
BY MELIÁ

BRAND POSITIONING

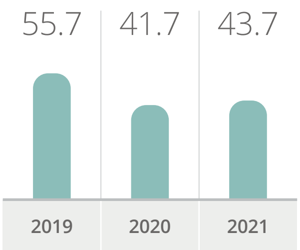
Paradisus by Meliá offers a unique and outstanding collection of luxury all-inclusive beachfront resorts. It provides guests with an experience in the culture of each destination and the chance to enjoy an exceptional adults-only experience at The Reserve or an amazing and unforgettable family vacation. However guests decide to interact with the destination, they always have numerous activities within easy reach to make their experience truly unforgettable. Unbeatable hospitality, impeccable service, delicious dining options, well-being, nature and adventure are the chief attractions of Paradisus by Meliá. Paradise has it all.

REVENUE SEGMENTATION

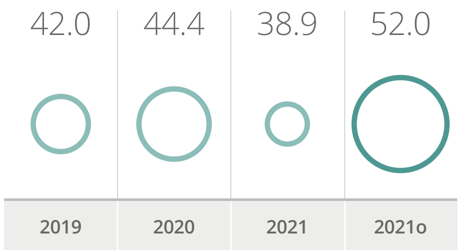


HOTEL STAYS **+1.1** million

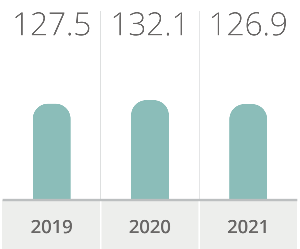
OCCUPANCY (%)



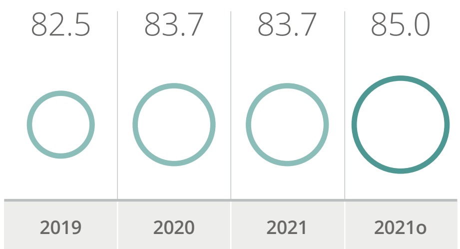
NET PROMOTER SCORE (NPS) (%)



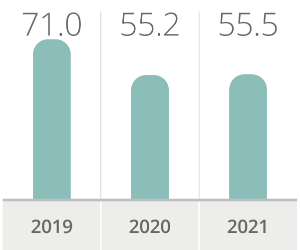
ARR (€)



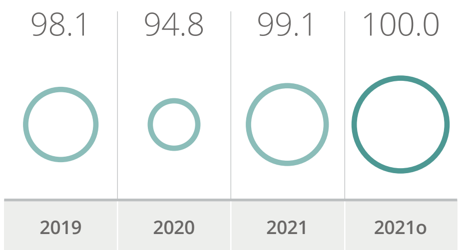
GUEST SATISFACTION SCORE (GSS) (%)



REVPAR (€)



QUALITY PENETRATION INDEX (QPI) (%)



	Hotels	Rooms	Countries
OPERATIONAL	12	6,421	3
PIPELINE	1	498	1

The MELIÁ COLLECTION

BRAND POSITIONING

The hotels that form part of The Meliá Collection reflect the true essence of their destination. The Meliá Collection is a select group of singular luxury hotels embodying an independent spirit and an unmistakable sense of place.

They are iconic hotels, either due to their history or their select location. Without exception, they offer tailor-made services for the most discerning travellers seeking sophisticated, authentic and extraordinary experiences.

Each hotel is unique, and an invitation to enjoy unforgettable moments. They are a faithful reflection of a transformational experience. Everyone who stays at The Meliá Collection can expect the extraordinary.

*The data on The Meliá Collection refers to annual indicators for hotels that operate under the brand as of December 2021. As of 2022, the other indicators will be presented with the same criteria as the rest of the brands in the portfolio.

OCCUPANCY (%)	ARR (€)	REVPAR (€)
42.5	222.5	94.5

	Hotels	Rooms	Countries
OPERATIONAL	6	386	6
PIPELINE	1	142	1

MELIÃ
HOTELS & RESORTS

Soul Matters

MELIÃ
HOTELS & RESORTS

BRAND POSITIONING

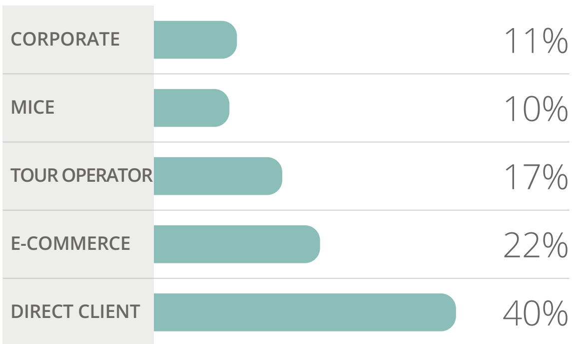
At Meliá Hotels & Resorts, a unique Spanish style, friendliness, proximity and passion for service are our hallmarks. We always understand the wishes and needs of our guests and aim to anticipate them. This is the way that we make them feel that they are extremely well attended and welcome throughout their stay.

Spanish warmth and spontaneity are part of our Mediterranean heritage, and are always present in an experience that is enhanced through a selection of extra services and attention to even the tiniest details that makes all the difference and guarantees personalised experiences.

Meliá offers a perfect balance between work and rest. Power Meetings is our special service for events, focused on innovation and guaranteeing the success of our customers. Our wellness activities and YHI Spa also play a significant role, designed for guests who aim to soothe the mind and cultivate the soul. Love Stories opens up a wide range of opportunities to make special celebrations and weddings a guaranteed success. And we never forget our younger guests, for whom we have designed our Kidsdom programme, combining maximum fun with learning at all times.

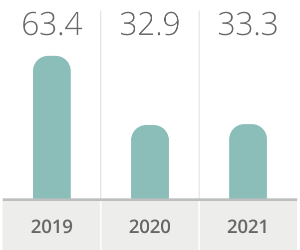
Soul Matters is our way of understanding and expressing the exclusive combination of passion for service and Spanish friendliness. We do everything with so much care, attention and passion that we awaken your soul.

REVENUE SEGMENTATION

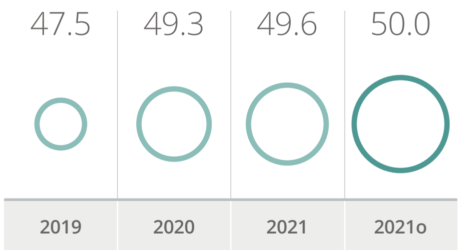


HOTEL STAYS **+4.8** million

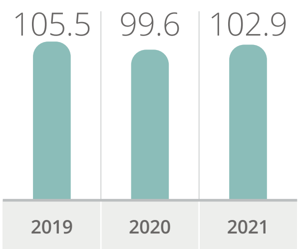
OCCUPANCY (%)



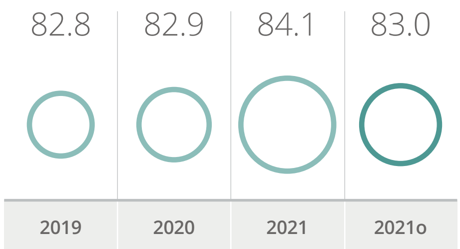
NET PROMOTER SCORE (NPS) (%)



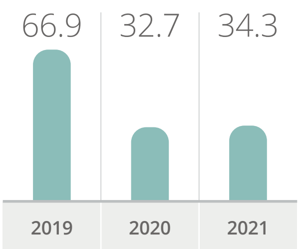
ARR (€)



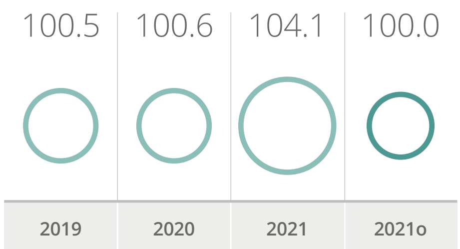
GUEST SATISFACTION SCORE (GSS) (%)



REVPAR (€)



QUALITY PENETRATION INDEX (QPI) (%)



	Hotels	Rooms	Countries
OPERATIONAL	115	35,604	33
PIPELINE	25	6,787	10

INNSiDE

BY MELIÃ

Stay Curious.

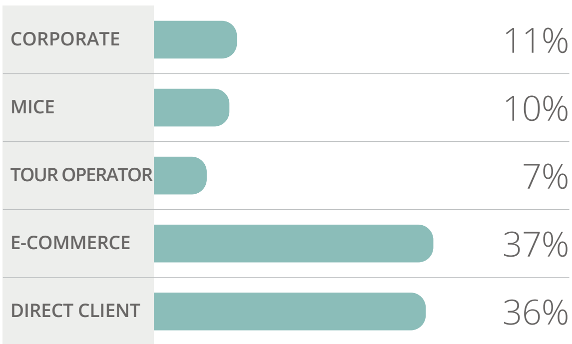
INNSiDE BY MELIÃ

BRAND POSITIONING

INNSiDE by Meliá hotels are design-led lifestyle and resort hotels that give guests the freedom to relax and explore, whether they are travelling for work or leisure. The brand embraces the local culture of each destination through an extensive events calendar, city guides, artwork and free bicycle hire to encourage guests to discover new neighbourhoods. Hotel lobbies become versatile spaces for informal get-togethers or business meetings.

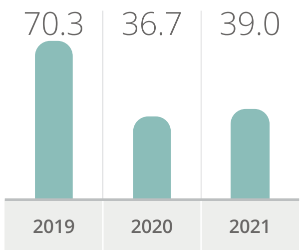
INNSiDE creates spaces where guests can disconnect and relax their body and mind in modern fitness facilities, yoga classes or with DJs in the pool and in the lobby. A hotel where guests can try local drinks without leaving their room and enjoy all the flavours of local cuisine during meals. But INNSIDE also thinks about the planet. That's why we have reduced the use of paper and single-use plastics and ensured that more room amenities, sheets and towels are manufactured with organic materials.

REVENUE SEGMENTATION

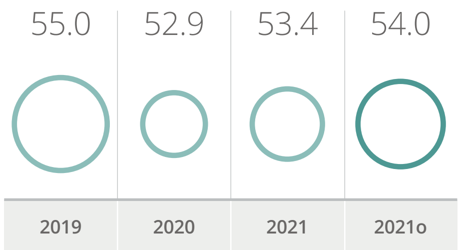


HOTEL STAYS **+1.2** million

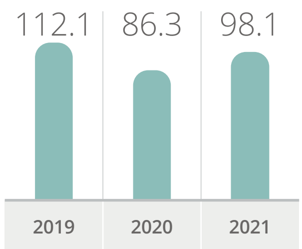
OCCUPANCY (%)



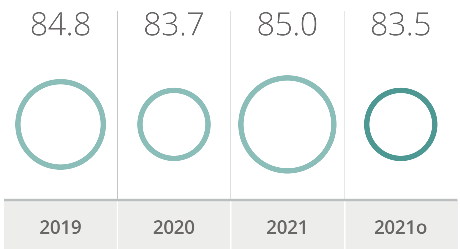
NET PROMOTER SCORE (NPS) (%)



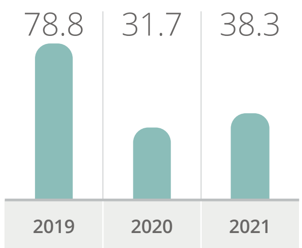
ARR (€)



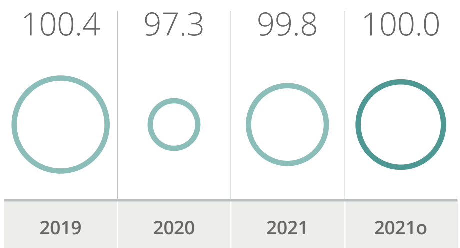
GUEST SATISFACTION SCORE (GSS) (%)



REVPAR (€)



QUALITY PENETRATION INDEX (QPI) (%)



	Hotels	Rooms	Countries
OPERATIONAL	37	6,767	14
PIPELINE	8	1,236	7

SOL

BY MELIÃ

#LetYourSolShine

SOL
BY MELIÃ

BRAND POSITIONING

Sol by Meliá is dedicated to the most important type of holiday – the one you share with the people you love. A place where you feel the joy, fun and relaxation that are so vital during your time away, and where the memories created last a lifetime. A new generation of resorts designed for modern families and contemporary travellers that includes fantastic facilities for children and experiences geared towards adults. Our design is colourful, vibrant and full of energy, as well as welcoming and homely, something that becomes clear in the service that we provide.

From the moment you arrive, we will make you feel right at home. A unique and unforgettable experience created through the hospitality and friendliness of the staff and the small details that make all the difference. SOL is a place in which to dream, jump and play. Our goal is to satisfy our guests, personalise their experience and anticipate their every need.

REVENUE SEGMENTATION

CORPORATE	6%
MICE	3%
TOUR OPERATOR	30%
E-COMMERCE	22%
DIRECT CLIENT	39%

HOTEL STAYS	**+2.2** million

OCCUPANCY (%)

2019	2020	2021
70.8	39.6	39.1

NET PROMOTER SCORE (NPS) (%)

2019	2020	2021	2021o
39.4	38.0	40.9	39.0

ARR (€)

2019	2020	2021
78.8	74.4	88.7

GUEST SATISFACTION SCORE (GSS) (%)

2019	2020	2021	2021o
81.2	81.1	81.9	81.5

REVPAR (€)

2019	2020	2021
52.6	29.5	34.7

QUALITY PENETRATION INDEX (QPI) (%)

2019	2020	2021	2021o
95.5	97.1	99.1	100.0

	Hotels	Rooms	Countries
OPERATIONAL	66	20,054	9
PIPELINE	3	1,058	3

Affiliated by Meliá

Affiliated by Meliá

BRAND POSITIONING

Affiliated by Meliá brings together a portfolio of independent midscale and upscale hotels selected by Meliá for their consistency and their close connection with their destination. Affiliated by Meliá hotels can leverage the competitive advantages of forming part of Meliá based on their needs, and without losing any of their essence as unique and independent hotels or part of a small hotel chain.

REVENUE SEGMENTATION

CORPORATE	17%
MICE	11%
TOUR OPERATOR	4%
E-COMMERCE	36%
DIRECT CLIENT	33%

OCCUPANCY (%)	ARR (€)	REVPAR (€)
42.5	73.1	31.0

NET PROMOTER SCORE (NPS) (%)

2021	2021o
41.0	39.0

GUEST SATISFACTION SCORE (GSS) (%)

2021	2021o
83.3	81.0

HOTEL STAYS	**+1.3** million

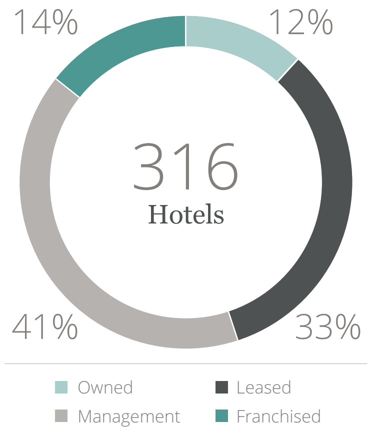
	Hotels	Rooms	Countries
OPERATIONAL	58	9,883	9
PIPELINE	5	496	3

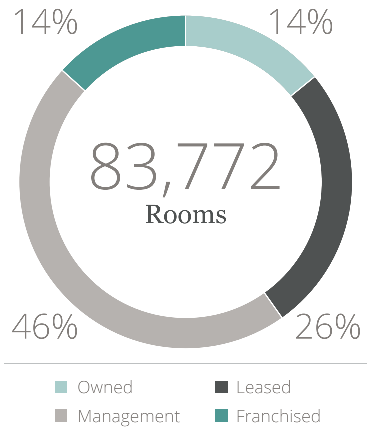
*Affiliated by Meliá was launched as a brand in 2021. That is why the data is only available for this year. As of 2022, the reporting criteria for Affiliated by Meliá hotels will be adjusted to those of the rest of the brand portfolio.

Portfolio location

GRI 102-4; 102-7; 102-10

ACTIVE PORTFOLIO





PORTFOLIO & PIPELINE

Hotels	Rooms	Countries	Resort	City
368	96,152	42	51%	49%

SPAIN

Hotels	Rooms	Countries	Resort	City
137	33,535	1	54%	46%

CUBA

Hotels	Rooms	Countries	Resort	City
36	14,840	1	72%	28%

AMERICAS

Hotels	Rooms	Countries	Resort	City
37	11,658	11	51%	49%

EVOLUTION 2021

In 2021, the health crisis remained a fundamental variable in both domestic and international markets. We see 2021 as the beginning of a partial recovery which, while not forgetting all the ups and downs, points towards the beginning of the full recovery from the pandemic. However, the appearance of new variants, including Omicron at the end of 2021, reminds us about the volatility of the situation and the importance of measures to prevent infections, including the health and safety protocols in our hotels.

That is why the evolution of the pandemic in 2021 made the performance over the year so uneven. **Cuba** continued to suffer the negative impact of the pandemic, with only 7 hotels in operation, one converted into a hospital and renovations undertaken in important hotels to take advantage of the reduced activity. The increase in the number of flights in the third quarter raised the number of hotels to 12. **Spain** saw a positive evolution in resort destinations and an extremely positive performance in destinations with the highest proportion of domestic customers. However, destinations with a greater dependence on British guests saw a lower degree of recovery. The preponderance of last-minute reservations and a preference for superior rooms are also of note.

In the Americas, performance is uneven depending on the country. Mexico was the first country to return to pre-Covid revenue levels, driven by visitors from the United States. The Dominican Republic had more difficulties during the year due to the lack of flights. In **EMEA**, most markets are seeing an incipient recovery, although slower in the city hotels and business travel due to the travel bans in place in most companies and the absence of large trade fairs. Asia Pacific also had an uneven performance depending on the country. China saw stable growth from the second quarter of the year, with increased confidence among individual travellers. In destinations in Southeast Asia, travel restrictions, the lack of international travellers and mandatory quarantines prevented a recovery in the region due to its greater dependence on long-haul travel.

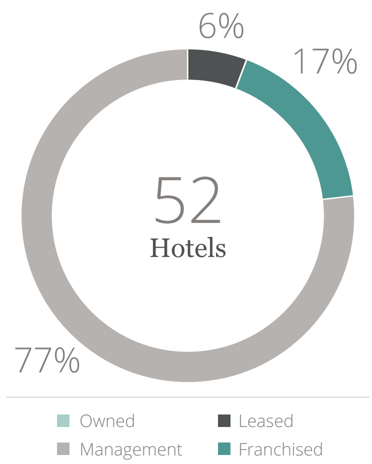
ASIA

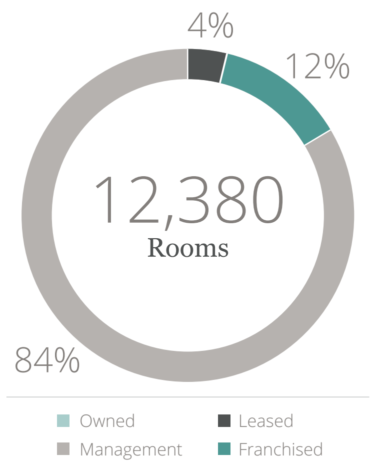
40	9,294	6	50%	50%

EMEA

118	26,825	22	41%	59%

PIPELINE





GROWTH 2021

In general, 2021 was an enormously complex year in which we nevertheless managed to continue to grow, signing 22 new hotels that will gradually be added to the portfolio up to 2025. Thanks to the strong brand and recognition of Meliá Hotels International, our diversification and leadership in the industry has allowed us to add a total of 13 new hotels to the portfolio with more than 3,000 rooms in 9 countries. Growth was focused on formulas related to our asset-light strategy. Highlights for the year included the opening of the **Meliá Phuket Mai Khao**, a hotel designed to stimulate the senses in contact with nature, as well as the **ME Barcelona**, a luxurious hotel with contemporary design in one of Europe's fashion capitals. We also opened hotels in well-known European destinations such as **Amsterdam, Liverpool or Frankfurt.** Our commitment is also focused on leadership in the **three major holiday destinations in the world:** the Mediterranean, the Caribbean and Southeast Asia.

FUTURE EVOLUTION

Our future growth strategy will continue to strengthen our positioning as one of the leading hotel groups in upscale and premium hotels, strengthening our leadership in the most important holiday and bleisure destinations in alignment with criteria of excellence and sustainability. In the next 10 years, **Melia Hotels International** will focus its growth strategy on **key destinations and holiday areas in the Mediterranean** (mainly focused on Spain, Portugal, Greece, Italy, Croatia and Montenegro), as well as in the **Caribbean** and **Southeast Asia**, which may account for 80% of our growth over the coming years, not forgetting key **bleisure destinations** in central and southern Europe. To respond to current market needs caused by Covid-19, the "Affiliated by Meliá" strategy is seen as a way of providing independent hotels and small hotel chains with the expertise of MHI and the support of its powerful distribution network. Our **asset-light growth strategy** will focus on generating new agreements under franchise and management models.

In addition, the all-inclusive luxury brand Paradisus by Meliá, which up until now only operates in the Caribbean, will open its first hotels in Spain in 2022. The **Paradisus Gran Canaria** and **Paradisus Salinas Lanzarote** will be the result of the total transformation of the Meliá Tamarindos and Meliá Salinas, respectively. We also launched **The Meliá Collection** brand, designed for unique luxury hotels and to respond to the growing demand for premium hotels, local experiences and authentic destinations.

At the end of the year, our pipeline comprised 52 hotels, mostly under **asset-light management agreements** (94%) and in our **premium** (19%) and **upscale** (85%) brands. We continue to strengthen our international presence, with 94% of our future additions outside Spain. Meliá Hotels International remains committed to consolidating its position as leader in the **three major holiday destinations in the world**, the Mediterranean, the Caribbean and Southeast Asia, the locations of the majority of the scheduled future openings.

Asset Management

GRI 203-1; GRI 203.2

Growing global competition in the post-Covid travel industry and a requirement to reduce debt, taking advantage of the global recovery, drive us to design the best possible financial strategy and analyse the best market opportunities to help us become more resilient, profitable, efficient and sustainable.

These premises underpin an asset strategy which has to maximise the profitability of our assets, ensuring the diversification of the portfolio and the differentiation of hotel products and services, currently responding to demand focused on experiences and greater added value.

On the other hand, integrating sustainability principles into our real estate strategy, minimising our environmental impact, preserving the environment, and generating a positive social and economic impact in the destinations in which we operate is an area in which we have been working for several years and where we have been recognised as one of the most sustainable and responsible companies in the world since 2018.

In 2021 we continued work on the different dimensions of our real estate strategy, such as asset rotation, mixed-capital models, repositioning our portfolio, allocating financial resources to adapt hotels to brand standards and new trends in demand, the optimisation of space and proactive management with our Joint Venture partners.

Among the milestones to highlight in 2021, there is one particular asset rotation operation that was one of the most relevant and complex hotel sales operations in recent years. This operation undoubtedly played a major role in the financial statements for this year.

ASSET ROTATION

In the middle of 2021, the sale of six owned hotels and our participation in two additional hotels to the Victoria Hotels company was completed. The total value of the transaction exceeded €200 million, and the impact on cash flow was around €170 million.

This operation allowed us to meet our commitment to carry out a certain degree of asset sales that would allow us to increase liquidity in response to the health crisis and its impact on the hotel industry. It should also be noted that the operation allowed us to take advantage of:

- The low opportunity cost, after two years of COVID and very depressed operating results due to the crisis.
- Ideal period for obtaining licenses and carrying out renovations.
- Facilitating the payback of investments, and a reopening that may coincide in certain cases with the recovery in the industry and the return of international feeder markets.

The operation also helps continue to strengthen our commitment to growth under a management or asset-light model, as Meliá holds on to a 7.5% stake in the parent company of the resulting joint venture.

Of the eight hotels included in the sale, the Innside Bosque and Innside Zaragoza had already made a significant investment prior to the transaction in reforms and rebranding, meaning that neither asset requires any adaptation or reform.

The other six hotels will see a total investment of €125 million in a profound renovation process that will raise their category and enhance their alignment with the needs of a new type of customer.

Four of the hotels to be renovated are located in top international holiday destinations and, given their excellent location, will be added to our portfolio of premium brands:

- Paradisus Gran Canaria (former Meliá Tamarindos)
- Paradisus Salinas Lanzarote (former Meliá Salinas)
- ME Palma Victoria (former Gran Meliá Victoria)
- Gran Meliá Menorca (former Sol Beach House Menorca)

This last hotel has been designed with the **objective of contributing to the fight against climate change and the reduction of our carbon footprint**, applying responsible and sustainable criteria throughout the hotel rebuilding process to become a prototype and benchmark for future constructions and renovation projects.

Gran Meliá Menorca will operate with **renewable resources** (biomass, geothermal and solar energy) and **energy-efficiency** measures to make it easier to improve electricity consumption and reduce CO_2 emissions by 87%. The remaining 13% of emissions will be offset to help decarbonise its environmental footprint (scope 1 and 2).

The project also involves water management measures which will use technology (automation and sensors) to allow the constant optimisation of the water cycle and water consumption.

INTEGRATION OF SUSTAINABILITY

Technology and sustainability are key factors on the road to the decarbonisation of our business model and achieving our public commitments to reduce our carbon footprint.

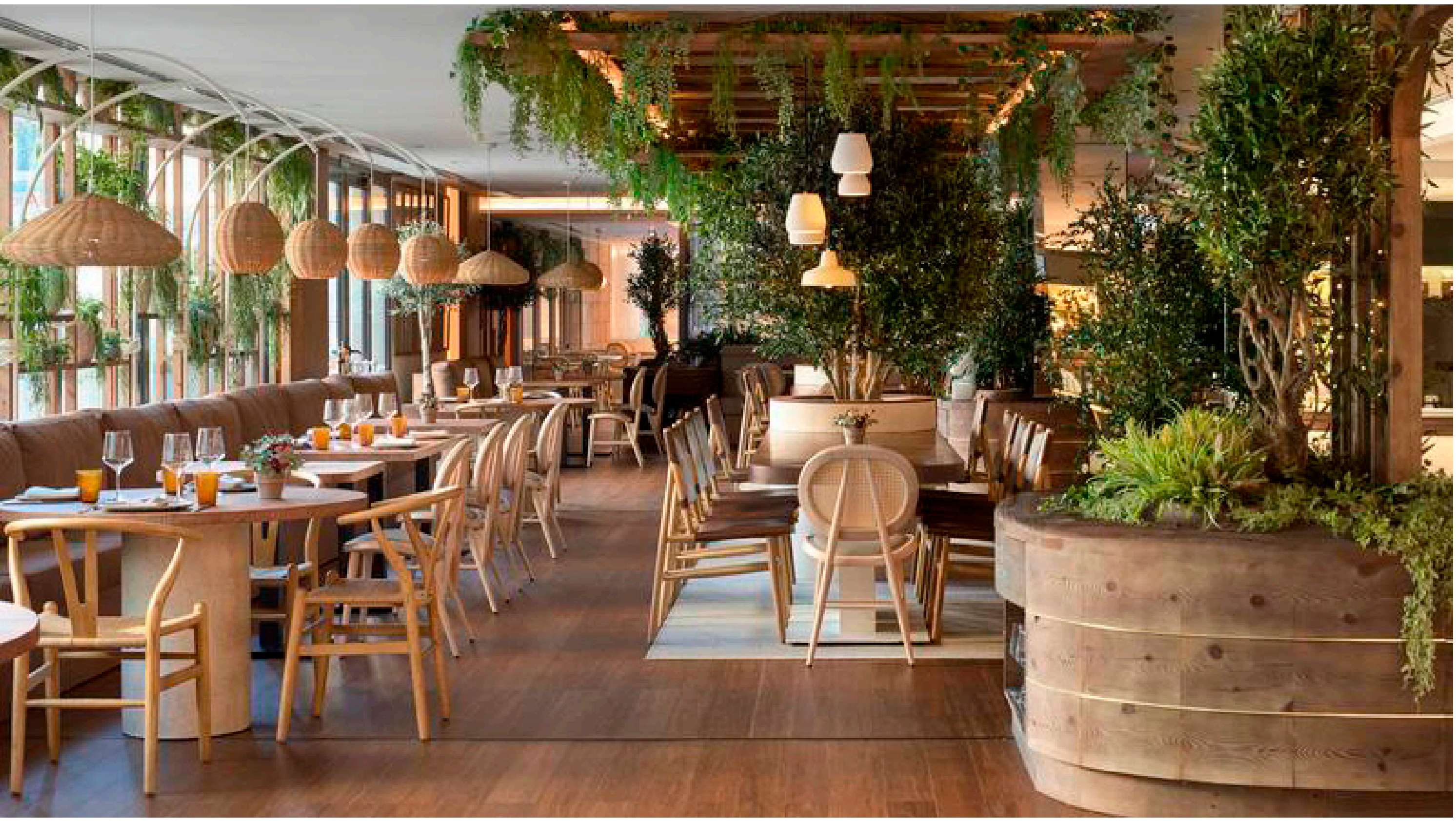
The progress made in the integration of sustainability throughout our value chain has allowed us to improve our hotel refurbishment and construction process and design a value proposal that promotes a new hotel experience that is more attractive, responsible and sustainable, both for customers and for hotel owners or partners.

As a result of this progress, the renovation of the future Gran Meliá hotel on the island of Menorca and the transformation of the Meliá Tamarindos in Gran Canaria into the future Paradisus Gran Canaria Resort were named as winners of the Rethink Hotel **Award**. The award is organised by the Habitat Futura Group on the eve of the FITUR International Tourism Trade Fair to reward the most sustainable hotel refurbishment projects, based on criteria including energy efficiency, renewable energy use and production, waste management and water use.

RELEVANT PROJECTS

ME BARCELONA

2021 also saw a grand opening in the modern luxury hotel industry, with the inauguration of the new ME Barcelona hotel, offering a space in which art, music, innovation and technology combine with more than 2,500m2 of Mediterranean garden and with the hotel's private urban garden that will supply raw materials to its restaurants.



ME Barcelona

In line with our commitment to sustainability, ME Barcelona will make the most efficient use of energy and also only use energy from renewable sources. Hot water is generated using energy obtained through the recovery of heat from air-conditioning systems, which also heats the rooftop swimming pool in winter. The hotel has also installed solar panels to reduce the environmental impact of the building and its carbon footprint.

OPTIMISATION & MANAGEMENT OF SPACES

STRATEGIC ALLIANCE WITH CELLNEX

In our constant search to maximise revenue and profitability while also optimising the use of available space, in 2021 we reached a strategic agreement with Cellnex, the top European wireless telecommunications infrastructure operator, with a portfolio of 71,000 sites and an objective to reach 128,000 sites by 2030.

We have signed a 20-year income capitalisation agreement which will allow the installation of base stations and telecommunications infrastructure in our hotels in Spain. This transaction helped increased the cash flow of the company and partners also forming part of the agreement by more than €11 million.

The operation not only helps improve profitability, it also boosts our commitment to innovation and digital transformation, two areas of vital importance to the company.

The arrival of Cellnex as a strategic partner allows us to delegate the management and marketing of the rooftops of a group of hotels to a leading company in wireless telecommunications infrastructure in Spain and Europe. This agreement helps maximise revenue thanks to their knowledge of the business, and also to preserve the sustainability principles and criteria that both companies share.

- Single multi-operator infrastructure that reduces the use of materials and visual impact (1 aerial compared to 3)
- Optimisation of energy resources and temperature control systems
- Reduction of CO_2 emissions due to a reduction in travel thanks to remote repairs and maintenance, and remote inspections by drones
- Renewable energy thanks to the new Cellnex towers which have solar panels and hydrogen batteries to facilitate self-sufficiency and efficiency
- Leading global certifications in environmental management (ISO 140001) and energy efficiency (ISO 50001)

The project responds to the European Plan objectives for digital solutions, ensuring a minimum connectivity of 100 Mbps. It is also aligned with the Strategic Plan for the introduction of the 5G network in Europe (closing the digital divide or the digitalisation of key industries) and in line with:

- 4G and 5G connectivity for the areas around the aerial sites
- Technology which enables IoT (*Internet of Things*) solutions, robotics, virtual and augmented reality, artificial intelligence, etc.
- DAS solution. Aerials that provide indoor multi-operator mobile coverage (4G, 5G)
- Artificial Intelligence/Robotics. Security cameras and video monitoring systems

FALCON'S BEYOND GLOBAL

Another of the key areas in our real estate strategy is the consolidation of strategic alliances with first-class partners. Mixed capital or joint venture models that encourage the pursuit of projects that go beyond the hotel business and also generate other lines of business.

In 2012, a joint venture with the Katmandu Group, a company specialised in theme parks, led to the first Katmandu Park being inaugurated in Mallorca. Among other awards, the success of the project has been recognised for its innovative nature by the European Hospitality Awards, and also named one of the best water parks in Spain by TripAdvisor.

Last May, Falcon's Creative Group, a leader in the design of theme parks, joined forces with the Katmandú Group to create Falcon's Beyond Global, a new company focused on the comprehensive development of intellectual property in partnership with Meliá Hotels International.

This alliance has the mission of driving the growth of the Katmandu concept in our resorts and the construction of theme parks and experiences in our different hotels on a global level, including some of the key tourist destinations in the world, such as Punta Cana or Tenerife.

Thanks to this joint venture, we started the first stage of the project designed for the Dominican Republic in 2021.

DOMINICAN REPUBLIC MASTER PLAN

The plan mainly consists of the development of a new entertainment destination in Punta Cana with investments through the joint venture with Falcon's Beyond Global.

The development has two stages:

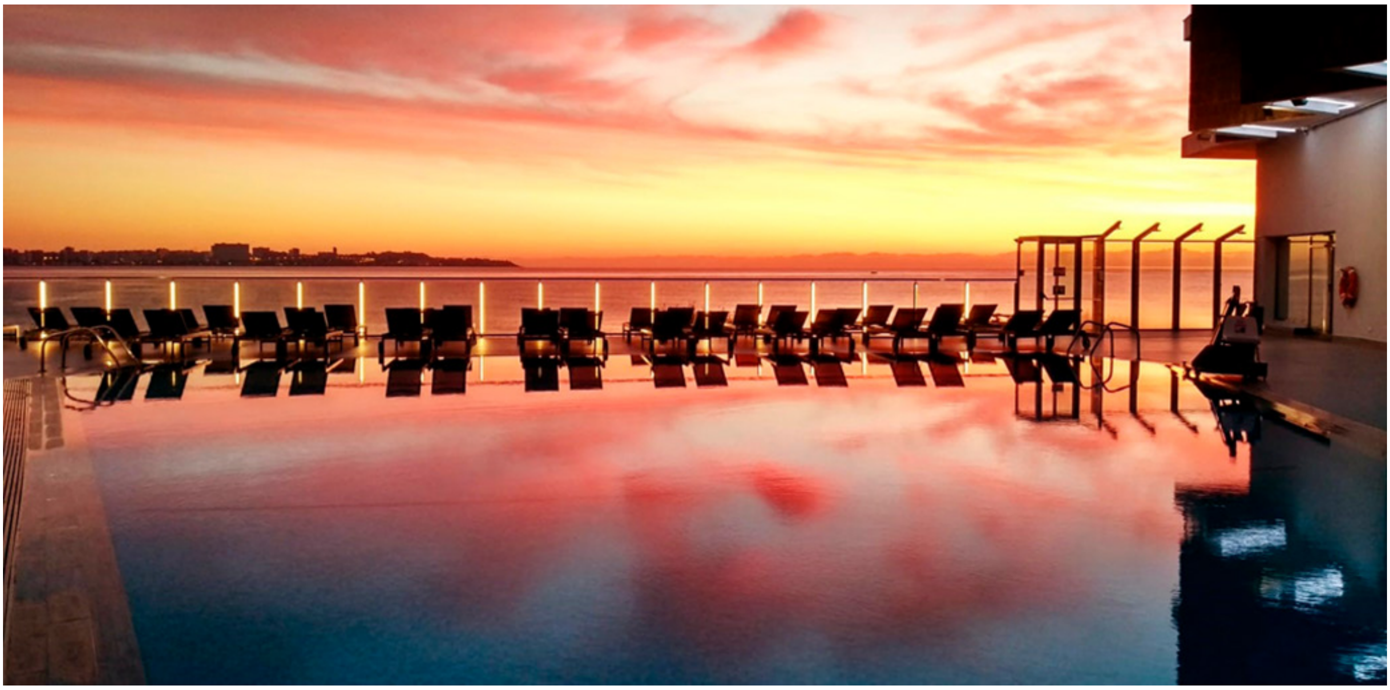
The first stage includes the renovation of the Paradisus Palma Real and demolition and reconstruction of Paradisus Punta Cana, as well as the creation of a new theme park.

In line with our commitment to making sustainability part of our business model, the new Paradisus Punta Cana complies with the most rigorous sustainability criteria in its design and construction, using an approach to landscaping which minimises the negative impact its construction could have on its spectacular and sensitive natural environment.

The resort will also prioritise energy efficiency and the use of renewable energy, the best possible management of water resources and a commitment to reduce waste and implement a circular hotel model to minimise its environmental footprint and reduce emissions.

The second stage, led by Falcon's Beyond Global, will allow the expansion of the project by adding first-class entertainment, restaurant and shopping facilities with a number of major international brands.

The renovation of the two Paradisus hotels and creation of the theme park extends the commitment we have maintained for more than three decades to Punta Cana, with this project designed to enhance the value proposition of one of the most attractive destinations in Latin America and make a positive contribution to the creation of wealth, new employment opportunities and more responsible business models to ensure the sustainability of the destination.



Meliá Alicante, Spain

02

Strategy

Tourism industry vision

GRI 102-15

THE FRAGILE RECOVERY OF TOURISM

If "vaccine" was the word of the year, in the tourism industry perhaps the best definition of 2021 was "roller coaster". A cycle of reservations, cancellations and border closures due to different waves of the virus were a constant feature of a year that was much better than expected, although far from the results achieved in 2019, when tourism accounted for 10.4% of global GDP and revenues of USD 9.2 trillion.

In 2021, the contribution to GDP improved by almost 19% compared to 2020, but still 45% below 2019 as it proved impossible to recover and stabilise domestic and international demand due to the restrictions imposed to limit the spread of Covid.

2021 began with a weak performance that lasted throughout the first half of the year, with a rebound in international tourism coming in the summer season in the northern hemisphere, boosting results in the third quarter of the year, especially in Europe, but with very uneven results in other countries and regions of the world.

The *World Travel and Tourism Council* (WTTC) forecasts that global tourism will recover 85% of business in 2022, with an estimated 18% increase in employment and a forecast to double international travel next year.

GLOBAL MACROECONOMIC OVERVIEW

The pandemic has accentuated global inequalities and the uneven access to vaccines has widened the gap in recovery from the pandemic between the rich world and developing countries. Growth forecasts in 2021 were adjusted throughout the year, ending with global growth of around 5.9%, very different from the growth seen in countries such as China or India.

The global growth forecast for 2022 by the IMF has been lowered by half a point to 4.4%, with 3.8% growth forecast for 2023.

While strong economies are expected to return to their previous levels, emerging and developing markets, with the exception of China, will remain below pre-pandemic levels until 2024, causing a significant slowdown in improvements to their living conditions.

On the other hand, the impact of successive waves of the virus has created major bottlenecks in critical global supply chains, fueling inflation in many countries and casting a shadow over the recovery, although the inflationary risk is expected to diminish in most countries during 2022.

THE SPANISH ECONOMY

The Spanish economy grew by 4.5% compared to 2020, compared to a contraction of -10.8% in 2020. Among other reasons, this was due to the slow recovery of tourism, delays in the implementation of the *Next Generation EU* funds, high inflation and supply shortages. In 2022, the Bank of Spain expects growth of 5.4%.

Throughout 2021, the government maintained support for the furlough schemes applied since the beginning of the pandemic. Along with progress with vaccinations, the easing of restrictions towards the end of 2021, and a certain improvement in consumption, this led to a reduction in unemployment, although Spain is still in last position in the EU in terms of percentage unemployment.

The tourism industry in Spain improved compared to the first year of the pandemic, contributing 7.4% of GDP compared to 5.5% in 2020. The year ended with an increase in international visitors of 64.4% and an increase in spending of 76% compared to 2020.

2022, A DECISIVE YEAR FOR THE TOURISM INDUSTRY

2022 is expected to consolidate the long-awaited recovery of tourism, which will gradually build up over the year if the desired improvements in the health and economic situation continue in the main feeder markets.

The medium-term forecast is positive due to the strong latent demand and a relaxation of travel restrictions, although the inflationary pressures in many economies may reduce the capacity of households and companies to spend on travel.

The scenarios published by the World Tourism Organization (UNWTO) indicate that international tourist arrivals could grow between 30% and 78% compared to 2021. However, these percentages would still be 50% and 63% below pre-pandemic levels.

In early 2022, the rise in cases caused largely by the omicron variant have disrupted the recovery and affected confidence as some countries re-introduced travel bans and restrictions in certain markets. The vaccination roll-out also remains uneven and many destinations still have their borders completely closed, particularly in Asia-Pacific.

A difficult economic environment could put additional pressure on the recovery of international travel, with rising oil prices, rising inflation, possible interest rate increases, high debt and the continued disruption of supply chains.

However, the recovery in tourism already seen in many markets, especially in Europe and the Americas, together with a widespread roll-out of vaccinations and a coordinated lifting of travel restrictions, could help restore consumer confidence and accelerate the recovery of international travel in 2022.

While international tourism recovers, domestic tourism continues to drive the recovery in a growing number of destinations, particularly those with large domestic markets. According to experts, domestic tourism and travel close to home, as well as outdoor activities, nature-based products and rural tourism are some of the key travel trends that will continue to shape tourism in 2022.

In Spain, the expectations for 2022 is that recovery will continue, with an increase in tourism GDP of 52.9% to €135,461 million, equivalent to 10.5% of Spanish GDP, according to estimates by Exceltur. This will come mainly from the growth of international travel from the second quarter of the year. The contribution of foreign visitors is expected to double and the recovery of domestic tourism will also continue. Full recovery to pre-pandemic levels is not expected until the second half of 2023.

Strategic vision

The year began as 2020 ended, with a great deal of uncertainty caused by successive waves of the pandemic and travel restrictions, although the appearance of vaccines just a couple of months before the start of the year brought a substantial difference to the outlook for our industry and the expectations of recovery in the medium term.

Given the situation, our **Resilience Plan, "The Day After"**, remained in force in the first quarter and at the start of the second quarter until an improving situation and the significant pent-up demand for travel triggered an increase in bookings from May, although we still remained prudent in our management.

By the third quarter, our strength in resort and bleisure destinations, the first destinations to benefit from the relaxation of travel restrictions, and our leadership in digital distribution (with melia.com generating 55% of bookings in 2021), allowed us to benefit from the upward trends in bookings week after week. This also extended into the fourth quarter, until the appearance of the Omicron variant and a new wave of infections.

PREPARING "THE DAY AFTER"

Given this background, we maintained our **"The Day After"** programme with a double vision. On the one hand, we supported the tactical management of operations in a limited number of hotels in which every decision was key to optimising results. And on the other hand, we also maintained our commitment to "look ahead" and continue making progress in areas that would allow us to emerge stronger from the pandemic, including our the **three strategic priorities: organisational evolution, our commitment to digitalisation and sustainable management.**

The launch of the **new organisational model** named *Leading a New Future* aimed to align the organisation with a new business environment full of uncertainty, in which agility and efficiency would be fundamental to recovery. A new, more digital, dynamic and flexible model that adapts better to a disruptive and constantly changing business environment.

2021 saw the completion of the definition of the new model in both corporate areas and business units, with a clear focus on creating an organisation which would offer the most agile services most needed by hotels, promoting a relationship of trust and collaboration between the Hotel Operations and Hotel Services area to guarantee effectiveness and efficiency.

The implementation of the model led to the creation of eleven operations areas. Departments as significant as Business Development, responsible for sales, marketing and revenue management, were already fully adapted to the model by the second half of the year, along with several new operations centres in America, Spain and EMEA with a critical mass of hotels, ensuring closer, more agile and more efficient management of the business units.

Throughout 2021 we also maintained our **commitment to digitalisation**, with investment levels aligned to pre-Covid times due to the fact that we were fully aware that technological progress would be a huge advantage in the more competitive business environment after the recovery. Driven by the Be Digital 360 digital transformation programme, our commitment is to transform all areas in both *the Front* and *Back Office*, while also ensuring we maintain a first-class digital sales capacity, structuring the programme around 12 major projects with clearly defined and measurable objectives.

Finally, "The Day After" focused on ensuring a **responsible and sustainable management model**. Given our industry leadership and the importance of sustainability during the pandemic, both in society and in terms of legislation and regulations, our commitment to corporate responsibility will be an increasingly important strategic factor to boost our resilience and recovery. In 2021 we continued to support projects in environmental, social, and governance matters, which we will explain in more detail later in this report.

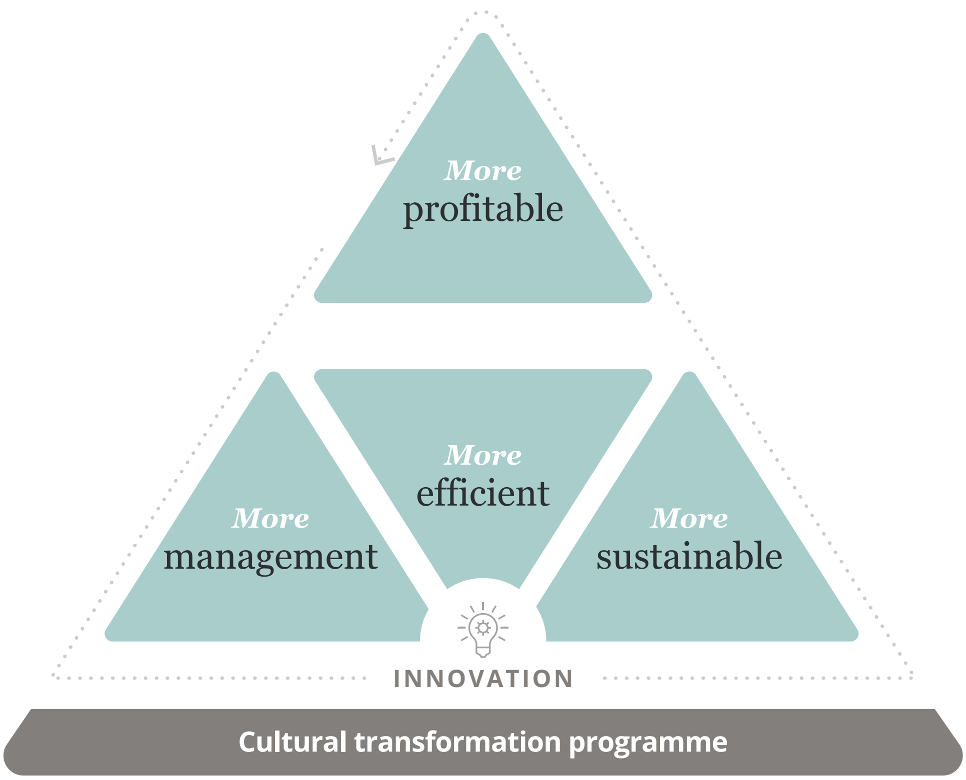
2022, A RETURN TO OUR STRATEGY

More than 12 months after the pandemic broke out, the arrival of summer 2021, the growth in the number of vaccinations and the gradual withdrawal of travel restrictions led to a notable turning point that made us think about the need to return to our strategic priorities, designed in such a way as to provide continuity to the short and long-term projects included in "The Day After".

Given the profound changes in the business environment, we carried out an active listening process involving all of our stakeholders and analysing the threats and opportunities in a highly volatile market, as well as the actions of our competitors, bringing this all together in a new **Strategic Roadmap** that contains the priorities for this new year.

Among its basic premises, the roadmap continues to prioritise the creation of value for our stakeholders and making ourselves a global benchmark in leisure and bleisure hotels based on a profitable and agile business model focused on excellence and sustainability. Based on the lessons learned throughout the crisis, this should allow us to strengthen our balance sheet to pre-Covid levels and also become more efficient and competitive.

The new **Strategic Roadmap** therefore focuses on four **strategic priorities**:



These priorities are accompanied by an ambitious **Cultural Transformation Programme** to ensure the commitment of our people, giving continuity to programmes included in "The Day After", such as *Be Digital 360* and *Leading a New Future*, together with new projects focused on this cultural transformation and a strong value proposition for our people.

Innovation is intrinsic to the strategy, and even more so in a business environment like the present, in which differentiation is a key success factor. Our Roadmap reflects our commitment to innovation through formulas designed to explore other areas which may be applicable to the hotel industry.

A collection of **strategic projects** will give shape and content to the Roadmap, in which we define priorities to make the most of our strengths and the lessons learned during the pandemic.

The projects are grouped into **three programmes**:

MANAGEMENT MODEL

Leverage our brands, our talent, our sales channels, our management skills and ability to generate revenue to generate qualitative and sustainable growth through asset-light formulas.

MANAGEMENT EFFICIENCY

Combine the flexibility of a more digital and efficient operating model with greater productivity thanks to digitalisation, giving us greater agility and greater transparency through our analytical and reporting model.

RESPONSIBLE BUSINESS

Lead the transformation of tourism towards a more sustainable model that includes ESG criteria to guarantee the generation of long-term economic, environmental and social value.

We are convinced that the projects included in the strategic programmes will become the drivers of a solid and lasting recovery, helping consolidate our position as a more resilient, responsible, digital and efficient company in all of our processes; a genuine winner in the post-Covid era.

Responsible Business

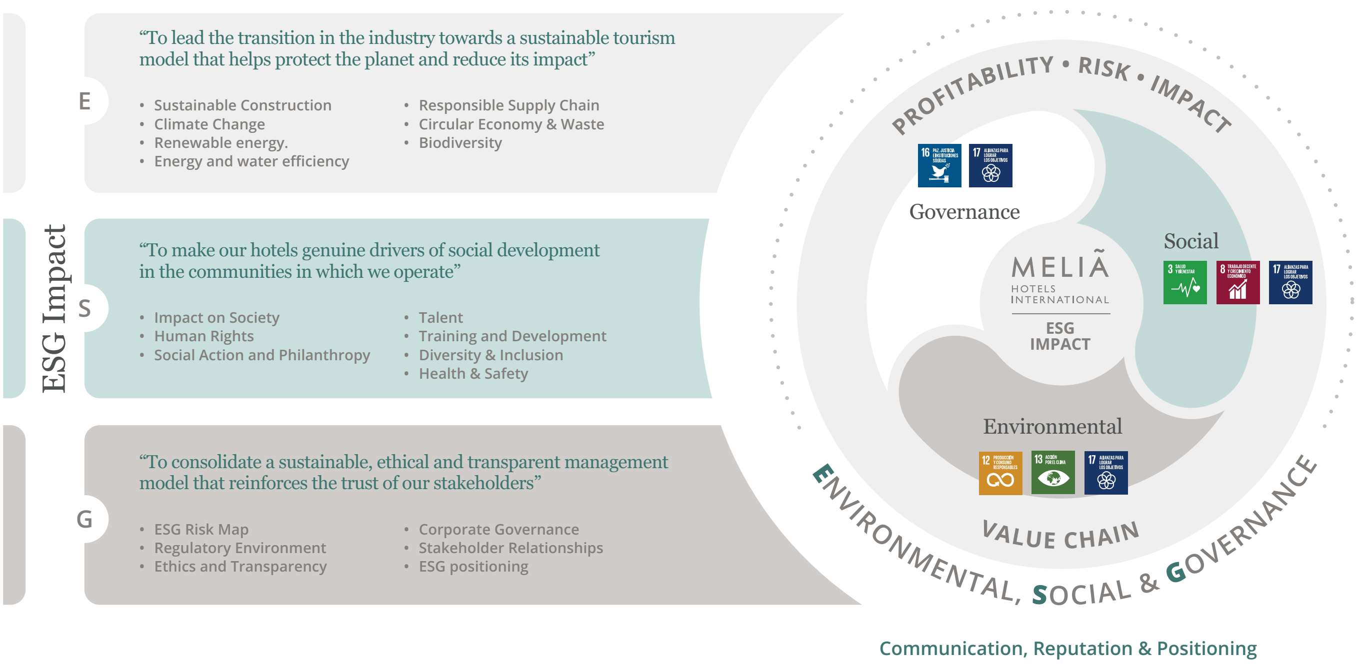
Sustainability is already far much more than just good intentions given the increasing responsibility society demands from companies and the complex agenda caused by the global challenges of the 2030 Agenda and the new regulatory environment. We therefore cannot ignore the need to prioritise health and safety and the growing need to manage an unprecedented economic and social situation in which companies will play an essential role in the recovery.

While the global context revealed major future challenges, 2021 was also the year in which the so-called "regulatory tsunami" began, something which will undoubtedly affect the agenda for 2022 and for years to come. Regulatory changes mean that the EU will focus its efforts on encouraging companies to compete in an increasingly global and complex environment, and particularly in terms of environmental and digital transition.

Our responsible management model and long-term vision thus become even more relevant given our aim to consolidate ethical, transparent and responsible management and become a benchmark for the transformation towards a more sustainable tourism model. This model must contribute to both the needs of the planet and economic and social development in travel destinations, something which at Meliá we define as our **ESG IMPACT.**

This has led us to make sustainability a key driver for creating value in our core business, allowing us to make progress in a sustainability strategy based on our **2030 Vision**. This vision aims to position ourselves among the leading hotel groups in the world in midscale and upscale city and resort hotels, consolidating our leadership in resort and bleisure hotels and being acknowledged as a **global benchmark in excellence, responsibility and sustainability**.

"Working towards a sustainable future from a responsible present"



The vision **combines two different approaches**. On the one hand, long-term approaches and commitments aligned with our vision and global challenges, and on the other hand, short and medium-term approaches to lay the foundations to allow us to gradually achieve our goal of *moving towards a sustainable future from a responsible present.*

We have made significant progress since our first projects in 2008, which have led us to define increasingly ambitious goals. We have moved on from very operational approaches to approaches that respond to public commitments to sustainability aligned with supra-corporate objectives, allowing us to assume new commitments and achieve new milestones in ESG in 2021. Our development was recognised with the **repeat of our 2nd place in the global raking in the S&P Global CSA and 1st place in Spain and Europe (Silver Class)**

Although progress in sustainability is a very long road with a global and long-term vision, we understand that every small achievement helps us get closer to our goals and ensures that sustainability creates value in all three dimensions, since at Meliá;

"WE HAVE A TRIPLE OBJECTIVE AS A COMPANY: TO BE FINANCIALLY VIABLE, SOCIALLY BENEFICIAL AND ENVIRONMENTALLY RESPONSIBLE"

In a context in which COVID-19 continues to pose important challenges to the entire tourism industry, at Meliá we have also seen it as an opportunity to listen more closely to our stakeholders, understand the issues that most concern them and align our strategic priorities to their expectations and address the changes we have to face. That is why we updated our Materiality Analysis in 2021, including issues related to the changes this new context will bring, and achieving a 27% participation rate (2 points above 2019).

ENVIRONMENTAL PROGRESS

After assuming the global commitments to combat global warming defined in 2015 at the COP 21 meeting in Paris, in 2019 we defined our emission-reduction targets using science-based criteria endorsed by the Science-Based Target Initiative (SBTi). During the COP24 meeting in Katowice in Poland, global commitments were updated to demand an even greater effort to limit the temperature increase to 1.5ºC. In line with this adjustment, in 2021 we redefined our objectives for this new scenario.

For the tenth consecutive year, we took part in **CDP Climate Change**, a leading international benchmark in climate change and environmental management, obtaining a B rating. We remain committed to achieve an A rating, the highest possible rating, by 2024. We also renewed our participation in **CDP Water**, also achieving a B rating and recognition for having achieved the best rating for any hotel company both in Spain and in Europe.

We have given continuity to projects designed to make us more efficient in our use of natural resources through investments, efficiency measures, and innovative new technology, and also to reduce the waste we generate through the exploration of opportunities in the circular economy and reduction of food waste, among other projects. This turned out to be a high priority for our stakeholders, particularly in relation to issues such as climate action, efficiency, water management, waste management and the circular economy.

If there is one milestone that stands out in this dimension in 2021, it is the alignment of our climate change management with the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, set up in 2015 by the Financial Stability Board to allow companies to inform stakeholders, particularly financiers and investors, about risks and opportunities related to climate change and how they manage them. This exercise highlighted the comprehensive nature of the concept, involving a large part of the organisation structure, from the Sustainability Department to Environment & Energy, Risk Control & Compliance and Operations, all coordinated by the Sustainability Committee created in 2020, and, of course, by the Management Committee. The conclusions of this analysis allowed us to define a specific Roadmap focused on mitigating risks associated with climate change and exploring opportunities with a long-term vision.

PROGRESS IN THE SOCIAL SPHERE

Due to the fact that 2021 continued to be affected by the pandemic, we continued with our special focus on people, the health of our customers and employees, and the preservation and recovery of employment in teams which had suffered such a huge impact ever since the beginning of the pandemic. This global concern was reflected in the expectations of stakeholders in regard to matters such as our commitment to employees, training and development. These areas were considered highly important by our stakeholders, who also believed ethics, integrity, transparency, safety, health and the protection of human rights to be matters of critical importance.

We have therefore consolidated and reinforced our health and safety protocols and processes, providing our teams with better training resources and consolidating new ways of working, which combined physical attendance, teleworking and hybrid formats, aiming to enhance the work-life balance while still ensuring people assume all of their professional responsibilities. In this area, the coming years will be vital in consolidating the cultural transformation in which we are all currently immersed.

In terms of Human Rights, in addition to its inclusion in our Global Risk Map, in 2021 we defined a goal to review our approach to ensure alignment with the new European Due Diligence Directive, for which we have an excellent base which will allow us to easily adapt.

Given that some social projects supported by our hotels have been put on hold as a result of the suspension of activity in 2020, we hope to reactivate them and continue to offer opportunities for social and workplace integration, learning spaces, and philanthropic activities on a local level.

GOVERNANCE

Making progress in the integration and influence of ESG criteria is currently a top priority for Meliá. That’s why we have continued to enhance the solidity of our governance model, ethics and transparency.

In terms of risk management, we have added risks related to ESG issues to the Meliá global risk map. This allows us to identify, evaluate and manage specific ESG risks through our Sustainability Committee, with 37 risks currently identified in the area of sustainability.

Following the approval of the Director Selection & Diversity Policy, in 2021 the proportion of female directors on the Board of Directors rose from 27.3% to 36.36%. This significant increase means we not only comply with the recommendation of 30%, but it also allows us to define more challenging objectives for 2022, by the end of which we hope that female directors will make up 40% of the Board. This achievement also allowed us to form part of the first *Ibex Gender Equality* index, a ranking that takes into account presence of women in managerial positions in listed Spanish companies and which is only formed by companies with at least 25% of female Board members.

We also defined objectives related to compliance with the recommendations of the CNMV Code of Good Governance. In particular, we expect to increase compliance from 75% in 2021 to 85% in 2022 through the implementation of policies and the achievement of our diversity and transparency objectives.

Our participation in the S&P Global sustainability ranking over the last three years, and the fact that we have been recognised as a benchmark hotel in sustainability management, has been a key driver for creating a more sustainable and responsible business model.

Gran Meliá Fénix, Spain

03

Value creation for our stakeholders

INDEX >

Stakeholders

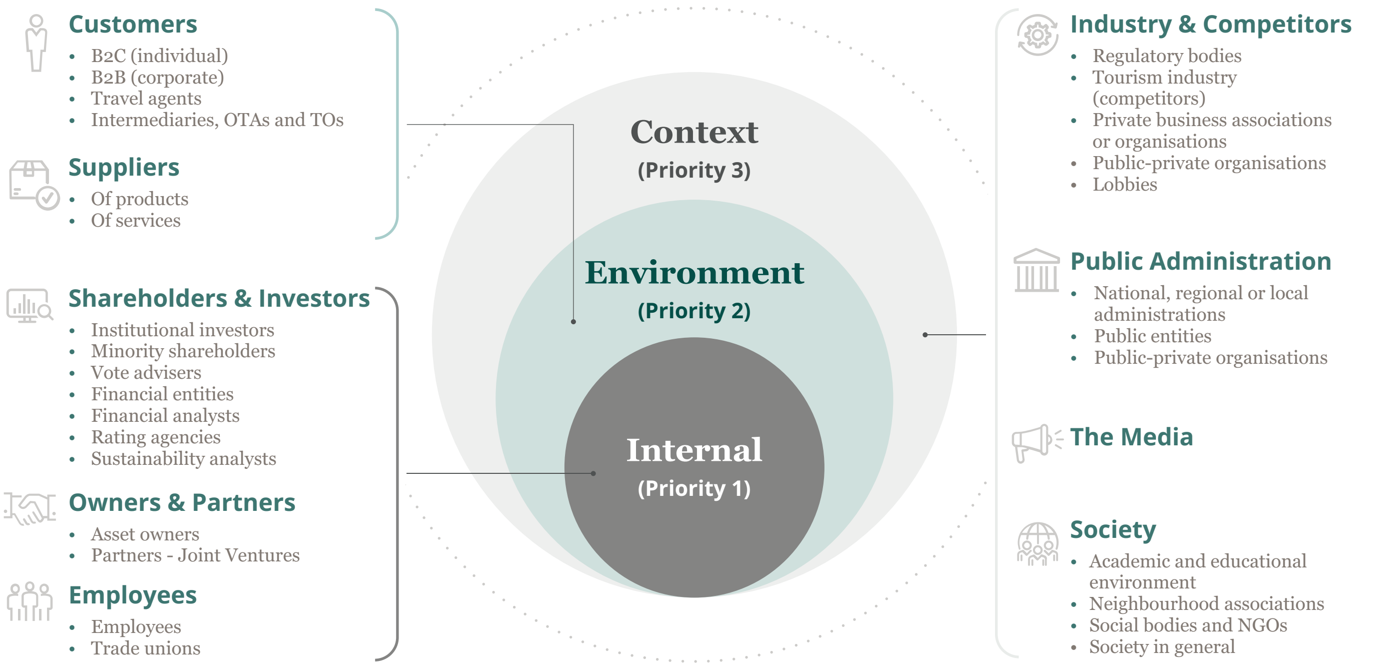
GRI 102-40; 102-42; 102-43

Stakeholder Map

Being close to stakeholders is a priority for Meliá. The health crisis has confirmed that a fluid, rigorous, transparent and focused relationship with stakeholders is a driver behind the creation of real value.

This closeness is precisely what has allowed us to go beyond merely covering the needs and expectations of our stakeholders. This bond is reflected in the stakeholder map that we reviewed and updated in 2020 based on criteria that take into account the degree of the direct relationship with our day-to-day activity and their own particular interests.

STAKEHOLDER MAP



Throughout 2021 we continued to maintain a strong relationship with stakeholders, both in terms of their health and in understanding new needs that arise from their relationship with us.

This was demonstrated in the update to our Materiality Analysis, our active presence in forums and meetings, our direct response to requests for information, knowledge sharing, new programmes, more and better information, direct messages through our communications channels and support for the health authorities in attending to Covid patients, among others.

Our bond with them is built around our *Stakeholder Relations Policy*, based on the principles of **Accountability AA1000SES (2011) for Stakeholder Commitments**, a tool which focuses on providing a comprehensive and balanced response to relevant issues, impacts, opportunities and risks in our relationship with stakeholders. These principles are;

- Inclusion principle: offering stakeholders the chance to take part in the development and achievement of our commitments to sustainability
- Relevance principle: the matters that are material, transcendent and significant for our stakeholders are key aspects in our strategy
- Response principle: through which we offer solutions, actions, performance and communication aligned with material concerns

Commitments and channels

We have created our own communications channels and spaces for dialogue with each type of stakeholder, managed across the company by different areas with the experience and knowledge that can best respond to their concerns and needs.

Innside New York Nomad, USA

Stakeholders Priority 1 - Internal

Owners & Partners

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Channel manager	Sporadic	Recurrent	Periodic
Professional management	Owner's Office and Portal	Press office		■	
Seriousness and trust	Press office	Corporate communication		■	
Long-term relationships	Press office	Real Estate		■	

Composition	Dialogue		Frequency		
	Spaces	Space manager	Sporadic	Recurrent	Periodic
Hotel owners	Governing bodies	Real Estate / Owner Relations			■
JV partners	Meetings with owners	Owner Relations		■	
	Meetings with partners	Real Estate		■	

Measurement
Owner NPS
Two-way survey

Shareholders & Investors

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Transparency, coherence and rigour,	Institutional website	Investor relations		■	
Profitability and value creation	Newsletters	Investor relations		■	
Good governance, reliability and compliance	Proxy advisers	Corporate Governance			■
	Shareholder Service Desk (email)	Investor relations		■	

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
Institutional investors	General Shareholders' Meeting	Meliá Hotels International			■
Minority shareholders	Investor Relations Office	Investor relations		■	
Vote advisers					
Financial entities					
Financial analysts					
Rating agencies					
Sustainability analysts					

Measurement
Satisfaction surveys

Employees

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Security	Meliá Home (internal portal)	Global HR		■	
Development opportunities	eMeliá	Global HR		■	
Stability, robustness and fairness	Internal communications	Global HR		■	

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
Partners	Performance management	Global HR			■
Trade unions	Meetings with teams	Global HR		■	
	Equality Commission	Industrial Relations			■
Measurement	Health & Safety Committees	Occupational Health			■
Work environment surveys	Dialogue with unions	Industrial Relations			■
Training	Surveys	Global HR			■
Training quality assessments	Social Media (external talent)	Global HR		■	
NPS People	Learning communities	Global HR		■	

Stakeholders Priority 2 - Environment

Suppliers

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Long-lasting business relationships	Supplier Code of Ethics mailbox	Global Procurement		■	
Trust and respect	Central purchasing offices			■	
Mutual benefit	Communications			■	
Objective selection criteria	COUPA system			■	

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
Product suppliers	COUPA system	Global Procurement		■	
Service suppliers					
Measurement					
Supplier NPS					

Customers

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Personalised experiences	Melia.com / Melia Pro	Business Dev & Marketing		■	
Excellent service	Mobile apps	Business Dev & Marketing		■	
Quality and safety	MeliaRewards	Global Loyalty		■	
Honesty and ethics	Social Media	Social Media		■	
Protection and security	Quality & GEX mailbox	Quality & GEX		■	
	Advertising and campaigns	Business Dev & Marketing			■

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
B2C (individual)	Webinars	Marketing		■	
B2B (corporate)	Surveys	Loyalty	■		
Travel agents	Workshops	Business Dev & Marketing	■		
Intermediaries, OTAs and TOs					
Measurement					
Customer NPS					
MeliáRewards NPS					
ReviewPro surveys					

Meliá Internacional Varadero, Cuba

Stakeholders Priority 3 - Context

Public Administration

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Cooperation	Communication Office	Corporate communication		■	
Serve general interests	Regional Corporate Offices	VP Operations		■	
Transparency, truthfulness	Press room	Corporate communication		■	
Honesty and proximity	Secretary to the President / CEO	Secretary to the President / CEP		■	
Neutrality and impartiality	CEO & Meliá Social Media	Corporate communication		■	

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
National authorities	Institutional Relations	Affected areas		■	
regional or local	Institutional presence	Affected areas		■	
Public entities	Forums, events and meetings	Affected areas		■	
Public-private organisations					

The media

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Cooperation	Press office	Corporate communication		■	
Search for general interest	Virtual press room			■	
Transparency, truthfulness	Social Media			■	
Honesty and proximity					
Neutrality and impartiality					

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
The Media	Institutional Relations	Affected areas		■	
	Forums and meetings	Affected areas		■	
	Press conferences	Corporate communication	■		

Measurement
Quality survey segmented by media type

Industry & Competitors

Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Respect and transparency	Institutional Communications	Corporate communication		■	
Active listening and collaboration	Communication Office	Corporate communication		■	
Ethical competition	CEO & Meliá Social Media	Corporate communication		■	
Good faith and cordial relationships	Secretary to the President / CEO	Corporate communication		■	
Serve general interests	Regional Corporate Offices	VP Operations		■	

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
Regulatory bodies	Institutional relations	Affected areas		■	
Tourism industry (competitors)	Institutional presence	Affected areas		■	
Associations or organisations	Forums, events and meetings	Affected areas		■	
private professionals or businesses					
carácter privado					
Public-private organisations					
Lobbies					

Society & Community					
Monitoring and compliance commitments	Communication		Frequency		
	Channel	Person responsible	Sporadic	Recurrent	Periodic
Cooperation	Press Room	Corporate communication		■	
Search for local social interest	Social Media	Corporate communication		■	
Transparency, truthfulness					
Honesty and proximity					
Neutrality and impartiality					

Composition	Dialogue		Frequency		
	Spaces	Person responsible	Sporadic	Recurrent	Periodic
Academic and educational environment	Forums and meetings	Affected areas		■	
Neighbourhood associations		Sustainability			
Social bodies and NGOs					
Society in general					

Work areas 2021

To deepen our understanding of certain stakeholders and strengthen our relationship with them, in 2021 we designed specific surveys for hotel owners, partners, suppliers and the media.

Our goal is to better understand how they perceive us as a company, and measure their level of satisfaction and recommendation of our company through a specific NPS for each of them.

This will provide useful information to help us anticipate their needs and be more proactive in our relationship, prioritising content or work areas and ultimately drawing up specific plans.

Aside from these aspects, 2021 was also an intense year for strengthening our relationship with all stakeholders:

AREAS OF WORK 2021

Priority Level	Stakeholder	Key areas of work in 2021
Priority 1 - Internal	Owners & Partners	• 53 meetings to analyse the evolution of the company, opportunities and reflections on the tourism industry • Design of a survey to measure the quality of the relationship with both groups (launch in 2022)
	Employees	• Transformation of the Meliá Home website into a key channel for sharing knowledge and information, with more than 30 different sites and over 920,000 visits by employees • Launch of a new newsfeed with information updated weekly for employees • Over 40 rapid surveys to monitor the cultural and organisational transformation process
	Shareholders & Investors	• Participation in over 65 virtual events, forums and financial conferences • 3 face-to-face road shows in London, Paris and Madrid
Priority 2 - Environment	Customers	• 123 Travel Labs and 146 webinars with travel agencies
	Suppliers	• New Coupa system to digitalise operations and improve relationships with suppliers, supporting greater agility, transparency, and efficiency in our business relationships • Design of a survey to measure the quality of the relationship with both groups (launch in 2022)
Priority 3 - Context	Public Administration	• 88 meetings with different levels of the Public Administration in Spain and internationally, regarding the tourism industry, exploration of public-private partnership opportunities, plans, destinations and new projects, among other matters
	The Media	• 38 meetings and presentations on current events in the industry and the company, interviews and comments • Design of a survey to measure the quality of the relationship with both groups (launch in 2022)
	Industry & Competitors	• Attendance at 7 international tourism trade fairs • 92 meetings and gatherings with tourism companies and participation in a range of relevant forums • 21 meetings with executives and entrepreneurs
	Society & Community	• Participation in 32 labs, webinars, meetings and presentations to share our experience in different areas of ESG • Participation in 24 university and academic forums • 68 direct collaborations with social and cultural organisations

Materiality Analysis

GRI 102-21; GRI 102-29; GRI 102-31; GRI 102-44; GRI 102-46; GRI 102-47

Post-pandemic update

COVID-19 is posing an important challenge for Meliá and the entire tourism industry, but it is also an opportunity to listen to our stakeholders, understand the issues that concern them most, and align our strategic priorities to address the obstacles that we may encounter along the post-pandemic way.

There are many and diverse changes expected to occur as a result of the pandemic: greater concern for personal health, loss or reduction of employment and income, changes in economic and social processes, and a change in social consciousness. That is why we updated our materiality analysis in 2021 to allow us to adapt the dialogue with our stakeholders and better align it with their expectations.

About the process

The update to the materiality analysis was carried out based on the following premises:

International standards and frameworks: An initial list of issues was made based on the criteria in the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) related to the Hotel & Lodging industry. In addition, we also took into account the key global risks and trends in sustainability taken from the Global Risks Report 2021 by the World Economic Forum (WEF) and the United Nations 2030 Agenda.

Industry analysis: We then made an analysis of the top companies in the industry on a global level and selected the material issues that have the greatest relevance and impact on the industry.

Other reporting frameworks: Finally, we cross-checked the key issues indicated by ESG Analysts and investors to filter out those that are material for the hotel industry.

The list of material issues was reviewed and approved by the **Sustainability Committee**, selecting the **19 issues** that are most relevant for Meliá in the post-pandemic context. The assessment and validation was carried out with transparency and rigour, ensuring the quality and veracity of the results obtained.

Stakeholders involved

One of the most important updates in the new materiality analysis was the inclusion of all the stakeholders in our Stakeholder Map, including those with priority 1, 2 and 3 and their respective sub-groups.

AVERAGE PARTICIPATION

27%

To ensure a higher participation rate, we only invited those stakeholders with whom we currently have a closer relationship to take part in the survey. This helped us achieve an **average participation rate of 27%,** 2 percentage points above 2019.

Material issues

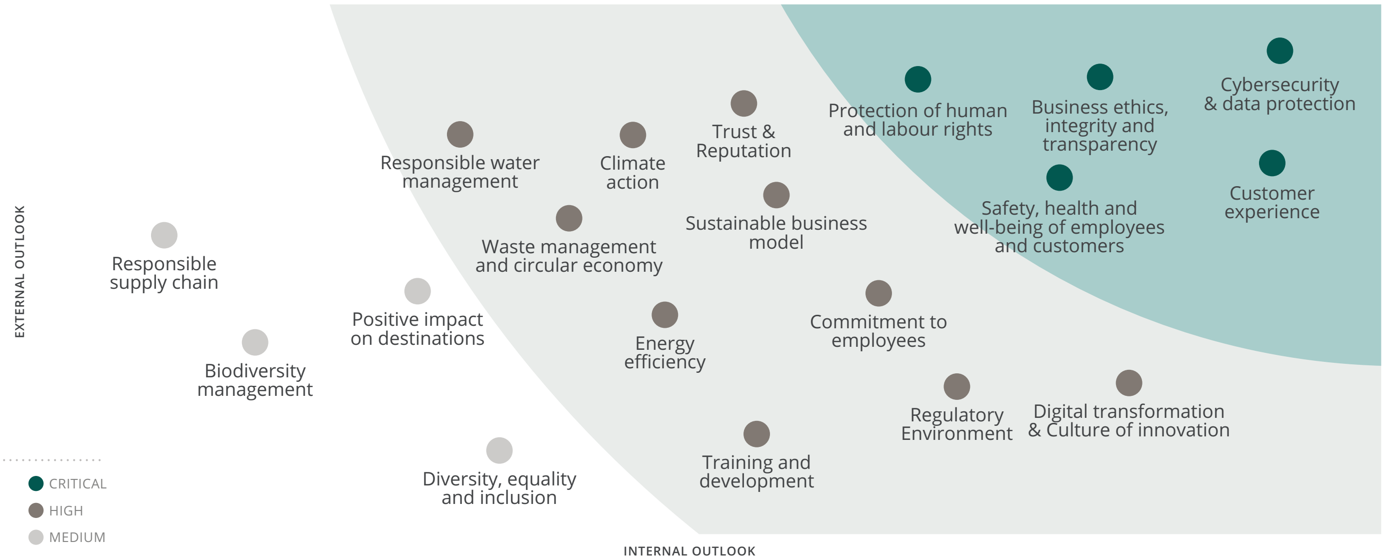
Material issues were classified into four categories: Climate Change & Environment, People, Society and Governance. The following table shows the 19 issues without prioritisation, together with their respective definitions adapted to the context of Meliá and their connection with the Sustainable Development Goals (SDGs) and GRI and SASB standards.

Material Issues	Definition	SDG	GRI issue	GRI indicator	SASB code
Climate Change and the Environment					
Climate action	Decarbonisation of the Meliá value chain through projects to reduce and offset greenhouse gas emissions. Management of the risks and opportunities created by climate change to allow the appropriate adaptation and mitigation of its adverse effects (natural disasters, droughts, floods, temperature changes, ocean acidification, etc.)		• Emissions	305-1 a 305-7	SV-HL-450a.1
Energy efficiency	Promotion of an eco-efficient energy management system certified under ISO 50001 criteria which prioritises the purchase of certified green energy in our global operations and thus contributes to our decarbonisation strategy		• Energy	302-1, 302-3 to 302-5	SV-HL-130a.1
Responsible water management	Identification of hotels located in areas with water stress, collecting data on the quality and availability of water and allowing the development of risk management strategies and possible measures for adaptation and mitigation, both for our operations and for the environment		• Water	303-1 a 303-5	SV-HL-140a.1
Waste management and circular economy	Identification of opportunities in the management of urban solid waste and hazardous waste to ensure appropriate measurement on a global level. Increase in selective waste collection, recycling and composting. Promotion of circular economy projects which allow the life cycle of products to be extended. Food waste management		• Effluents and waste	306-2, 306-3	
Biodiversity management	Responsible management of natural resources, measuring the impact that Meliá hotel activity may have on ecosystems and biodiversity, activating protective measures and raising awareness about our responsibility to preserve protected areas and species as part of the natural heritage of the destinations		• Biodiversity	304-1, 304-2	SV-HL-160a.1 SV-HL-160a.2
Sustainable supply chain	Observation of Meliá's commitments, objectives and best practices in sustainability in the supply chain. Promotion of the purchase of low-carbon goods and services. Promotion of local trade and suppliers		• Procurement practices • Supplier environmental assessment • Supplier social assessment	204-1 308-1, 308-2 414-1	
People					
Safety, health and well-being of employees and customers	Management of the health, safety and well-being of people as a top priority, guaranteeing a safe environment for both employees and customers. Health and Safety Management System certification based on the ISO 45001 standard. Health and safety in the supply chain		• Health and safety at work • Customer health and safety Customer privacy	403-1 to 403-10 416-1, 416-2	
Customer experience	A value proposal to earn the loyalty and trust of our customers and continue to surprise them every day with experiences enveloped in the Spanish warmth and passion that characterise us.		• Customer privacy	418-1	
Diversity, equality and inclusion	A work environment that promotes gender equality, diversity in general and the inclusion of minority groups or people at risk of exclusion		• Diversity and equal opportunities • Non-discrimination	405-1 405-2 406-1	SV-HL-310a.1 SV-HL-310a.2 SV-HL-310a.3 SV-HL-310a.4
Training and development	Global training and development strategy to cover skills gaps, digital transformation, new ways of working and the abilities of employees to ensure the constant improvement of both our people and the business		• Training and education	404-1, 404-2	
Commitment to employees	People are our reason to be. To promote an optimal work environment that reinforces employee satisfaction and commitment		• Employment	401-1 (b)	
Protection of human and labour rights	Our presence in more than 40 countries and the current market context requires a system of relationships and management that guarantees the defence of human and labour rights in hotels and regulatory compliance	AGENDA 2030	• Non-discrimination • Freedom of association and collective bargaining • Child, forced or compulsory labour • Rights of indigenous peoples • Evaluation in Human Rights.	406-1, 407-1 408-1, 409-1 411-1, 412-1 412-3	
Society					
Positive impact on destinations	Ensure that Meliá's activity is respectful of society and the environment in which it operates, and has a positive impact on the economic and social development of destinations and on the industries that form part of the company's value chain. Social action and philanthropy	AGENDA 2030	• Indirect economic impacts • Local communities	203-1, 203-2 413-1	
Trust & Reputation	Creation of a close, transparent and empathetic dialogue with all stakeholders to drive joint value creation, allowing us to understand their concerns, exceed their expectations and reinforce our reputation		• Stakeholder inclusiveness	102-40 a 102-44	
Governance					
Business ethics, integrity and transparency	Management of the business with the highest ethical standards and integrity, as well as acting rigorously and decisively before any cases of corruption, fraud or bribery		• Ethics and transparency Governance • Anti-corruption reporting practices • Anti-competitive behaviour	102-16, 102-17 102-18 to 102-39 102-45 to 102-56 205-1 to 205-3 206-1	
Regulatory Environment	Compliance with legislation and regulatory obligations on a global level and the ability to anticipate and adapt to new legal requirements		• Environmental compliance • Public policy • Socio-economic compliance	307-1, 415-1 419-1	
Sustainable business model	Integration of sustainable criteria in the Meliá business model to ensure a value chain that acts responsibly towards people, the environment and society as a whole and ensures a quality growth model	AGENDA 2030	• Management approach	103-1 to 103-3	
Cybersecurity & Data protection	Protection of personal data, secure and responsible treatment of payment data, unauthorized installation or use of computer assets that may violate intellectual and industrial property, computer damage, business continuity, rights related to privacy and unauthorized access		• Customer privacy	418-1	
Digital transformation & Culture of innovation	Evolution towards a digitalised operating model through innovation, technology and more efficient and intelligent processes, with a strong focus on the internal and external customer experience				

Materiality Matrix

To identify the key material issues by both their importance and by perception, an evaluation was made based on the three priority scales assigned to each group and sub-group in the Stakeholder Map.

GLOBAL MATRIX BY IMPORTANCE



Importance	Ranking	Material Issues
Critical	1	Cybersecurity & Data protection
	2	Customer experience
	3	Business ethics, integrity and transparency
	4	Safety, health and well-being of employees and customers
	5	Protection of human and labour rights
High	6	Digital transformation & Culture of innovation
	7	Sustainable business model
	8	Regulatory Environment
	9	Trust & Reputation
	10	Commitment to employees
	11	Climate action
	12	Energy efficiency
	13	Training and development
	14	Waste management and circular economy
	15	Responsible water management
Media	16	Positive impact on destinations
	17	Diversity, equality and inclusion
	18	Responsible supply chain
	19	Biodiversity management

Top 5 Perception	
1	Business ethics, integrity and transparency
2	Safety, health and well-being of employees and customers
3	Protection of human and labour rights
4	Customer experience
5	Regulatory Environment

Top 5 Gap Analysis	
1	Cybersecurity & Data protection
2	Training and development
3	Commitment to employees
4	Responsible water management
5	Climate action

GAP ANALYSIS (IMPORTANCE VS. PERCEPTION)

The objective of expanding the scope to all groups and sub-groups was to be aware of both the **opinion** and the **perception** of everyone with a direct or indirect relationship with Meliá. In addition to importance, another relevant update is that for the first time we have also evaluated the perception each stakeholder has of our performance in each of the areas. This has allowed us to identify the gap between importance and perception in certain areas, and focus on those with a greater gap.

Good Governance

GRI 102-18; 102-19; 102-22; 102-23

2021 highlights

DIVERSITY

GRI 102-24

Following the indications of the new ***Director Selection and Diversity Policy*** and recommendation number 15 of the CNMV's Code of Good Governance of listed companies ("CBG"), since 2021 the Meliá Board of Directors has 4 female directors out of a total of 11 members. This means that the ratio of female Board members is 36.36%, a percentage higher than the recommended 30% and the average for IBEX 35 companies (31.3%).

This female presence on the Board has allowed us to form part of the **Ibex Gender Equality** index, the first to measure the presence of women in managerial positions in Spanish companies and which comprises 30 listed companies with at least 25% of female members of their Board.

We will continue to make progress in the implementation of measures and policies to promote and guarantee diversity, not only on the Board, but throughout the organisation. In particular, we have set a goal to reach 40% of female directors before 2023.

REMUNERATION POLICY

In 2021, Meliá approved its new ***Board of Directors Remuneration Policy*** for 2022 to 2024, incorporating the latest recommendations on remuneration and transparency in the CBG and the new requirements after the latest review of the Corporate Enterprises Act in terms of the long-term involvement of shareholders.

Given the economic situation caused by the pandemic, in 2021 we also adopted the following measures:

First semester
- Confirmation of the suspension of the short and long-term variable remuneration scheme for the CEO for 2020.
- Extension of the measures to reduce the allowances paid for attendance of Board Committees and the 25% reduction in the fixed remuneration of the CEO. Both reductions were in force in the first half of 2021.

Second semester
- Definition of objectives for the short-term variable remuneration of the CEO for 2021.

NEW RECOMMENDATIONS

After the publication of the latest amendment to the CBG and the changes to the Corporate Enterprises Act, the Board and its Committees implemented the following measures to adjust to the new recommendations and comply with new requirements in terms of good governance:

- Inclusion of a *malus clause* in the remuneration of the CEO.
- Increase in the number of female Directors and compliance with objectives defined by the CBG and the Director Selection and Diversity Policy.
- Modification of the Regulations of the Board to adapt to the new recommendations on the composition of Committees, limitation of the number of boards to which a director can belong, and other recommendations.
- Extension of the scope of the Supplier Complaints Channel to all stakeholders: customers, directors, owners, shareholders, etc.
- Approval of the new Board Remuneration Policy for 2022 to 2024.

CODE OF ETHICS OFFICE

In 2021, the Appointments, Remuneration & Sustainability Committee approved the reorganisation of the Code of Ethics Office, an internal body whose main objective is to ensure the distribution and correct application and interpretation of our Code of Ethics.

UPDATE TO REGULATIONS

A number of different policies and regulations were approved or updated to improve our transparency and guarantee solid governance aligned with the needs of our stakeholders.

The following policies and regulations were updated and/or approved:

Climate Change and Environment Policy
Corporate Governance Policy
Anti-Corruption Policy
Compliance Policy
Occupational Health and Safety Policy
Sustainability Policy
Complaints Channel Regulations
Code of Ethics Office Regulations
Board of Directors Regulations

Governance Model

Our regulatory system consists of a collection of regulations, standards, policies, protocols, processes and procedures based on principles of transparency and best practices in corporate governance which regulate primarily the following aspects:

- Structure, composition and operation of the Governance Model;
- Principles and commitments in the Code of Ethics and the key areas of company activity.

Meliá's corporate governance is based on policies approved by the Board of Directors. Among those that include fundamental aspects of corporate governance that directly affect shareholders are:

- Communication and Contact Policy with Shareholders, Institutional Investors and Voting Advisers and corporate communication.
- Treasury Stock Policy
- Stakeholder Relationship Policy

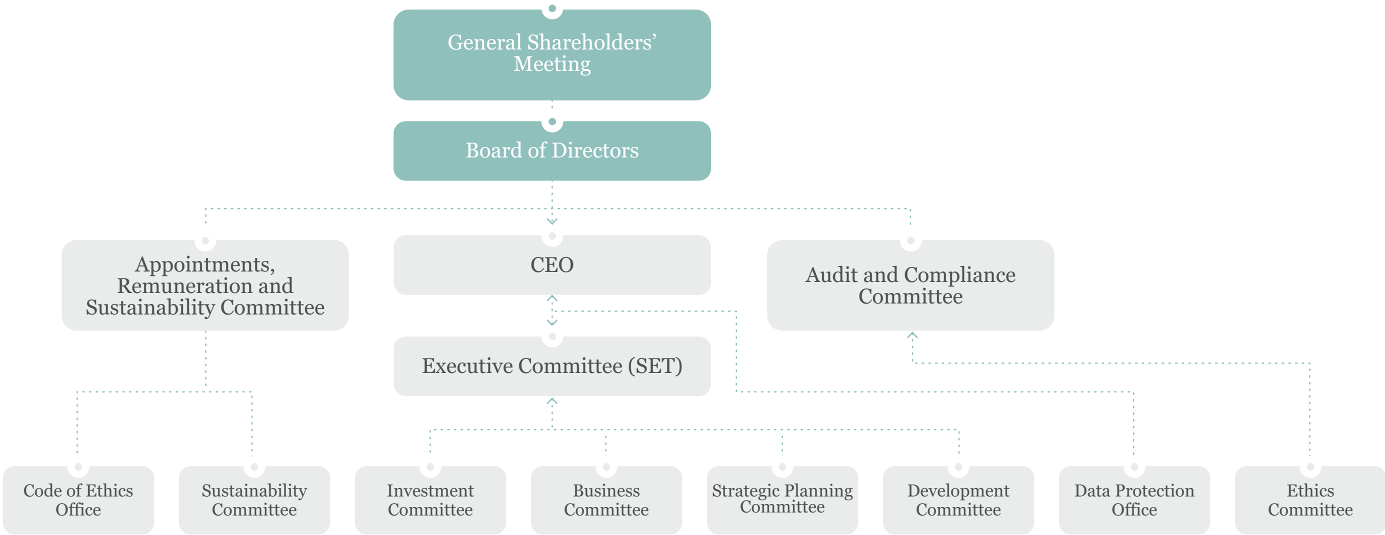
CORPORATE POLICIES

POLICY	YEAR APPROVED	LINK	DESCRIPTION
Treasury Stock Policy	2020	See Policy	This defines the general framework to be respected when carrying out any operation that affects Meliá treasury stock, including the purchase and sale of its own shares by the company or any of the Group companies
Director Selection & Diversity Policy	2020	See Policy	This defines the principles that must govern procedures for the selection and proposal of appointments, ratification and re-election of members of the Board of Directors
Risk Control and Analysis Policy	2020	See Policy	This defines the basic principles that govern risk management and the general framework for the control, analysis and assessment of possible risks, including tax risks, faced by Meliá and its Group.
Information Security Policy	2017	See Policy	This defines the data security framework for the activities of Meliá and its Group
Joint Venture Policy	2017	See Policy	This defines the principles that govern the relationships of Meliá and its Group with its different partners
Investment and Financing Policy	2019	See Policy	Policy that defines the principles that govern investment and financing of projects by Meliá and its Group in order to optimize financial resources and maximise value. It defines general guidelines and criteria for the selection and determination of investments, objectivity in decision-making and optimal financial planning in response to strategic, regulatory and operational or tactical needs
Corporate Governance Policy	2021	See Policy	Policy that defines the corporate governance principles for Meliá and its Group, leading to the creation of a governance model that complies with the pertinent regulations and recommendations and also guarantees the proper segregation of functions, coordination, monitoring and control
Marketing, Advertising and Communication Policy	2017	See Policy	This contains the guidelines and principles regarding Meliá's communication with its different stakeholders
Sales Policy	2017	See Policy	Policy that defines the guidelines for contracting processes with third parties (customers, tour operators, etc.) for Meliá and its Group, as well as guidelines on relationships with customers, competitors and the tourism industry in general
Procurement and Service Contracting Policy	2020	See Policy	Policy that defines common and global guidelines and principles that must be applied in relationships with suppliers of goods or services
Privacy policy	2018	See Policy	This defines the guidelines to be followed by Meliá and its Group in its own activities with regard to the generation, collection, treatment, storage and/or deletion of information
Communication Policy with Shareholders, Institutional Investors and Proxy Advisors	2020	See Policy	This defines the principles that must govern Meliá's communication procedures with shareholders and investors and, insofar as is applicable, with other interested parties, such as financial analysts and proxy advisors, among others
Anti-Corruption Policy	2021	See Policy	Policy that defines the principles that govern the conduct of all company directors and employees to prevent, detect, report and remedy any actions that under applicable regulations may be considered corrupt or criminal
Occupational Health and Safety Policy	2021	See Policy	Policy that includes the objectives and commitments of Meliá in terms of occupational health and safety
Climate Change & Environment Policy	2021	See Policy	Policy that defines operational guidelines for Meliá and its Group with special attention to the environmental dimension and efficient, responsible and sustainable management
Human Resources Policy	2019	See Policy	Policy that defines the basic principles for the respect of labour rights, the assurance of a satisfactory work environment, the prevention of occupational risks and the management of talent at the service of the professional development of the people
Sustainability Policy	2021	See Policy	Policy that defines the general principles that ensure an ethical, responsible and sustainable management model
Fiscal Strategy Policy	2018	See Policy	This defines the principles and guidelines for the company's performance within the framework of its fiscal strategy
Compliance Policy	2021	See Policy	Policy that defines the principles and commitments of Meliá and its Group in terms of regulatory compliance
Human Rights Policy	2018	See Policy	Policy that defines the principles, guidelines and commitments assumed by Meliá in relation to the protection and defence of human rights
Philanthropy Policy	2018	See Policy	This defines the principles of Meliá and its Group in relation to social or philanthropic activities
Stakeholder Relationship Policy	2018	See Policy	Policy that defines the principles and guidelines that govern the relationships of Meliá and its Group with the different stakeholders with which it interacts

Governance structure

GRI 102-18; 102-19; 102-22; 102

ORGANIZATION CHART



Board of Directors

COMPOSITION:

GRI 405-1

In 2021, the following changes took place in the composition of the Board of Directors and Delegate Committees:

- Resignation of the Independent External Director, Juan Arena de la Mora, after more than 12 years as a member of the Board and the Audit and Compliance Committee.
- Re-election of Mr. Gabriel Escarrer Jaume as Executive Director.
- Appointment of Maria Antonia Escarrer Jaume as an External Proprietary Director.
- Re-election of Francisco Javier Campo García as an Independent External Director.
- Re-election of Fernando d'Ornellas Silva as an Independent External Director.
- Re-election of Luis María Díaz de Bustamante y Terminel as an Independent External Director.
- Appointment of Cristina Aldámiz-Echevarría González de Durana as an Independent External Director by co-option.

In relation to the Board Committees, Juan Arena de la Mora resigned from his position as a member of the Audit Committee and Compliance. 100% of the members of the Audit and Compliance Committee are currently independent.

The Chairman, CEO and two company Directors (Luis María Díaz de Bustamante y Terminel and María Cristina Henríquez de Luna Basagoiti) did not participate in the debate and vote on matters dealt with in Board meetings related to decisions in which they or a person related to them might have a potential direct or indirect conflict of interest with the company.

FUNCTIONS

GRI 102-26

In June 2021, the Board of Directors approved the modification of article 5 of the Board Regulations, reorganising its functions as follows:

- Relating to the Annual General Meeting and the involvement of shareholders.
- Relating to Company and Group policies and strategies.
- Relating to the organisation of the Board of Directors.
- Relating to the information the company has to provide.
- Relating to the remuneration of Directors and Executives.

COMPETENCIES MATRIX

GRI 102-27

In 2019 and 2020, the Appointments, Remuneration and Corporate Social Responsibility Committee led the preparation of a competencies matrix for the Board of Directors based on a *self-assessment process*.

In 2020 the matrix was published on the corporate website and has been updated according to the changes in the composition of the Board. The matrix can be seen using the following ***link***.

At the end of 2021, the Appointments, Remuneration and Sustainability Committee agreed to update this matrix to adapt it to new trends and best practices in terms of sustainability. The knowledge and experience of Directors in ESG matters were also updated.

BOARD EVALUATION

GRI 102-28

On an annual basis, the Board evaluates the operation and composition of the Board itself and its Committees, as well as the company's Chief Executive. The Appointments, Remuneration & Sustainability Committee is responsible for approving and implementing this process.

The report with the results of the assessment for 2021 was presented to the Board of Directors at the meeting on February 28, 2022.

In relation to compliance with recommendation 36 of the Code of Good Governance of Listed Companies, which refers to assistance from external consultants in assessing the Board, due to the continuing effects of the pandemic, this year the company considered it was not appropriate to outsource the evaluation process.

However, as in 2020, the Appointments, Remuneration, and Sustainability Committee were supported by the Human Resources and Corporate Governance departments in the review and update of evaluation forms, which also introduced improvements in line with recommendations and best practices.

As a result of this evaluation process for 2021, a sustainability training plan has been approved for 2022.

CBG recommendations

The Board and its Committees continuously monitor the recommendations of the CBG, in addition to external sources such as the Spencer Stuart Index of Boards of Directors and the transparency indicators from the Commitment and Transparency Foundation relating to fiscal transparency and the transparency and independence of the external audit. Taking into account the most recent partial modification of the Code, we now present the comparison of 2021 with respect to 2020.

COMPARISON OF COMPLIANCE WITH RECOMMENDATIONS 2021 VS 2020

	2021		2020	
COMPLIANT	78%	50	70%	45
EXPLAIN	3%	2	3%	2
N/A	14%	9	14%	9
PARTIALLY COMPLIANT	5%	3	13%	8
TOTAL	100%	64	100%	64

Delegate Committees

GRI 102-20; 102-22; 102-26; 102-32

As part of the review and adaptation of the Regulations of the Board to the new recommendations of the CNMV Code of Good Governance of Listed Companies, articles 14 and 15 of the regulations, relating to the functions and operation of the Committees were modified.

It should be noted that due to the pandemic, in 2021 most of the Board and Committee meetings were held electronically.

The recent modification of the name of the committee from the "Appointments, Remuneration and Corporate Social Responsibility Committee” to the "Appointments, Remuneration and Sustainability Committee", in line with current best practices.

This change will be completed with the modification of the Regulations of the Board and the Bylaws in 2022.

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE

COMPOSITION:

Members	Women	External proprietary directors	External independent directors	Meetings 2021	President	Assistance
5	2 (40%)	1 (20%)	4 (80%)	8	Independent Director	100%

Among other functions, it is responsible for preparing proposals for appointments and re-elections of directors and senior managers, as well as proposing their remuneration.

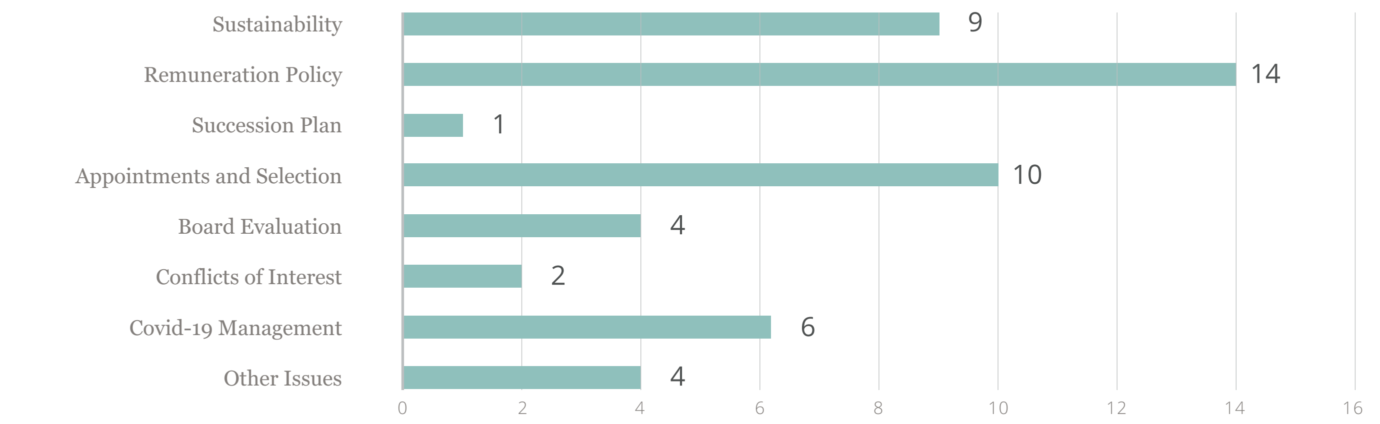
The committee also reports on transactions that involve or may involve conflicts of interest and leads the periodic assessment of the structure, size, composition and performance of the Board of Directors and the specialist Committees, making the recommendations it deems necessary and convenient in each case.

On the other hand, it is also the highest governance body with functions and responsibilities regarding sustainability, as it is in charge of monitoring the sustainability strategy and practices and the degree of compliance, in coordination with the Sustainability Committee. The Sustainability Committee is the body in charge of ensuring the integration of ESG criteria into the business strategy, promoting the implementation of projects required for compliance with the principles and objectives in the Sustainability Policy.

In 2021 the Committee focused on remuneration, having constantly monitored the measures adopted regarding the remuneration of the CEO (reductions in fixed remuneration, analysis and definition of variable remuneration), and also the preparation of the *Director Remuneration Policy* for 2022 to 2024, which was submitted for approval by the Annual General Meeting for the 2021 financial year.

Below is a summary of the key activities carried out by the Committee in 2021:

ACTIVITIES CARRIED OUT BY THE COMMITTEE IN 2021



AUDIT AND COMPLIANCE COMMITTEE

COMPOSITION:

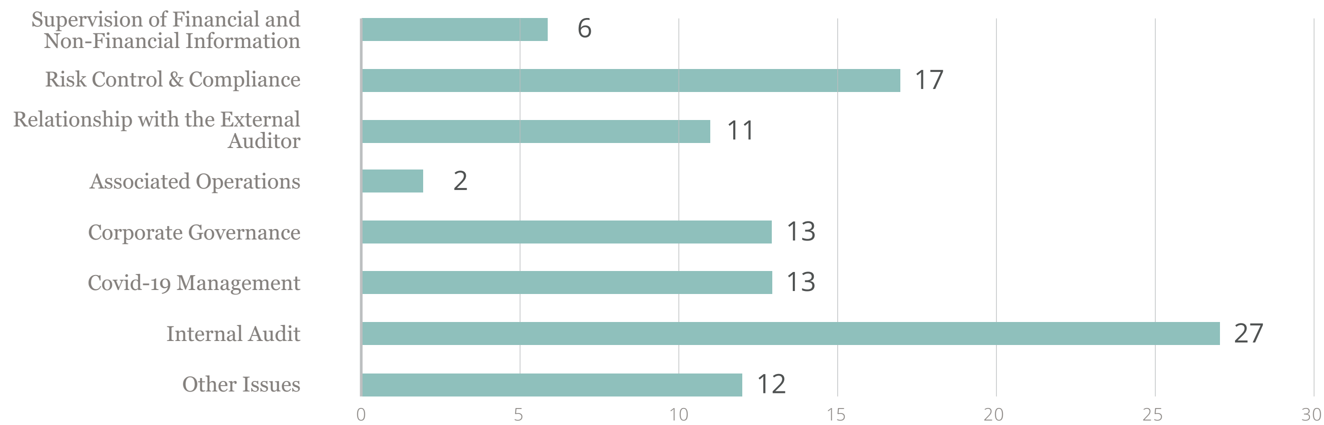
Members	Women	External independent directors	Meetings 2021	President	Assistance
4	2 (50%)	4 (100%)	11	Independent Director	100%

Among other functions, the Audit and Compliance Committee supports the Board of Directors in monitoring the effectiveness of the company's internal control and risk management systems, acting as a communication channel with internal and external auditors. It also monitors the preparation and presentation of financial and non-financial information to the Board of Directors, as well as compliance with legal provisions and internal regulations.

This year, the Committee continued to focus on monitoring the impact of the pandemic on the Group's business and financial statements, periodically reviewing the company's liquidity and the different measures and projects implemented by the management team. The Committee also promoted and monitored the transformation of the Company's internal audit function.

Below we summarise the key activities of the Committee in 2021:

ACTIVITIES CARRIED OUT BY THE COMMITTEE IN 2021



Executive Committee (SET)

The SET (Senior Executive Team) is the collegiate body that drives the day-to-day management of Meliá Hotels International and the critical and continuous review of the business, ensuring compliance with the objectives defined by the Board of Directors and supporting the CEO in his management of the company.

It also ensures the sustainable growth of company activity and the creation of value for shareholders, supporting projects we undertake as a company for which they have been assigned responsibility, defining priorities, allocating the required resources and ensuring the achievement of objectives.

The SET is also responsible for providing the Board of Directors with updated, objective and sufficient information to allow it to carry out its supervisory functions.

Given the global pandemic, the SET has played a special role in ensuring the correct management of the crisis. It has supported, coordinated and ensured the implementation of all the measures taken to respond to the needs created by the COVID-19 crisis.

As in 2020, and similar to the rest of the Company's internal bodies, the degree of activity increased, combining both face-to-face and versatile sessions.

Remuneration of the Board & Senior Management

GRI: 102-38

The remuneration of the Board of Directors of Meliá Hotels International, S.A. is based on the Remuneration Policy, best practices in the market, and the pertinent applicable regulations and recommendations including, where appropriate, remuneration surveys prepared by external advisors.

At the 2021 Annual General Meeting, the remuneration of Directors for the 2020 financial year (Annual Remuneration Report) was approved in a consultative vote by 99.49% of the total votes cast, indicating the support of shareholders and investors for the Remuneration Policy.

% Approval Annual Remuneration Report				
AGM 2017	AGM 2018	AGM 2019	AGM 2020	AGM 2021
69.95%	94.88%	97.28%	99.84%	99.49%

During the process of preparing the 2021 Annual Remuneration Report, the recommendations received from the proxy advisers during the preparation of the Annual General Meeting (Glass Lewis and ISS) and the latest review of the Corporate Enterprises Act were also taken into account.

The new Board Remuneration Policy for 2022 to 2024 was also approved at the Annual General Meeting with 98.47% of the votes cast in favour.

In accordance with article 15 of the Regulations of the Board of Directors, the Appointments, Remuneration and Sustainability Committee is responsible for remuneration policy and for (i) proposing to the Board of Directors the criteria and conditions of the Remuneration Policy, and (ii) ensuring the transparency of the same. The Board of Directors is responsible for (i) approving the Remuneration Policy and (ii) proposing their approval to the Annual General Meeting.

The remuneration of the Board of Directors for 2021, as defined in the aforementioned Remuneration Policy, and taking into account the reductions applied throughout the year, is as follows:

REMUNERATION MODEL

Concepts	Executive Directors	Non-Executive Directors
Fixed Remuneration (annual)	€694,958.30 / year	€21,636.43 / year per Director
Attendance allowances	€5,409.11 for each meeting of the Board of Directors	€5,409.11 for each meeting of the Board of Directors
		€3,000 / Committee session
		€3,000 / extra for the Chairman of each Committee
		€6,000 / Board meeting to the Secretary
Short-term variable remuneration	60% of fixed remuneration	Not applicable
Variable long-term remuneration	Not applicable	Not applicable
Long-term savings systems	€ 76,108.80	Not applicable

BOARD AND SENIOR MANAGEMENT REMUNERATION

(In thousands of €)	2020						2021					
	SALARY	FIXED REMUNERATION	ALLOWANCES	SHORT-TERM VARIABLE REMUNERATION	LONG-TERM VARIABLE REMUNERATION	TOTAL	SALARY	FIXED REMUNERATION	ALLOWANCES	SHORT-TERM VARIABLE REMUNERATION	LONG-TERM VARIABLE REMUNERATION	TOTAL
CEO	578	22	32	-	-	**632**	695	22	32	457	-	**1,206**
Non-Executive Directors		206	549	-	-	**755**		233	602	-	-	**834**
Senior Management		1,467		-	-	**1,467**		1,762		837	-	**2,599**
Total	**578**	**1,695**	**581**	**-**	**-**	**2,854**	**695**	**2,017**	**634**	**1,293**	**-**	**4,639**

Note:
- In 2021, the difference between the annual remuneration of the CEO and the average remuneration of staff (consolidated perimeter) was a multiple of 55.53
- The average fixed remuneration for Directors and Senior Executives (including the Internal Auditor) is €89,876 for women and €174,152 for men.
- The average fixed and variable remuneration for Directors and Senior Executives (including the Internal Auditor) is €101,432 for women and €236,735 for men.

Challenges 2022

REVIEW / UPDATE OF BYLAWS

In 2022, the modification of the Bylaws will be submitted to the Annual General Meeting to adapt them to the latest modification of the Corporate Enterprises Act in terms of the long-term involvement of shareholders. Among other proposals, we plan to include a provision that will allow Annual General Meetings to be held only virtually.

REVIEW OF THE CODE OF ETHICS

In 2022 we also plan to update our Code of Ethics and certain policies to adapt them to the European Due Diligence Directive, among other best practises and recommendations.

Risk management

Risk management governance

GRI 102-30

Since 2009 we have had a Risk Control and Management System that allows us to identify, evaluate and manage the main risks that could have an impact on the company's strategy and objectives. The system is based on **3 key areas**.

- We have a ***Risk Control Policy*** approved by the Board of Directors and last updated in October 2020, which defines the basic principles and general framework for risk management. This Policy is further developed in an internal regulation that defines the rules, guidelines or criteria the risk management system has to follow to ensure that it is fully aligned with company strategy.
- An organisational structure and Governing Bodies that have specific functions and responsibilities in this area.
- The segregation and independence of functions under the 3-lines-of-defence model, in which both the second and third lines depend directly on the **Audit and Compliance Committee**, ensuring maximum independence in risk management.

Risk management model

Our risk management model is based on the **COSO II (Committee of Sponsoring Organizations of the Treadway Commission)** integrated corporate risk management framework, a model focused on constant improvement across the entire company with the following key stages:

- Identification of risks that affect business strategy and objectives
- Assessment of the risks identified
- Response to risks and definition of appropriate action plans
- Monitoring and control of risks and the measures adopted
- Reporting to Governing Bodies and the rest of the organisation

In 2021 we identified a total of 78 risks in 6 categories:

Key risks

GRI 102-15

Our risk management model applies across the entire company, meaning that both business units and corporate areas participate directly in the identification and assessment of risks that directly affect them based on standardised criteria.

In 2021, the update to the risk map involved **66 executives**, creating a total of **86 risk maps** which include maps for each business area, corporate area and globally.

Category	Risks	ESG	Possible Implications	Trend
Global	Pandemics, health crises	✓	• Lack of adaptation or capacity to respond to minimise the impact of this type of crisis on a local or global level, which can even cause the interruption or suspension of operations.	↓
	Economic uncertainty		• Economic uncertainty or crises at the national or international level	↓
	Geopolitical risks		• Terrorism • Political crises or insecurity in countries in which we operate • Wars, popular uprisings or military coups	→
	Commodity prices	✓	• Price increases or scarcity of natural resources and raw materials which can change the market or even cause the interruption of operations.	↑
	Catastrophes or natural disasters	✓	• Hurricanes; Earthquakes; Volcanoes	→
	Climate change	✓	• Adverse effects of climate change • Lack of adaptation to climate change	↓
Business	Portfolio distribution			↓
	Industry restructuring		• Mergers, acquisitions, closures	→
	Changes in market trends	✓	• Demographic changes • Changes in preferences, habits, values, purchasing systems, etc.	↓
Operational	Talent and human resources	✓	• Loss or flight of talent • Talent and people management • Organisational model • Change management	↑
	Management model	✓	• Competitiveness of the Management Model • Hotel Management Culture • Generation of new revenue streams • Profitability	→
	Expansion and growth	✓	• Lack of growth • Delays in planned openings • Need for resources and ability to assimilate the pace of growth • Appropriate choice of areas, countries and partners	↑
	Emerging technology risks	✓	• Computer security breaches from cyberattacks • Risks related to data protection and security and intellectual property • Lack of evolution or adaptation of systems to technological risks	↑
Financial	Financial Risks		• Liquidity • Debt • Lack of visibility for appropriate budget management	↑

Management and control measures

Resilience Plan: The Day After

STAY SAFE WITH MELIÁ PROGRAMME
Programme designed to ensure the health and safety of our customers and employees during COVID-19

LEADING A NEW FUTURE
A new more digital, dynamic and flexible model that adapts to a business context in constant evolution

COMMITMENT TO DIGITALISATION
Driven by the Be Digital 360 digital transformation programme, the company's commitment is to transform all areas in both the Front and Back Office, while also ensuring we maintain a first-class digital sales capacity, structuring the programme around 12 major projects.

PROMOTE RESPONSIBLE AND SUSTAINABLE MANAGEMENT
In 2021, we continued to promote pioneering projects in environmental, social, ethical and corporate governance areas.

New Strategic Roadmap

A collection of strategic projects will give shape and content to this Roadmap.

The projects are grouped under three key programmes:

MANAGEMENT MODEL
Leverage our brands, our talent, our sales channels, our management skills and ability to generate revenue to generate qualitative and sustainable growth through asset-light formulas.

MANAGEMENT EFFICIENCY
Combine the flexibility of a more digital and efficient operating model with greater productivity thanks to digitalisation, giving us greater agility and greater transparency through our analytical and reporting model.

RESPONSIBLE BUSINESS
Lead the transformation of tourism towards a more sustainable model that includes ESG criteria to guarantee the generation of long-term economic, environmental and social value.

We are convinced that the projects included in the strategic programmes will become the drivers of a solid and lasting recovery, helping us become a more resilient, responsible, digital and efficient company, and a winner in the post-Covid era.

Note 1: The identification of risks does not imply their materialisation during the year. However, the Group does work on ensuring that the necessary mechanisms are in place for their management and control.
Note 2: Greater detail of the Risk Management Model available in the Annual Corporate Governance Report (section E)
Note 3: : For more information on management and control measures, see the chapter on Strategy

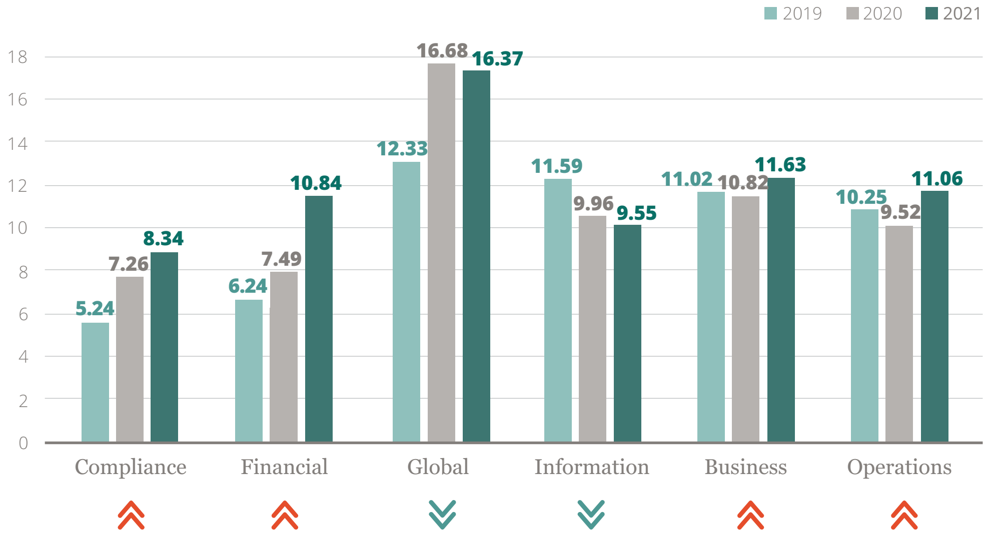
RISK MAPS

86

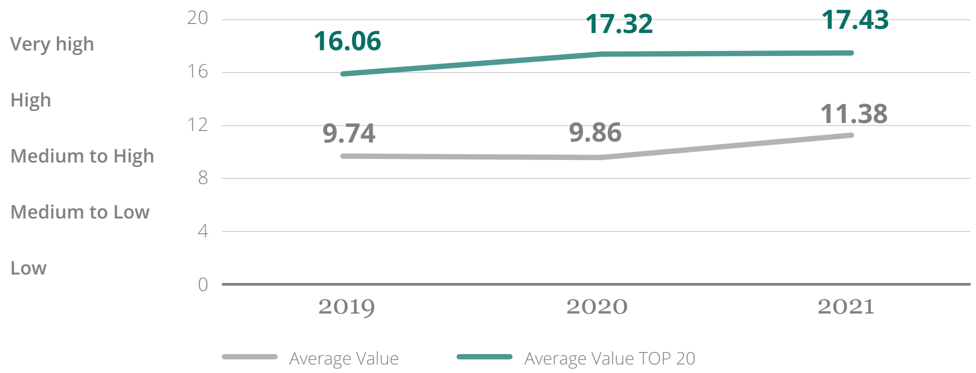
MANAGERS INVOLVED

66

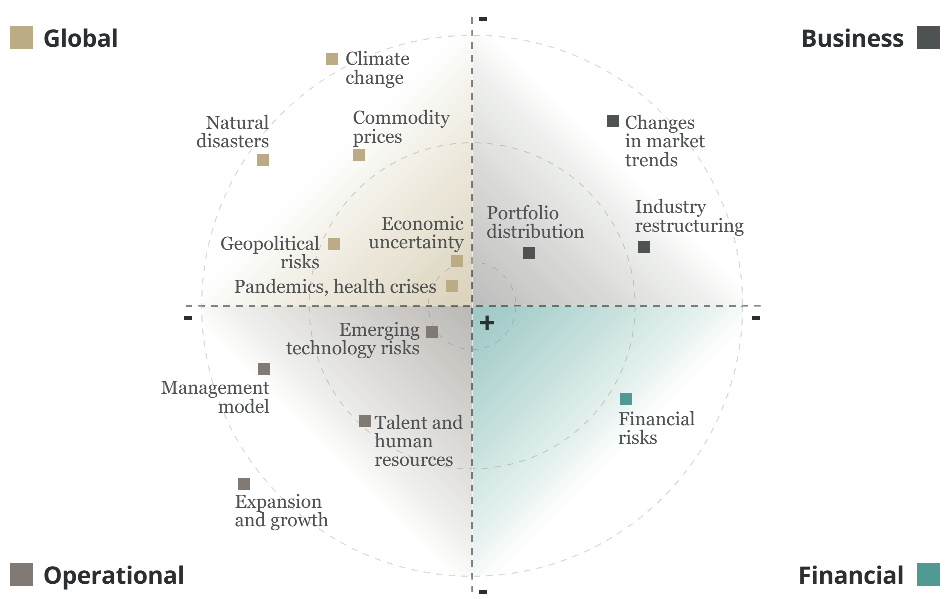
EVOLUTION OF THE AVERAGE VALUE BY RISK CATEGORY



EVOLUTION OF THE AVERAGE VALUE OF RISKS



RISK CRITICALITY MAP



ESG risks

ESG risks are integrated into the global risk map. This integration allows us to identify, assess and manage specific risks through the Sustainability Committee. This map includes 37 risks associated with ESG.

ESG TOP 3 RISKS BY DIMENSION

Environmental	Social	Governance
Commodity prices	Pandemics, health crises	Management model
Catastrophes or natural disasters	Talent and human resources	Expansion and growth
Climate change	Social media and communication	Contract risk

As part of the company's Risk Management Model, the ESG Risk Map follows the same process, including response to risks, monitoring and control, and the mitigation measures adopted.

Emerging risks

An important part of our risk management model is the identification of emerging risks. This means those risks resulting from increased exposure or susceptibility to new environmental factors, such as Covid-19, as well as those risks related to increasing exposure to a risk that has already been identified, such as the risks related to climate change. These risks form part of our risk map, but we are deepening our analysis in order to identify their potential long-term impacts and bring forward the appropriate mitigation measures.

SHORTAGE OF WATER IN DESTINATIONS WHERE WE OPERATE

Water is an indispensable natural resource for the hotel industry and our services and activities. As a leading hotel company in sustainability, we are well aware of the importance of responsible water management to ensure continued tourism activity and the sustainable, efficient and responsible management of water, in line with the 2030 Agenda (SDG 6).

For Meliá and the entire hotel industry, the risk of water shortages and/or droughts can have a negative impact on the business in several ways:

- Damage to facilities and equipment. Insufficient supplies due to problems with water sources
- Increase in operating costs due to limited access to water
- Discontinuity of operations and/or loss of business
- Breach of service quality standards and customer dissatisfaction.
- Loss of attractiveness as a tourism destination

Our **adaptation and mitigation measures**, include an **Environmental and Energy Management System called "SAVE"**, which monitors water consumption in our hotels and helps ensure responsible use and a control system for water management. In 2021 we also produced a report with regard to the **recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures)**, making a comprehensive assessment of the risks and opportunities arising from climate change, including water scarcity, in four of our top destinations: Spain, Mexico, the Dominican Republic and the United Kingdom, in order to assist decision-making and allow a more strategic focus in their management.

We also work with the **Aqueduct Water Risk Atlas**, which allows us to identify areas with the highest risk of water stress worldwide and monitor our portfolio in these areas and adopt any necessary preventative measures. In line with our commitment to guarantee the efficient use of resources, for the second consecutive year we have participated voluntarily in **CDP Water Security,** a prestigious international ranking which measures our capacity to ensure water safety and quality. More information in the chapter on the Environment & Climate Change

CHANGES IN CUSTOMER BEHAVIOUR

The exceptional situation caused by the pandemic in 2020 continued to affect global tourism in 2021, altering travel patterns and making it difficult to forecast demand. Governments around the world have restricted travel and even taken drastic measures such as closing borders. Together with the fear and insecurity created by the virus, these measures led to travel and hotel occupancy being seriously affected.

Despite efforts by the private sector and governments to reactivate tourism, we expect to see changes in customer behaviour, travel patterns and tourism consumption, as well as a greater demand for health and safety guarantees.

The negative impact of changes in customer behaviour was reflected in key areas:

- Decrease in air travel
- Increase in tourism within the home country, the so-called *staycations*
- Reduction of business trips due to the use of technology for virtual meetings
- Change in accommodation preferences to rural or natural settings

All these factors alter demand forecasts and reduce the profitability of the business. That’s why we aim to anticipate these changes by adapting our services, creating products such as the Workation and Out of Office programmes, which adapt to the new needs created by the pandemic with a range of accommodation and services focused on teleworking and coworking, as well as the Stay Safe With Meliá programme, focused on guaranteeing the health and safety of our customers and employees.

We constantly aim to monitor emerging risks, analysing the available information with two objectives: to identify cause-effect relationships with other types of risks, and to define all the protocols and mechanisms required to mitigate the negative impact if the risk materialises in the future. More information in the Customer Experience chapter.

Ethics and integrity

Codes of Conduct

GRI 102-17

CODE OF ETHICS

At the top of our regulatory system is our ***Code of Ethics***, which contains all the principles and public commitments we assume as a company, as well as a collection of guidelines that give order and meaning to our values.

Among the commitments in our Code of Ethics, we highlight two that condition the way in which we run the business:

- Comply with applicable national and international legislation and regulatory obligations
- Act with the greatest rigour and decisiveness with regard to corruption, fraud or bribery.

Integrity is therefore one of our most fundamental principles, and we are committed to doing business in a legal, fair and honest way, while expecting the same from our business partners.

It is expressly designed to guide the ethical relations and commitments which, as a company, we have undertaken with our stakeholders. It is also a framework to guide the conduct of Meliá employees which is the basis for the company's internal regulations. All our employees must comply with the Code of Ethics to ensure the manifestation of our principles, values and commitments in our day-to-day operations. The Code is available to them through both the ***institutional website*** and the Employee Portal.

CODE OF ETHICS GOVERNANCE MODEL

The following tools guarantee the correct functioning of the Code of Ethics:

COMPLAINTS CHANNEL

A key tool in channelling complaints to the company. We have an internal complaints channel for employees and an external channel which has been open to all stakeholders since the last quarter of 2021.

ETHICS COMMITTEE

Independent body whose main function is to ensure the proper management of any complaints received.

Both the Complaints Channel and the Ethics Committee have their own operating Regulations, approved by the Audit and Compliance Committee. The ***Regulations of the external Complaints Channel*** were updated in 2021.

In 2021 we received a total of **27 complaints**, all of them from employees, and in the following categories: Unethical behaviour, Policies, rules and procedures, and Business principles.

COMPLAINTS RECEIVED THROUGH THE COMPLAINTS CHANNEL

All the complaints received lead to an investigation led by the **Ethics Committee**, guaranteeing confidentiality and the absence of any repercussions of any kind. The **Risk and Compliance Department** regularly reports to the **Audit and Compliance Committee** about the complaints channels.

The complaints received in 2021 had no significant impact on the company from a criminal, financial or reputational point of view. After the investigations were carried out, the measures considered appropriate were taken in each particular case, mostly involving further training or improvements in processes, as well as disciplinary actions.

OPERATION OF THE COMPLAINTS CHANNEL

01 The person submits the complaint

02 The Ethics Committee decides whether to accept or reject the complaint

03 The Committee appoints an investigator and the investigation process begins

04 The investigator submits a report and proposes courses of action

05 The Ethics Committee analyses and, where applicable, validates the proposal

06 The Committee, if appropriate, informs the party concerned about the actions taken

If the complaint is rejected

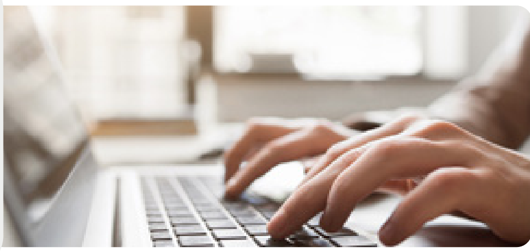
How?

Through Meliá Home
(employee portal), in the "Code of Ethics" section, clicking on "Complaints Channel".

Visiting the URL:
http://melia.xperta.es/incidencias/crear

Through the Meliá corporate website:
https://www. meliahotelsinternational. com/es/shareholders-and-investors/corporate-governance/ethical-code Clicking on the Complaints Channel.

By courier or ordinary post
Note: Ethics Committee
Meliá Hotels International, S.A.
Gremio Toneleros, 24.
(Polígono Son Castelló)
07009 - Palma de Mallorca



CODE OF ETHICS OFFICE

Responsible for the interpretation and application of the Code. In 2021, we updated the regulations of the Code of Ethics Office and relaunched the office together with a dedicated space on the employee portal to guarantee maximum visibility.

SUPPLIER CODE OF ETHICS

In 2018 we published our first Supplier Code of Ethics in order to extend the reach of our corporate principles and values. This document is based on our support for business conduct models such as the Universal Declaration of Human Rights, the Principles of the Global Compact, the Sustainable Development Goals (SDG) and the Convention on Children's Rights, which define the general challenges and commitments.

The specific principles in the Code are as follows:

- Professional ethics
- Human rights and the eradication of child labour
- Safety, health and hygiene at work
- Product quality and service
- Protection of the environment and the community
- Protection of information and assets

To enhance the operation of the Supplier Code of Ethics, we have also made a specific *Complaints Channel* available to suppliers to report any behaviour that breaches the Code. The operation of this Complaints Channel is the same as the channel for employees and it also has its own regulations (updated in 2021).

Compliance model

Our Compliance Model is built around the *Compliance Policy*, updated in 2021, which defines the guiding principles and elements that make up the governance of our model:

- **The Board of Directors**, through the Audit and Compliance Committee, is responsible for supervising Risks and Compliance.
- **The Risks and Compliance Department** reports directly to the Audit and Compliance Committee through the company's Compliance Officer. The Compliance Officer is responsible, among other things, for developing the Compliance Model and supervising the validity of the controls in place, with a special focus on criminal compliance.
- **The Code of Ethics and its regulatory framewor**k, consisting of policies, regulations and processes. Additionally, this section also includes the Supplier Code of Ethics.
- **The Ethics Committee** guarantees the proper management of complaints reported through the complaints channels provided by the company.

Crime Prevention and Detection Model

The Compliance Model includes a protocol for Crime Prevention and Detection, whose main objective is to prevent or reduce the risk of crime, especially those that involve criminal liability.

This protocol consists of the following elements:

- The existing General Control Environment at Meliá
- The Criminal Risk Map, which identifies and assesses the criminal offences to which we may be exposed, as well as the behaviours associated with them. We have currently identified 23 risks of this type.
- The company's Regulatory System and General Measures and Controls that help prevent and detect crime.
- The Specific Controls defined for each of the criminal risks identified. At the end of 2021, a total of 356 controls have been defined. These controls are verified every year to assess their appropriateness, recording the evidence revealed by said controls.

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COMPLIANCE PENAL
UNE 19601
AENOR
conform

SPECIFIC CONTROLS

356

CRIMINAL RISKS

23

SPECIFIC CONTROLS FOR CRIMINAL RISKS

102

The Crime Prevention and Detection Protocol is reviewed every year. The 2021 review allowed us to eliminate 5 controls and add 18 new controls.

We also have a regular reporting model to ensure the results of the analysis of the protocol are reported to the **Executive Committee, Audit and Compliance Committee and Board of Directors**, as well as all those people directly affected.

Our protocol has been certified by AENOR, certifying that the **Criminal Compliance Management System** meets the requirements defined in the **UNE 19601:2017 standard**. This certification was renewed in 2021 after passing the audit process carried out by AENOR.

COMMITMENT TO COMBAT CORRUPTION AND BRIBERY

GRI 205-1; 205-2

Our commitment to fight corruption is articulated in the ***Anticorruption Policy***, updated in 2021. actualizada en 2021. The objective of the policy is to define the principles that must govern our actions to prevent, detect, report and remedy any actions that applicable regulations might classify as corruption or bribery, either active or passive, and always attending to the zero-tolerance principle with regard to any such practices.

This policy contains the following commitments:

- Comply with applicable national and international legislation and regulatory obligations
- Define mechanisms for the monitoring and control of our principles, values and commitments, at all times guaranteeing action in the case of any irregular conduct, particularly corruption, fraud or bribery.
- Reject gifts and courtesies from third parties if they exceed the reasonable value of mere courtesy, nor accept any type of economic consideration, gift or invitation from our suppliers that due to their value may exceed the purely symbolic or mere courtesy.

Corruption is one of the criminal offences included in our Crime Prevention Protocol. In order to mitigate this criminal risk, we have identified102 specific controls which are evaluated annually.

The protocol also includes an **Internal Hotel Administration and Control Regulation**, accessible to all employees through the Employee Portal, which defines clear guidelines in the accounts payable and cash management areas to avoid corruption and fraud in processes related to:

- Invoice receipt, validation and accounting
- Payments to third parties
- Cash movements and management
- Bank reconciliation
- Opening and management of bank accounts

SPECIFIC MONEY LAUNDERING CONTROLS

61

INTERNAL AUDIT REPORTS

205

CORRUPTION OR FRAUD DETECTED

No

SCOPE

+15.000

PREVENTION OF MONEY LAUNDERING

The way we act to prevent this crime is included in the **Money Laundering Manual**, along with the due diligence measures that must be applied in hotels that offer foreign currency exchange services. The Manual is accessible to all company employees through the Employee Portal.

As defined in the Manual, We also have an Internal Control body which is ultimately responsible for all internal control procedures to prevent money laundering in currency exchange activities.

Money laundering is also included in our Protocol for the Prevention of Criminal Offences, with a total of 61 controls implemented for the prevention of this criminal offence.

In addition to the external audit by AENOR related to UNE 19601 certification, our **Internal Audit Department** acts as the **third line of defence** and annually reviews our Crime Prevention Protocol to guarantee the correct and effective implementation of the controls in the protocol linked to criminal offences.

It also conducts a review of the Internal Control System for Financial Information (SCIIF), and the correct implementation in business units and corporate areas of the policies, regulations and internal processes, including those indicated.

Internal Audit carried out a total of 205 audits in 2021 on a global level, covering all the different regions and areas of the company.

As a result, based on the results of the audits, in 2021 we have not detected any practices that might expose the company to crimes of corruption or fraud.

Training in ethics and compliance

Our eMeliá training platform has an online training course on ethics and compliance consisting of three modules that is included as part of the compulsory training schedule for all employees. The modules in this course refer to:

- Code of Ethics and Complaints Channel: Specific training on the Code, its content and objectives.
- Compliance at Meliá: A specific focus on compliance, its role and management culture, as well as an explanation of the responsibilities of the company's Compliance Officer.
- Most Important Crimes: Training module that deals with some of the main criminal offences to which the company is exposed (among which corruption and money laundering receive the greatest attention), explaining them in detail along with the behaviours or situations that may lead to their commission and the mechanisms we have for their prevention and communication.

In addition to the content of each module, all of them also provide a video and infographics. At the end of each module employees have to pass a test to complete the course.

The course is global and currently reaches more than 15,000 employees, including all our corporate staff, Hotel General Managers, Hotel Assistant General Managers and Heads of Department in hotels, who we consider to be the staff with the highest degree of potential exposure to such criminal risks. At the end of 2021, of the 824 people that make up this group, 84% (692 employees), had completed and passed the three modules of the training course.

Privacy protection

In our Code of Ethics we assume a commitment to protect the personal information our stakeholders have provided us and to guarantee its integrity, availability, security and confidentiality.

That's why we have a **Data Protection Office** responsible for the protection of personal data, which reports to the **Risk Control and Compliance** area, which in turn reports to the **Audit and Compliance Committee**.

To meet its objectives, the office has a management system with a number of different and complementary tools:

DATA SECURITY POLICY

The ***Data Security Policy*** defines our data security framework. It is based on internationally recognised best practices in Data Security to guarantee at all times the confidentiality, integrity and availability of the data we manage and ensure it is handled appropriately. One of the guiding principles of our policy is the protection of personal data. For more information, see the chapter on Data Security.

PRIVACY POLICY

The ***Privacy Policy*** defines the guidelines to be followed by all our employees and refers to the creation, collection, processing, storage and/or deletion of information.

PRIVACY REGULATION

Contains the criteria and principles that govern the incorporation, handling and use of personal data by our employees. It also defines the roles and responsibilities of the people who have access to processing personal data, the principles to be applied in processing and the minimum measures required to comply with the Policy.

It also defines the guidelines to follow to ensure that people can exercise their rights, notification procedures in the event of any possible contingencies, and the monitoring and control mechanisms required to ensure the effective implementation of the Meliá privacy management system.

The regulation also has a chapter on non-compliance which aims to promote a philosophy of **zero tolerance** with regard to any conduct that may involve breaches of legislation, regulations or internal processes.

PROCEDURE FOR NOTIFICATION, MANAGEMENT AND REGISTRATION OF DATA PROTECTION SECURITY INCIDENTS

Defined with a double objective. Firstly, to minimise the impact, loss or deterioration of said data, and secondly, to make it easier to detect any possible security breaches and accelerate their notification.

Through the eMeliá online training platform all our employees have access to mandatory courses related to Data Protection and Cybersecurity, as well as other related courses such as Phishing and PCI.

Thanks to good management and the Privacy Management Model, in 2021 no case has been opened by any authorities, nor have any substantiated claims related to violations of customer privacy been registered.

Transparency Fiscal transparency

Fiscal strategy

GRI 207-1; 207-2

The company's ***Fiscal Strategy (Policy)*** was approved by the Board of Directors on February 25, 2016 and updated on June 6, 2018, in accordance with the provisions of article 529 ter of the Companies Act and article 5 of the regulations of the Board of Directors.

The guiding principles of our Fiscal Strategy are:

- Regulatory compliance and responsible fiscal management
- Cooperative relations with tax administrations and the risk management system
- Fiscal efficiency, effective defence of our fiscal positions and transparency

It is also aligned with our vision, values and long-term business strategy, as well as with our ***Corporate Responsibility Policy*** in two areas: the first states that one of its objectives is to ensure a proactive attitude towards the identification, prevention and mitigation of financial and non-financial risks; the second is a guiding principle focused on compliance with applicable legislation and regulations in force in all the countries in which we operate, and with our own ***Code of Ethics***, which includes an express commitment to the public authorities to respect the laws and regulations in all the places in which we operate, ensuring transparency and maximum cooperation with all public authorities.

The highest recognition of our efforts since 2017 to be more transparent with regard to tax matters is that we are no longer considered an "opaque" company according to the Transparency and Corporate Responsibility Report published every year by the Commitment and Transparency Foundation with regard to companies listed on the IBEX 35 stock market index.

Fiscal control and risk management policy

CONTROLS TO PREVENT AND/OR AVOID TAX CRIME

55

As a Group we have developed a Fiscal Control and Risk Management System that is supervised by the Audit and Compliance Committee, which operates on all the fiscal risks that are inherent to Group activities and processes, with particular emphasis on risks related to high-value investments and operations, the creation or acquisition of stakes in companies with a special purpose or domiciled in countries considered tax havens, and operations involving company board members or shareholders.

This system forms part of the function developed by our Tax Department with the support of all the business units and is deployed to ensure compliance with applicable tax legislation and internal policies (including the Tax Strategy).

In 2021, AENOR certified our **Criminal Compliance Management System** under the standards of the UNE 19601:2017 standard. As part of the certification process, 55 controls implemented by Meliá to prevent and/or avoid tax crime were analysed and favourably evaluated.

Our Tax Department reports directly to the Board of Directors at least once a year and through the Audit and Compliance Committee on a recurring basis and whenever there may be a particularly relevant issue to report.

Structure and presence in tax havens

Within the framework of our commitment to fiscal responsibility, we have a structure aligned with the business and appropriate to legal requirements, all within a transfer pricing policy framework aligned with value creation and the principles of free competition.

The creation or acquisition of a stake in companies with a special purpose or domiciled in countries or territories that are considered tax havens must be reported to and approved by the Board of Directors.. This approval is a non-delegable power. Similarly, any presence in tax havens must respond to legitimate economic motives.

At the close of 2021, the only Group company registered in a tax haven is Sol Meliá Funding, which is registered in the Cayman Islands. This company has a residual activity related to the former Vacation Club and applies the general criteria and procedures for administration and control of the Group's management and cooperates with the authorities involved to provide the information they deem necessary in relation to the company's activities.

The Group also has hotel activities in countries that, while not considered tax havens according to Spanish legislation, are considered by certain external observers as jurisdictions that enjoy a tax system that is more favourable than the Spanish system, as may be the case in Panama, Holland or Luxembourg. It should be mentioned, firstly, that our presence in these jurisdictions is due to genuine hotel operations, and, secondly, that all of them are jurisdictions that have signed an agreement with Spain to avoid double taxation and with an information exchange clause.

In 2021 we carried out several operations (liquidations, mergers, changes of address) in Group subsidiaries to simplify our corporate structure.

Tax contribution

GRI 207-4

Meliá Hotels International is subject to taxes of various kinds on the profit it earns in the countries where it operates. Each tax has its own particular structure and rate.

Table A refers to results before taxes and contains aggregate data for each jurisdiction and excludes dividends from other group entities following the guidelines for the preparation and presentation of country-by-country reports issued by the OECD (Action 13 BEPS report). Taxes on profits paid in 2021 are shown in **Table B**, detailed by jurisdiction.

TABLE A - EARNINGS BEFORE TAXES (2021)

Country	€ thousand	Country	€ thousand
Germany	(26,343)	Cayman Islands	(69)
Argentina	392	Italy	(9,373)
Austria	(1,452)	Luxembourg	(768)
Brazil	(5,538)	Mexico	(4,832)
Bulgaria	711	Panama	496
China	(1,117)	Peru	(790)
Costa Rica	1	Puerto Rico	468
Cuba	(576)	United Kingdom	(29,916)
USA	(12,026)	Dominican Rep.	(14,460)
Spain	(93,477)	Switzerland	99
France	(16,087)	Venezuela	2,350
Greece	(96)	Vietnam	140
Indonesia	(228)	Netherlands	(2,570)
Total			**(212,561)**

TABLE B - TAXES PAID ON PROFITS (2021)

Country	€ thousand	Country	€ thousand
Bulgaria	55	Luxembourg	352
Argentina	19	Mexico	(35)
Austria	(41)	Netherlands	(39)
Brazil	1	Peru	215
Cuba	100	United Kingdom	(10)
USA	143	Dominican Republic	565
Spain	(14,060)	Switzerland	(1)
France	(237)	Venezuela	53
Indonesia	10	Vietnam	34
China	203	Puerto Rico	(981)
Costa Rica	1		
Total			**(13,653)**

The total amount of taxes paid appears in the Cash Flow Statement and the Consolidated Annual Accounts.

We would like to highlight that full tax information is included in the Consolidated Annual Accounts and the Individual Annual Accounts for Meliá Hotels International, S.A. and each of its subsidiaries and, in particular, the Tax Note includes Tax Expenses and the most important litigation related to tax issues.

Other relevant tax information

NON-PROVISION OF TAX SERVICES BY THE ACCOUNT AUDITOR

In compliance with our Tax Strategy Policy and best practices, the Group does not contract tax advisory services with the same firm that performs our accounts audit.

Financial and operating results

Global indicators

FINANCIAL RESULTS

OWNED & LEASED

(millions of €)	2020	2021	Δ%
Revenues Owned and Leased Hotels	413.8	704.6	70.3%
Owned	213.7	354.4	65.8%
Leased	200.1	350.2	75.0%
Of which, Room Revenues	235.4	403.4	71.3%
Owned	106.3	181.4	70.7%
Leased	129.2	222.0	71.8%
EBITDAR	-62.3	102.2	264.0%
Owned	-32.8	47.4	244.6%
Leased	-29.5	54.8	285.6%
EBITDA	-63.0	96.9	254.0%
Owned	-32.8	47.4	244.6%
Leased	-30.2	49.5	264.2%
EBIT	-409.6	-144.8	64.6%
Owned	-156.2	-28.4	81.8%
Leased	-253.4	-116.4	54.1%

MANAGEMENT MODEL

(€ millions)	2020	2021	Δ%
Revenue	80.2	108.4	35.1%
Fees from third parties	10.4	17.0	63.7%
Fees from owned and leased hotels	17.2	35.0	103.4%
Other revenues	52.6	56.4	7.1%
EBITDA	-18.6	-2.4	87.2%
EBIT	-37.4	-10.7	71.3%

OTHER HOTEL REVENUES

(millions of €)	2020	2021	Δ%
Revenue	18.1	15.6	-13.5%
EBITDA	-4.2	0.3	-106.4%
EBIT	-5.5	-1.0	-82.7%

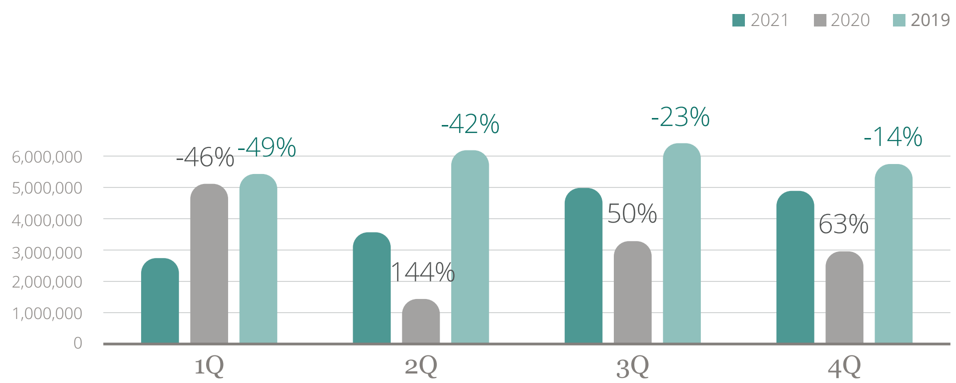
BUSINESS RESULTS

KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total Hotels	41.3%	2.2	€ 117.9	7.0%	€ 48.7	12.8%	36.6%	1.7	€ 107.8	9.7%	€ 39.4	14.9%
AMERICA	42.4%	5.3	€ 107.2	-2.1%	€ 45.4	11.9%	37.8%	8.1	€ 95.0	-6.5%	€ 35.9	19.2%
EMEA	32.6%	-1.7	€ 122.6	4.7%	€ 39.9	-0.4%	32.8%	-0.3	€ 131.7	7.8%	€ 43.2	6.9%
SPAIN	46.2%	2.0	€ 121.6	14.1%	€ 56.2	19.3%	45.3%	3.9	€ 118.9	19.6%	€ 53.9	30.8%
CUBA	-	-	-	-	-	-	19.7%	-13.7	€ 66.9	-26.7%	€ 13.2	-56.8%
ASIA	-	-	-	-	-	-	28.2%	-2.8	€ 68.6	-1.9%	€ 19.4	-10.6%

(*) Note: the calculation of RevPAR only takes into account open hotels.

ROOMS AVAILABLE



OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2020		2021		2022		2023		>2023		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	43	13,126	37	11,854	-	-	-	-	-	-	**-**	**-**
Leased	103	20,984	105	21,872	-	-	2	211	1	271	**3**	**482**
Management	124	37,538	129	38,822	8	2,548	21	4,912	11	2,897	**40**	**10,357**
Franchised	47	10,928	45	11,224	4	867	4	494	1	180	**9**	**1,541**
Total	317	82,576	316	83,772	12	3,415	27	5,617	13	3,348	52	12,380

CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
Innside Amsterdam	Amsterdam	Leased	**328**	Tryp Medellín	Medellin	Franchised	**140**
Melia Chongqing	Chongqing	Management	**230**	Sol House Taghazout Bay Surf	Agadir	Management	**91**
Playa Esperanza Resort Affiliated by Meliá	Muro (Mallorca)	Franchised	**565**	Melia Saidia Garden All Incl. Golf Resort	Saidia	Management	**150**
Sol Cosmopolitan Rhodes	Rhodes	Franchised	**377**	Melia Saidia Garden Golf Resort	Saidia	Management	**397**
Innside Newcastle	Newcastle	Leased	**161**	Meliá Girona	Girona	Management	**111**
Innside Luxembourg	Luxembourg	Leased	**123**	Tryp Madrid Chamberi	Madrid	Leased	**72**
Sol Oasis Marrakech	Marrakech	Management	**211**	Tryp Celle	Celle	Leased	**126**
Meliá Frankfurt City	Frankfurt am Main	Leased	**431**	Tryp Porto Expo	Leca da Palmeira	Franchised	**120**
Palacio de Avilés Affiliated by Meliá	Avilés	Franchised	**78**	Tryp Montijo Parque Hotel	Montijo	Franchised	**84**
Halley Hotel & Apartments Affiliated by Meliá	Benidorm	Franchised	**106**	Tryp Porto Centro	Porto	Franchised	**62**
Innside Liverpool	Liverpool	Leased	**207**	Tryp Valladolid Sofia Parquesol	Valladolid	Leased	**70**
ME Barcelona	Barcelona	Leased	**164**	Tryp Leiria	Leiria	Franchised	**70**
Meliá Phuket Mai Khao	Phuket	Management	**100**	Meliá Shanghai Hongqiao	Shanghai	Management	**185**
				Tryp Lisboa Caparica Mar	Lisbon	Franchised	**354**

Results by region

Region SPAIN

FINANCIAL RESULTS

OWNED & LEASED

(millions of €)	2020	2021	Δ%
Revenues Owned and Leased Hotels	**167.6**	**303.6**	**81.1%**
Owned	71.6	112.9	57.5%
Leased	96.0	190.8	98.7%
Of which, Room Revenues	**107.7**	**209.2**	**94.2%**
Owned	43.6	76.7	75.9%
Leased	64.2	132.5	106.6%
EBITDAR	**-28.4**	**49.2**	**273.3%**
Owned	-11.3	20.2	278.7%
Leased	-17.1	29.0	269.8%
EBITDA	**-28.3**	**46.1**	**263.1%**
Owned	-11.3	20.2	278.7%
Leased	-17.0	25.9	252.7%
EBIT	**-210.5**	**-75.7**	**64.0%**
Owned	-51.4	-1.3	97.5%
Leased	-159.1	-74.4	53.2%

MANAGEMENT MODEL

(€ millions)	2020	2021	Δ%
Revenue	**17.7**	**31.1**	**75.5%**
Fees from third parties	5.2	10.3	96.0%
Fees from owned and leased hotels	6.9	16.8	144.2%
Other revenues	5.6	4.0	-27.8%

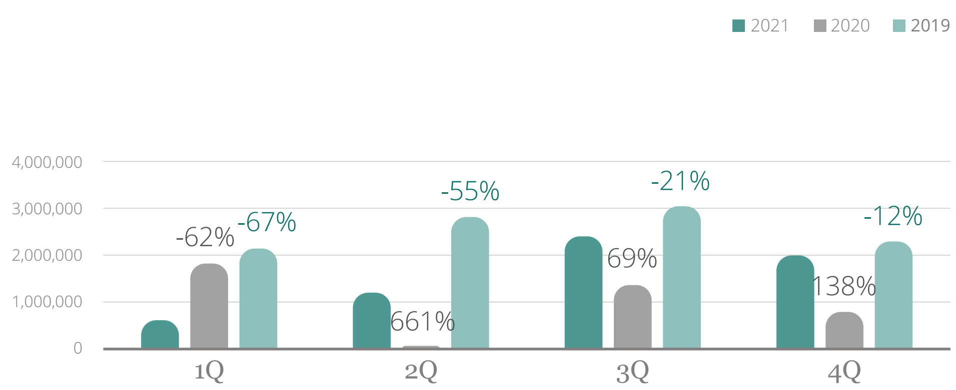
BUSINESS RESULTS

KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total SPAIN Hotels	**46.2%**	**2.0**	**€ 121.6**	**14.1%**	**€ 56.2**	**19.3%**	**45.3%**	**3.9**	**€ 118.9**	**19.6%**	**€ 53.9**	**30.8%**
Resort	46.7%	-1.3	€ 146.5	23.3%	€ 68.4	20.0%	47.3%	3.6	€ 131.8	26.0%	€ 62.3	36.3%
City	45.9%	4.4	€ 101.4	-22.1%	€ 46.5	16.9%	43.2%	4.5	€ 103.5	11.9%	€ 44.7	24.8%

(*) Note: the calculation of RevPAR only takes into account open hotels.

ROOMS AVAILABLE



OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2020		2021		2022		2023		>2023		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	20	5,328	14	3,957	-	-	-	-	-	-	-	-
Leased	66	14,509	64	14,228	-	-	-	-	1	271	1	271
Management	42	13,104	46	14,235	-	-	1	308	4	1,435	5	1,743
Franchised	13	2,111	16	2,860	2	245	-	-	-	-	2	245
Total SPAIN	141	35,052	140	35,280	2	245	1	308	5	1,706	8	2,259

CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
Playa Esperanza Resort Affiliated by Meliá	Muro (Mallorca)	Franchised	**565**	Sol House Taghazout Bay Surf	Agadir	Management	**91**
Sol Oasis Marrakech	Marrakech	Management	**211**	Melia Saidia Garden All Incl. Golf Resort	Saidia	Management	**150**
Palacio de Avilés Affiliated by Meliá	Avilés	Franchised	**78**	Melia Saidia Garden Golf Resort	Saidia	Management	**397**
Halley Hotel & Apartments Affiliated by Meliá	Benidorm	Franchised	**106**	Meliá Girona	Girona	Management	**111**
ME Barcelona	Barcelona	Leased	**164**	Tryp Madrid Chamberi	Madrid	Leased	**72**
				Tryp Valladolid Sofia Parquesol	Valladolid	Leased	**70**

PERFORMANCE

In city hotels, travel and capacity restrictions in the first part of the year led to the disappearance of the MICE segment, with an impact in cities such as Barcelona, Madrid and Palma de Mallorca. During this period we kept the minimum number of hotels open in each destination. Starting in April, there was a gradual recovery in occupancy, allowing the opening of more hotels. Guests were largely from the domestic market, with bookings made through our direct channels. The MICE segment was almost inexistent, although some destinations had some sports groups, small business groups and air crews.

In the summer, second-tier “bleisure” destinations saw positive trends, closing the third quarter with occupancies in some cases higher than in 2019 thanks to a strong local market. Hotels that are more dependent on MICE business continued to suffer most due to the lack of any organised events. September did see a slight recovery in the MICE segment with smaller meetings. At the end of September, practically all of our city hotels were open.

The last quarter of the year started with reservations already above previous months. Although last-minute sales were still very important, the difference compared to 2019 was getting less every month. The increase in the “Corporate Travel” segment should be highlighted, as it began to recover somewhat earlier. During public holidays and the summer-holiday period, we saw a strong recovery in occupancy thanks to leisure travellers. At the beginning of December, reservations began to slow down and the number of cancellations began to grow due to the Omicron variant.

In resort hotels, the year began with the reopening of hotels in May and June. Sales improved every week from May after the reopening of the hotels, with a high dependence at the beginning of summer on domestic guests and on direct bookings and OTAs. As restrictions on cross-border travel eased, especially in the United Kingdom, a gradual improvement was seen in international markets and from the key tour operators, with the exception of the final days of December due to the latest wave of infections.

There were positive results in upscale hotels, especially for superior rooms, and we managed to achieve higher revenues in the peak summer months than in 2019, with some of the hotels beating their best-ever performances in average rate.

OUTLOOK 2022

In spite of a continuing lack of visibility, we believe that the beginning of the year will be significantly affected by the Omicron variant, which had a significant impact on booking cancellations in January and February, but with a foreseeable recovery from March onwards. However, the bookings already made for the summer season in resort hotels in Spain are above those of 2019, especially driven by an improvement in the average price.

In city hotels in Spain we continue to depend on the domestic market. At the beginning of January, cancellations were registered for short-term groups (January and February 2022), mainly with an impact on hotels with a greater dependence on the MICE segment. Worthy of note was the positive performance in ski-resort hotels. As for the Canary Islands, this first quarter has been affected by the slowdown in reservations caused by Omicron, damaging the positive trends that had been seen in the destination. From the third week of January, we began to see an improvement in sales, with direct sales channels and tour operators providing greater volume, especially from the UK market after the decision to eliminate the need for a PCR test before returning to the country.

Melia Lebreros, Spain

EMEA Region

FINANCIAL RESULTS

OWNED & LEASED

(millions of €)	2020	2021	Δ%
Revenues Owned and Leased Hotels	**120.3**	**181.4**	**50.7%**
Owned	23.4	38.7	65.2%
Leased	96.9	142.7	47.2%
Of which, Room Revenues	**72.0**	**94.5**	**31.2%**
Owned	12.6	18.5	46.5%
Leased	59.4	76.0	28.0%
EBITDAR	**-17.1**	**26.3**	**253.4%**
Owned	-8.3	2.7	132.3%
Leased	-8.8	23.6	368.3%
EBITDA	**-16.7**	**26.2**	**256.6%**
Owned	-8.3	2.7	132.3%
Leased	-8.4	23.5	379.6%
EBIT	**-119.8**	**-57.9**	**51.6%**
Owned	-46.1	-21.8	52.7%
Leased	-73.7	-36.1	51.0%

MANAGEMENT MODEL

(€ millions)	2020	2021	Δ%
Revenue	**6.2**	**10.7**	**71.5%**
Fees from third parties	0.5	1.2	141.9%
Fees from owned and leased hotels	4.2	5.6	33.6%
Other revenues	1.5	3.9	152.3%

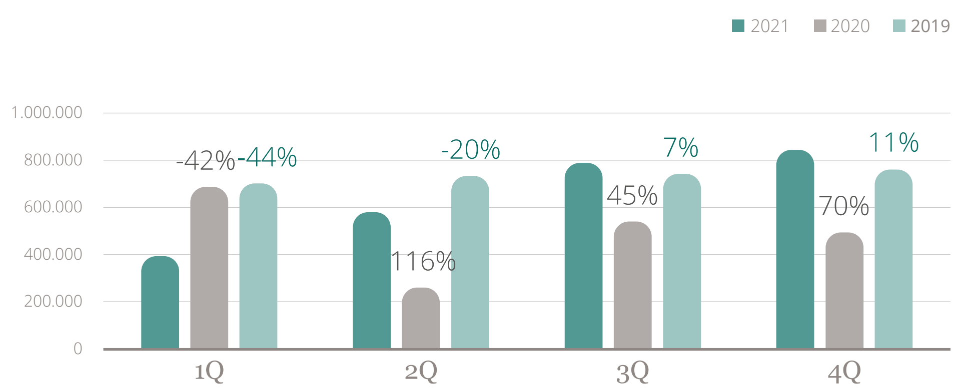
BUSINESS RESULTS

KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total EMEA Hotels	**32.6%**	**-1.7**	**€ 122.6**	**4.7%**	**€ 39.9**	**-0.4%**	**32.8%**	**-0.3**	**€ 131.7**	**7.8%**	**€ 43.2**	**6.9%**
Germany	29.8%	-3.5	€ 89.8	-7.4%	€ 26.8	-17.1%	29.8%	-3.5	€ 89.8	-7.4%	€ 26.8	-17.1%
France	45.0%	-7.0	€ 127.1	2.6%	€ 57.2	-11.1%	45.0%	-7.0	€ 127.1	2.6%	€ 57.2	-11.1%
United Kingdom	33.3%	0.5	€ 173.8	-1.0%	€ 57.8	0.5%	46.4%	10.7	€ 200.6	12.9%	€ 93.1	46.9%
Italy	46.4%	10.8	€ 200.6	12.9%	€ 93.1	46.9%	33.6%	1.8	€ 175.1	0.8%	€ 58.8	6.5%
Other EMEA	27.5%	-0.3	€ 130.6	-4.9%	€ 36.0	-5.8%	31.0%	5.6	€ 172.5	5.1%	€ 53.5	28.4%

(*) Note: the calculation of RevPAR only takes into account open hotels.

ROOMS AVAILABLE



OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2020		2021		2022		2023		>2023		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	7	1,395	7	1,395	-	-	-	-	-	-	-	-
Leased	35	5,926	39	7,050	-	-	2	211	-	-	2	211
Management	8	812	8	812	2	637	13	3,060	1	142	16	3,839
Franchised	32	8,531	28	8,218	2	622	4	494	1	180	7	1,296
Total EMEA	82	16,664	82	17,475	4	1,259	19	3,765	2	322	25	5,346

CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
Innside Amsterdam	Amsterdam	Leased	328	Tryp Celle	Celle	Leased	126
Sol Cosmopolitan Rhodes	Rhodes	Franchised	377	Tryp Porto Expo	Leca da Palmeira	Franchised	120
Innside Newcastle	Newcastle	Leased	161	Tryp Montijo Parque Hotel	Montijo	Franchised	84
Innside Luxembourg	Luxembourg	Leased	123	Tryp Porto Centro	Porto	Franchised	62
Meliá Frankfurt City	Frankfurt am Main	Leased	431	Tryp Leiria	Leiria	Franchised	70
Innside Liverpool	Liverpool	Leased	207	Tryp Lisboa Caparica Mar	Lisbon	Franchised	354

PERFORMANCE

From the beginning of the year, we adapted the opening of hotels to the restrictions imposed by different governments. The situation evolved slightly differently in each destination, depending on the restrictions in place and the dependence on the domestic market. The recovery process that began in the second quarter was interrupted by the sudden increase in cases in December due to the Omicron variant.

In Germany, an average of 60% of our hotels were operating at the beginning of the year after restrictions were tightened at the end of 2020. Although they have been affected by similar restrictions to the rest of Europe, the fact that the hotels depend more on domestic rather than international travel have allowed them to accommodate a certain demand for leisure and business trips. In the second quarter, with practically all the hotels open, the domestic market represented almost 64% of total demand, not only due to the border closures we had up to May, but also because of the subsequent travel restrictions and quarantine requirements. In the third quarter, hotels with a strong leisure component had a good summer thanks to the domestic markets, just as they had in 2020. The greatest difficulty in the region has been the lack of large trade fairs and MICE business, as most companies have still not lifted their restrictions on travel. As of September, a general improvement was seen throughout the region thanks to the peculiar business mix in that month, in which corporate travel and MICE appeared for the first time since 2020, and even some trade fairs were held, in addition to strong demand for leisure travel at the weekends. The positive trend ended in mid-November due to the spread of Covid, with restrictions reimposed and the cancellation of Christmas markets and closure of restaurants.

The situation in the UK was the most difficult in Europe. The country was under a very restrictive lockdown in the first quarter and all of our hotels were closed throughout the period. In the second quarter, with all the hotels having been open since mid-May, we focused on a purely local market. The performance was different in Manchester and Newcastle compared to London, with the former being less dependent on international travel. In the summer, London was negatively affected by travel restrictions which made it difficult for international travellers to visit. Manchester managed to exceed 2019 revenues, thanks to a great number of domestic customers. Along the same lines, the openings in Newcastle and Liverpool have also seen encouraging results.

In Italy, as in the majority of regions, the first quarter was affected by strict COVID restrictions. From the end of March, the government imposed even more restrictive measures, closing businesses, imposing a curfew and further limiting travel. From the third quarter onwards, thanks to the high rates of vaccination, the restrictions were gradually reduced, allowing a large number of scheduled events to take place. This caused a rebound in demand in all destinations in the country.

In France, the only hotel operating since the beginning of the year was the Innside Charles de Gaulle (Paris), taking advantage of airport traffic and stays by airline crews. In the second quarter, the main trade fairs and congresses in Paris for 2021 were all postponed to 2022 or 2023 or cancelled. September saw the beginning of a recovery, with an increase in demand, particularly in "bleisure" hotels, leading us to reopen 2 more of our hotels. The recovery was very quick, allowing the highest occupancy in the area to be reached in October. Overall, October was the strongest month of 2021, also due to a notable contribution from the MICE segment.

OUTLOOK 2022

The beginning of 2022 has seen a significant increase in Covid infections throughout Europe. In Germany, the trade fairs scheduled for the first quarter are being cancelled or postponed to the second half of the year, although in recent weeks we have been receiving booking requests for groups for the end of March. The United Kingdom is starting to show signs of recovery, with weekend business doing much better, especially in our lifestyle brands. However, tight restrictions across Europe are having a negative effect.

In Italy, the government has decided to increase restrictions, which has led to an increase in cancellations, particularly from groups. A gradual improvement is expected in February and March, taking into account that the main events have still not been cancelled.

The same situation can be seen in Paris, where there is a general lack of demand affecting all segments, and almost no MICE business at all. The only positive trend is at the Innside Charles de Gaulle thanks to more airport traffic. However, we are confident about a quick recovery from March onwards, taking into account the trend we saw in September.

Americas Region

FINANCIAL RESULTS

OWNED & LEASED

(millions of €)	2020	2021	Δ%
Revenues Owned and Leased Hotels	**125.8**	**219.6**	**74.5%**
Owned	118.7	202.9	70.9%
Leased	7.1	16.7	134.7%
Of which, Room Revenues	**55.7**	**99.7**	**79.0%**
Owned	50.1	86.3	72.3%
Leased	5.6	13.4	139.1%
EBITDAR	**-16.9**	**26.8**	**259.1%**
Owned	-13.2	24.5	286.4%
Leased	-3.7	2.3	161.9%
EBITDA	**-17.9**	**24.6**	**237.3%**
Owned	-13.2	24.5	286.4%
Leased	-4.8	0.1	101.8%
EBIT	**-79.3**	**-11.2**	**85.9%**
Owned	-58.7	-5.3	91.0%
Leased	-20.6	-5.9	71.4%

MANAGEMENT MODEL

(€ millions)	2020	2021	Δ%
Revenue	**16.5**	**16.0**	**-3.1%**
Fees from third parties	1.6	1.4	-13.9%
Fees from owned and leased hotels	6.1	12.5	105.4%
Other revenues	8.8	2.1	-76.4%

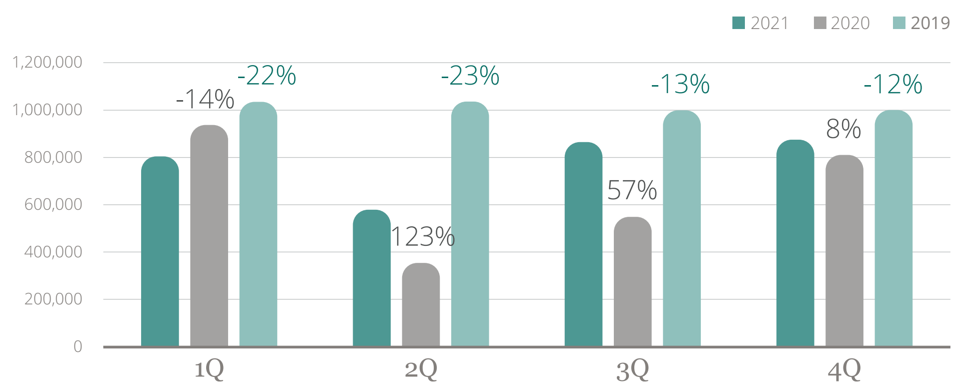
BUSINESS RESULTS

KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total Hotels AMERICA	**42.4%**	**5.3**	**€ 107.2**	**-2.1%**	**€ 45.4**	**11.9%**	**37.8%**	**8.1**	**€ 95.0**	**-6.5%**	**€ 35.9**	**19.2%**
Brazil	-	-	-	-	-	-	30.4%	12.5	€ 47.0	-23.8%	€ 14.3	29.0%
Mexico	50.2%	9.1	€ 116.3	-7.6%	€ 58.4	13.0%	50.2%	9.2	€ 116.3	-7.6%	€ 58.4	13.0%
Dominican Republic	41.6%	-4.9	€ 90.1	-8.8%	€ 37.5	-18.4%	41.6%	-4.9	€ 90.1	-8.8%	€ 37.5	-18.4%
Others AMERICA	30.1%	5.1	€ 115.2	24.3%	€ 34.6	49.3%	28.1%	0.2	€ 121.1	10.8%	€ 34.0	11.7%

(*) Note: the calculation of RevPAR only takes into account open hotels.

ROOMS AVAILABLE



OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2020		2021		2022		2023		>2023		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	16	6,403	16	6,502	-	-	-	-	-	-	-	-
Leased	2	549	2	594	-	-	-	-	-	-	-	-
Management	17	3,933	17	3,918	1	498	-	-	-	-	1	498
Franchised	2	286	1	146	-	-	-	-	-	-	-	-
Total AMERICA	37	11,171	36	11,160	1	498					1	498

CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
				Tryp Medellín	Medellin	Franchised	140

PERFORMANCE

In Mexico, the lack of border restrictions compared to other Caribbean destinations made it one of the top destinations for travellers, particularly from the United States. The segment most affected was MICE. During the first part of the year, local governments maintained moderate health and safety restrictions, allowing occupancy of 50% to 65% depending on the destination. In the summer, Mexico became the first country to return to pre-Covid revenue figures, despite the 3 hurricanes that hit the country. Although they did not cause any serious consequences, they did lead to some interruptions in demand and cancellations. The strong performance in the segments for individual travellers has offset the fall in other segments, particularly MICE. US customers made up the majority of demand, while the contribution of the Canadian, LATAM and European markets was sorely missed.

In the last quarter of the year the Canadian market recovered ground thanks to the Canadian government relaxing travel restrictions. However, in mid-December the appearance of the Omicron variant made the government once again recommend only essential travel, as did as the US State Department.

In the Dominican Republic we saw a significant spurt in demand from March onwards thanks to global progress on vaccinations, especially in the US, and the influence of the Easter period, where the rebound in the American market was accompanied by both the local and Spanish markets. In the summer, most of the arrivals were from the US, reflecting the gradual recovery in the US market, but also reflecting the weakness of other markets. On a revenue level, excluding the Paradisus Punta Cana that is still closed, figures were very similar to 2019, a year that the destination was negatively affected by media scandals. The lower occupancy was offset by an improvement in average rates. Towards the end of 2021 more reservations began to be seen from other Latin American countries.

Regarding the US, expectations were not very encouraging for the first quarter of the year, but the evolution of the pandemic and the vaccination programme in the country allowed results that were better than the original forecasts, particularly in Florida, where demand was focused on the weekends, coinciding with some of the major public holidays. The destination benefited from a desire for vacations along with the fact that other domestic destinations were not as open as Florida. This trend will likely slow down as hotels in California or New York begin to reopen. New York saw a gradual improvement from the third quarter, although with a greater dependence on the local market.

OUTLOOK 2022

Just like in other destinations, in Mexico and the Dominican Republic the Omicron variant and alerts about non-essential travel from the governments of the United States and Canada increased the number of cancellations in all segments for the first two months of the year. Group business has also been cancelled, together with requests to move events, initially planned for the first quarter to the third and fourth quarters of 2022. On the other hand, we are still seeing a large number of group requests (RFPs) for the second part of 2022 and for 2023.

In the USA, booking and cancellation trends seen in the latter part of December 2021 continue to spill over into the first quarter of 2022, with many companies extending remote working policies indefinitely. The Innside New York is focusing its strategy for the coming months on domestic travellers. Meliá Orlando is expected to perform at the same level as 2019. For other countries in Latin America, January and February are considered the low season for holidays, with the MICE and Corporate Travel segments expected to pick up again as of March, when the main trade fairs and events are scheduled.

Melia Seville, Spain

ASIA Region

FINANCIAL RESULTS

OWNED & LEASED

(millions of €)	2020	2021	Δ%
Revenues Owned and Leased Hotels	N.A.	N.A.	-
Owned			
Leased			
Of which, Room Revenues	N.A.	N.A.	-
Owned			
Leased			

MANAGEMENT MODEL

(€ millions)	2020	2021	Δ%
Revenue	2.3	3.1	36.6%
Fees from third parties	1.6	1.7	6.0%
Fees from owned and leased hotels	0.0	0.0	-
Other revenues	0.7	1.5	102.9%

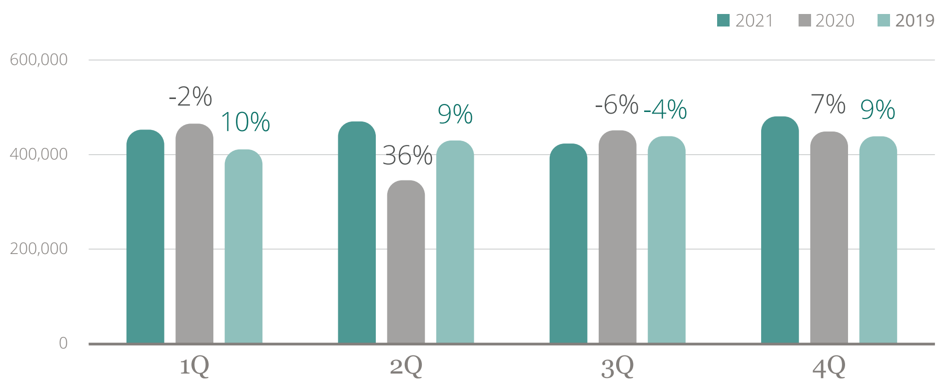
BUSINESS RESULTS

KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total ASIA Hotels	-	-	-	-	-	-	28.2%	-2.8	€ 68.6	-1.9%	€ 19.4	-10.6%
China	-	-	-	-	-	-	45.8%	-2.9	€ 78.1	22.1%	€ 35.8	14.9%
Southeast Asia	-	-	-	-	-	-	20.3%	-4.6	€ 58.9	-20.3%	€ 11.9	-35.1%

(*) Note: the calculation of RevPAR only takes into account open hotels.

ROOMS AVAILABLE



OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2020		2021		2022		2023		>2023		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	-	-	-	-	-	-	-	-	-	-	-	-
Leased	-	-	-	-	-	-	-	-	-	-	-	-
Management	25	5,773	26	5,941	4	1,012	4	1,021	6	1,320	14	3,353
Franchised	-	-	-	-	-	-	-	-	-	-	-	-
Total ASIA	25	5,773	26	5,941	4	1,012	4	1,021	6	1,320	14	3,353

CHANGES TO THE PORTFOLIO

OPENINGS				DISAFFILIATIONS			
HOTEL	CITY	MANAGED	ROOMS	HOTEL	CITY	MANAGED	ROOMS
Melia Chongqing	Chongqing	Management	**230**	Meliá Shanghai Hongqiao	Shanghai	Management	**185**
Meliá Phuket Mai Khao	Phuket	Management	**100**				

PERFORMANCE

2021 was a year very much affected by the different stages of the pandemic for our hotels in China. From March to July, when the pandemic was fully under control in the country, we saw revenues higher than in 2020 and in line with 2019. In the rest of the year, and especially during the second half of the year, the Government re-established restrictions to control the pandemic. This caused a decrease in occupancy in all our hotels, affecting all segments, but especially the group segment due to capacity limitations.

For the rest of the portfolio in Southeast Asia, most of the hotels remained closed in the first half of the year due to travel restrictions or a general lack of business. Only those resort hotels with a focus on the domestic market have managed to replace the loss of the international market, but with a reduction in average rates. There has also been a drop in revenues in city hotels due to the lack of business in the "Corporate Travel" segment.

OUTLOOK 2022

China has started the year with a situation similar to the final months of 2019. The different outbreaks in various cities in China caused their closure, along with strong government restrictions to limit movement between provinces. After the Chinese New Year, a rapid recovery in demand is expected to maintain revenues above the previous year.

In Southeast Asian countries a similar situation to the end of 2021 is expected for the first few months of the year. Strategies are focusing on domestic markets in the first semester, with international markets not expected to open until the second half of the year.

CUBA Region

FINANCIAL RESULTS

OWNED & LEASED

(millions of €)	2020	2021	Δ%
Revenues Owned and Leased Hotels	N.A.	N.A.	-
Owned			
Leased			
Of which, Room Revenues	N.A.	N.A.	-
Owned			
Leased			

MANAGEMENT MODEL

(€ millions)	2020	2021	Δ%
Revenue	1.9	2.5	31.2%
Fees from third parties	1.5	2.4	67.3%
Fees from owned and leased hotels	-	-	-
Other revenues	0.5	0.1	-80.0%

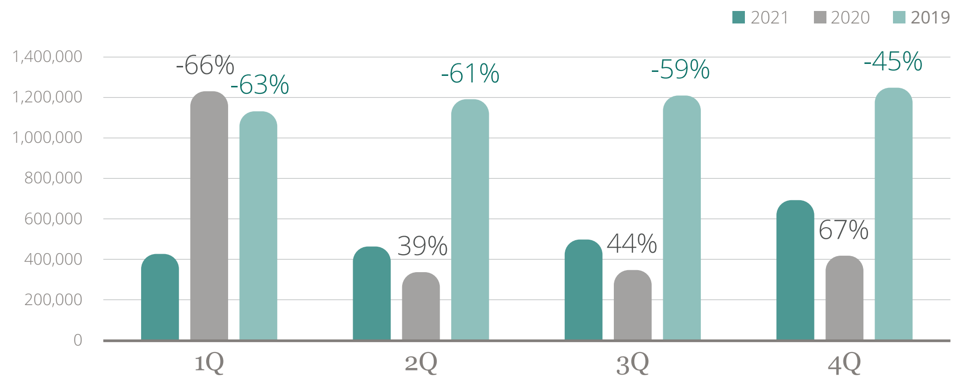
BUSINESS RESULTS

KEY STATISTICS

	OWNED & LEASED						OWNED, LEASED AND MANAGED					
	OCCUPANCY		ARR		REVPAR*		OCCUPANCY		ARR		REVPAR*	
	%	Δ (pp)	€	Δ%	€	Δ%	%	Δ (pp)	€	Δ%	€	Δ%
Total CUBA Hotels	-	-	-	-	-	-	19.7%	-13.7	€ 66.9	-26.7%	€ 13.2	-56.8%

(*) Note: the calculation of RevPAR only takes into account open hotels.

ROOMS AVAILABLE



OPERATIONAL PORTFOLIO & PIPELINE

	OPERATIONAL PORTFOLIO				PIPELINE							
	2020		2021		2022		2023		>2023		TOTAL	
	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS	HOTELS	ROOMS
Owned	-	-	-	-	-	-	-	-	-	-	-	-
Leased	-	-	-	-	-	-	-	-	-	-	-	-
Management	32	13,916	32	13,916	1	401	3	523	-	-	4	924
Franchised	-	-	-	-	-	-	-	-	-	-		
Total CUBA	32	13,916	32	13,916	1	401	3	523			4	924

CHANGES TO THE PORTFOLIO

There have been no changes in the portfolio.

PERFORMANCE

After the controlled reopening of borders in November 2020, the new wave of the pandemic once again reduced the number of flights and passengers from the beginning of the new year, including the cancellation of flights from Canada and the United Kingdom. The number of weekly flights from Russia grew in the second quarter, making Russia the country with the greatest contribution of customers and revenue. After having only five hotels open at the beginning of the year, by the summer the growth of the Russian market allowed that to be extended to seven hotels, in addition to the Sol Cayo Coco which was still acting as a converted hospital.

In the third quarter of the year, the number of flights and passenger arrivals continued in rise slowly. The first positive news came in early July in the Canadian market, with the restart of weekly flights to Varadero and Cayo Coco by Air Canada Vacations complementing existing operations started by Russian tour operators.

After the reopening of borders, the number of flights and visitor arrivals improved notably from November 15th. In fact, from the first week of October, Sunwing restarted operations from Canada, with weekly flights to Varadero and Cayo Coco. After the further relaxation of health protocols for travellers, this was also extended to Holguín and Cayo Santa Maria. Other feeder markets such as Poland, Germany and Mexico, also announced the renewal of flights. This growth in the number of flights was a decisive factor in ending the year with twenty hotels in operation in the country.

Over the year, important repairs and renovations have been carried out in several of the hotels, among them Sol Santa Maria in Cayo Santa Maria, Sol Río de Mares in Holguín, Paradisus Varadero and the future Sol Caribe Beach (former Sol Coral), both in Varadero. Finally, we should note the progress in works on the new Meliá Trinidad, with the opening scheduled for winter 2022.

OUTLOOK 2022

In Cuba, stronger health control measures for foreign visitors put in place on January 5 are affecting the recovery of tourism, although demand is projected to grow significantly compared to the first quarter of 2021. Work on the improvement of several hotels will continue over the first quarter of 2022.

Club Meliá & The Circle

At the end of 2021, sales reached US$33.5M, -29% down on 2019, but +26% above 2020. The 2021 result can be considered positive in the light of the major challenges created by low hotel occupancy due to the pandemic, meaning up to -43% less eligible couples over the year compared to 2019 for potential sales. The improvement in this percentage in terms of sales was made possible by the efficiencies achieved in the sales room, growth in remote sales, Circle membership upgrades and the opening of new sales rooms and products.

Remote sales were an important support for the business at the beginning of the year until occupancy levels got back to normal, and by the end of the year had become a key part of strategy as an additional source for generating new prospects and reaching out to partners not staying at the property. Remote sales reached US$3.2M, contributing 10% of total sales achieved over the year.

The opening of new sales rooms and product development to generate greater sales and the expansion of the customer portfolio also contributed to the numbers achieved in 2021. Two new sales rooms were opened: the Circle sales room in Los Cabos and the marketing of the Destinations product in Punta Cana.

Real estate business

During the year, Meliá transferred 6 of its owned hotels and its stake in 2 additional hotels to another company. The group of companies resulting from this transfer will maintain ownership and management of the 8 hotel assets: Gran Meliá Victoria (Mallorca), Meliá Tamarindos (Gran Canaria), Meliá Granada, Sol Beach House Menorca, Meliá Salinas (Lanzarote), Innside Bosque (Mallorca), Meliá Atlanterra (Cádiz) and Innside Zaragoza, with a total of 1,801 rooms.

Meliá will retain a 7.5% stake in the parent company of said group. We also retain the management of the 8 hotels through long-term management contracts and, based on certain success indicators, will be able to exercise purchase options for the hotels in the future at market rates.

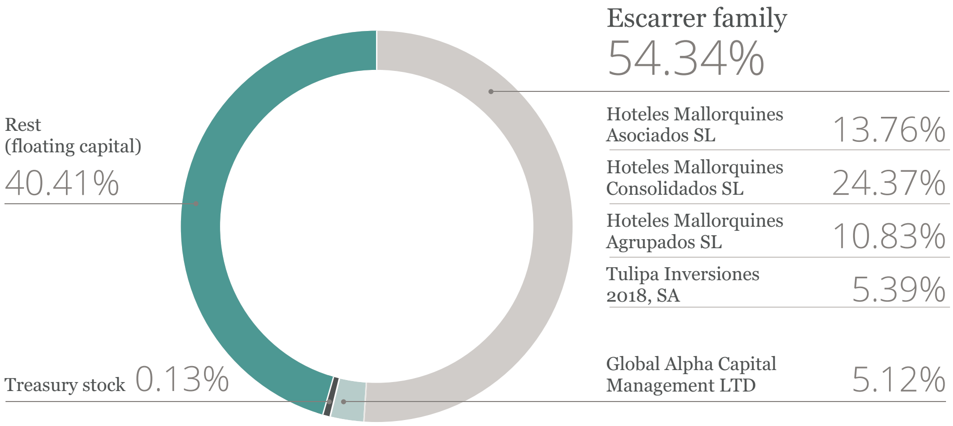
The total value of the transaction amounts to €203.9 million. Discounting Meliá's residual interest, taxes and other expenses, the impact on cash flow is €170 million, generating capital gains at the EBITDA level of approximately €64 million.

The company thus delivers on its commitment to make divestments to increase liquidity after the crisis caused by Covid-19. This operation also reinforces our asset rotation strategy and the consolidation of our management model. The company continues to analyse additional asset sales as an option to reduce debt.

Value for our shareholders

SHAREHOLDER DISTRIBUTION

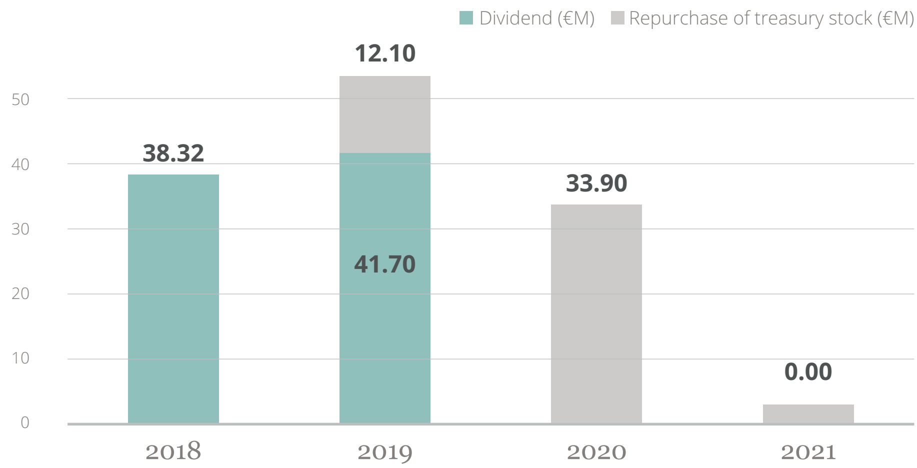
As of December 31, 2021, the shareholding structure of Meliá Hotels International is as follows: manera:



SHAREHOLDER REMUNERATION

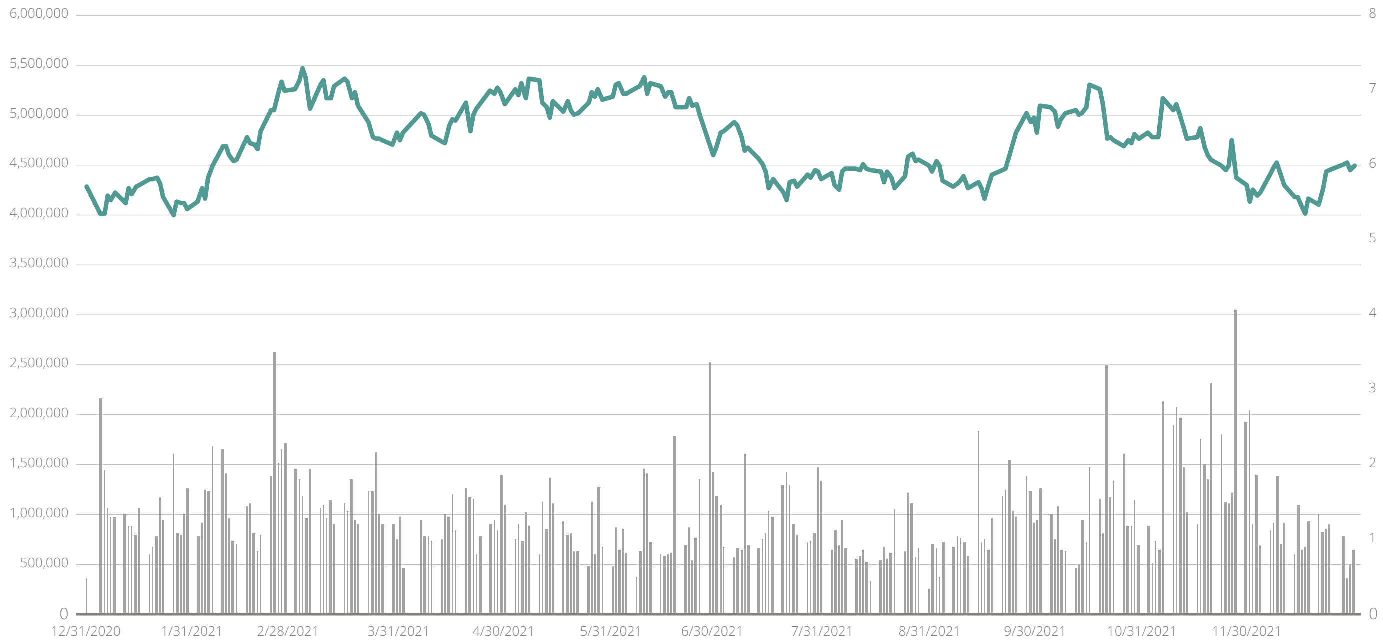
Shareholder remuneration policy aims to offer an attractive, predictable and sustainable dividend over time. This policy is compatible with the maximum priority of ensuring a sufficient amount of resources to guarantee investments for the future growth of the company and value creation.

Due to the difficult situation caused by the pandemic, and in order to strengthen the company's solvency and liquidity, in an ordinary session on February 25, 2021, the Board of Directors proposed to not distribute dividends.



STOCK MARKET EVOLUTION

During the year, our share value grew by +4.9%, while the Ibex 35 grew by +7.9%.

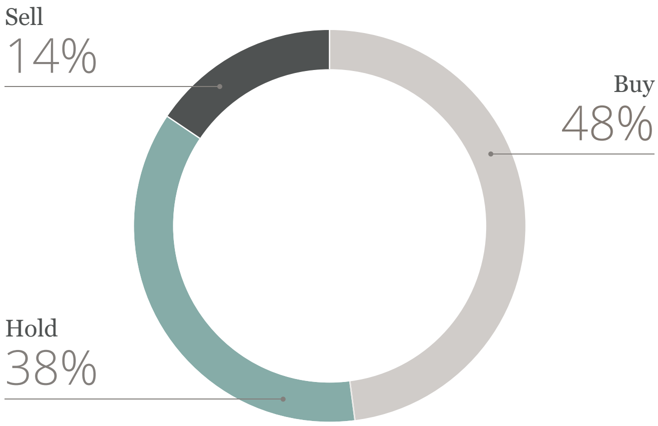


MAIN STOCK MARKET INDICATORS

	1T 2021	2T 2021	3T 2021	4T 2021	2021
Average daily volume (thousands of shares)	1,139	924	869	1,147	1,019
Meliá (% change)	10.75%	-1.50%	3.04%	-6.66%	4.93%
Ibex 35 (% change)	6.27%	2.81%	-0.28%	-0.94%	7.93%

	2021	2020
Number of shares (millions)	220.4	220.4
Average daily volume (thousands of shares)	1,018.9	1,486.5
Maximum price (€)	7.30	8.34
Lowest price (€)	5.33	2.74
Latest price (€)	6.00	5.72
Market capitalisation (€M)	1,322.8	1,260.7
Dividend (€)	-	-

ANALYST RECOMMENDATIONS



Target Price
€7.00
per share

We are covered by
21
analysts

Digital transformation

2021, a key year

Beyond the commitment to investment we have shown over the last few years and our commitment to digital transformation, in 2021 we saw the launch and activation of numerous projects with different degrees of significance. Since the pandemic period began in March 2020, we have learned numerous lessons in many areas related to our activity.

One of them was precisely the major importance of digitalisation in such a competitive business environment. For that reason, we continued to make progress in digitalising an operating model that has made us a benchmark for efficiency thanks to the technology applied throughout our value chain.

Be Digital 360 Our digital transformation programme became increasingly relevant after its launch in 2020, and a key factor in our business strategy. The programme extends to all areas of the business through a focus on 3 areas: Front, Back and Distribution.

Significant projects

In line with the above, in 2021 we worked on a portfolio of 12 key projects. Several of them were successfully completed during the year. Others have allowed us to lay the foundations for their continuity in 2022.

EXPERIENCE CUSTOMER SERVICE CENTRE (ECSC)

The growing importance of the voice channel and other associated technologies (assistants, bots and mobile) in the sales process led us to digitalise our old Call Centre, increasing the capacity of the new *Customer Experience Contact Center (CECC)* through the elimination or automation of low-value processes (particularly the use of an automated assistant that has reduced interactions by 12.6%), while also prioritising new channels (chat, email and high-value customer segments) focused on generating greater revenue and profitability and generating an 8% increase in the conversion rate compared to 2019 along with the prioritisation of high-value customers. We will continue to make progress in ensuring the use of technology and processes throughout the entire Customer Journey to ensure a single point of contact with the customer.

CRS EVOLUTION (OUR BOOKING ENGINE):

In 2021 we successfully completed the migration of the booking engine and website to a cloud-based environment. We thus no longer use obsolete technology that had significantly hampered the development of our booking management. This migration of our CRS to a much more agile environment is in line with our support for innovation and constant improvement. This new solution is more efficient, faster, more scalable and more secure, and also reduces the transaction costs in our booking system.

NEW GENERATION MELIA.COM

Our leadership in digital sales has been strengthened with the preparation of a new website which will enhance our B2C sales and distribution capacity while also seamlessly integrating our B2B, Circle and F&B offerings, allowing us to make the full range of experiences available to our online users. This new platform was designed in 2021 and will be launched in the first quarter of 2022.

DIGITAL STAY

Our commitment to digitalising our guests' hotel stays led us to promote an online check-in system that also enhances our relationship with guests. This functionality is available for all our hotels and is in a process of constant improvement. In parallel, the Meliá APP has increased its role as a *driver* of the customer experience through the evolution of its functionality and more widespread implementation in hotels, promoting the APP both as a sales channel and, more importantly, as a digital tool which with guests can manage their stay.

POINT OF SALE (POS) MANAGEMENT

The evolution in 2021 of the two functionality and integrations of the POS systems used by the company (Revo and Symphony) has enhanced the customer F&B experience thanks to the digitalisation of processes to allow access through different channels (mobile app, staff app, etc.) while also ensuring a better experience from a health and safety point of view. The development has made it possible to standardise processes and integrate data with our business intelligence systems, allowing a better management of all the associated data.

PMS OPERA CLOUD CENTRALISATION

In 2021 we also carried out a global project to implement a single, centralised PMS system in a cloud-based environment in order to generate a significant number of benefits and efficiencies. It is allowing us to standardise packages and administrative concepts, ensuring better data management and more efficient operational analytics. In 2021 we designed the solution and pilot projects in Spain, EMEA and America, together with all the corresponding PMS integrations (mainly RMS, POS and ERP SAP). The exercise ended with a roll-out in more than 30 hotels which are now fully operational under the new system. Mexico is the first country operating 100% with the new system. We expect the rest of the hotels in the consolidated perimeter of Meliá to implement the solution in 2022.

CASH FLOW EVOLUTION

In 2021 we made significant progress in the digitalisation of our cash management. This helped underpin the management of our liquidity, one of the key factors during the pandemic. The correct structuring of the data and the integration of additional data sources, allowed us to have a greater analytical capacity and thus enhance our management of such an important area in recent times.

EMPLOYEE CENTRAL

Given that Meliá is a company that is focused on its people, the implementation of this solution in Spain allows us to move forward with greater intensity and efficiency in the digitalisation of processes associated with people management. Implementation has brought numerous benefits, from the standardisation of processes to the collection and better organisation of data, as well as the digitalisation of the employee experience, among others.

DIGITAL EXPERIENCE

Although we have been promoting an increasingly digital culture for some time, with solutions such as eMeliá acting as a driver of the transmission of this digital culture, in 2021 we made even greater progress in the digitalisation and efficiency of processes associated with the day-to-day experience of our people. We extended the use of RPA technology to all kinds of processes and created the DigitalSpace platform to allow us to manage data in a completely new way. These solutions have greatly enhanced the interaction between our corporate offices and business units.

DIGITAL PROCUREMENT

We successfully defined and piloted a project that will allow us to evolve our procurement processes and comprehensively manage our expenses as we move towards a 100% digital procurement model. Thanks to Coupa, a world leader in digital procurement, we have a platform to drive change in this key area for our business.

In 2021 we defined the model and all the required prototypes to begin a pilot project in selected hotels to help ensure the success of the scheduled roll-out in Spain, EMEA and America.

TRANSFORMATION OF OPERATIONAL PROCESSES

Digitalisation at Melia has been accompanied by the reengineering of processes both in the Front Office with the Opera Cloud PMS, and in the Back Office with solutions such as Coupa. We also leveraged the current situation to redesign certain operating processes that will allow us to extract even greater value from the solutions that we have implemented. The creation of a shared services centre named Meliá Hospitality Services was accompanied by the use of all the technology required to automate a large number of its processes and redesign other processes within the context of a new centralised model.

ANALYTICS 360

Meliá sees analytics and business intelligence as a key driver of our evolution towards decision-making models based on quality data. The implementation of the new PMS has allowed us to update all our operational analytics to better monitor the business and provide the organisation with the information required to optimise business processes.

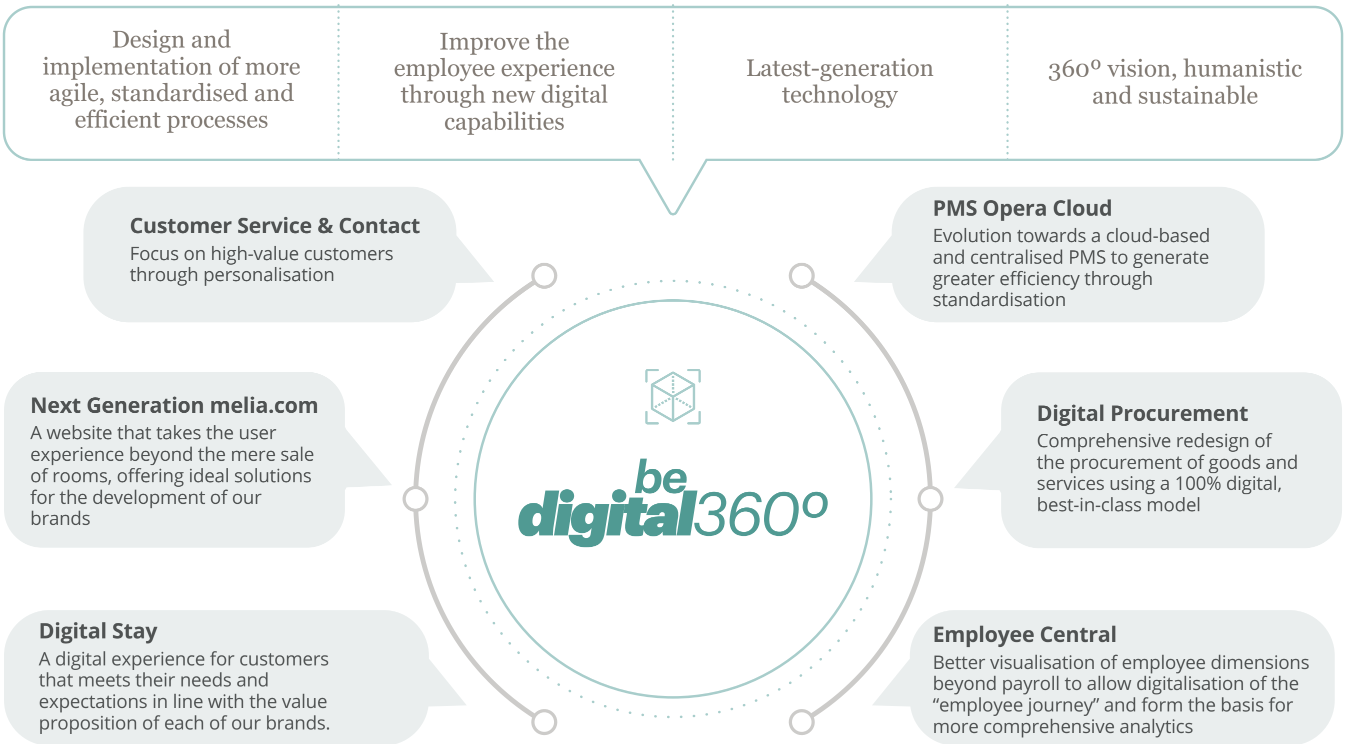
Our distribution model and price management have allowed us to constantly enhance analytics to improve our revenue and price management. Analytics has also allowed progress in other operational areas, providing managers with the tools needed to ensure more professional and efficient data management both in the Front and Back Offices.

Challenges 2022

Our continued commitment to digital transformation in 2022 can be seen in the prioritisation of projects that will have a high impact on efficiency, with a particular focus on the experience of our customers and employees. Proof of this is *Digital Efficiency*, A key project in our strategic roadmap which aims to provide a comprehensive boost to our efficiency.

The following graph shows the most important projects in the constant evolution of our digital transformation, as well as the alignment in processes thanks to more minor technological solutions.

In another order of magnitude, Meliá also has a Cultural Transformation Plan with a far more humanistic vision of the digitalisation process. We understand that our people are a key component in ensuring an efficient and sustainable digital transformation. And that is precisely why we have designed an action plan in which training, awareness and communication play an essential role in ensuring that digitalisation becomes an intrinsic part of our company culture.



Data Security & Cybersecurity

Cybersecurity governance

In line with our digital transformation and solid governance model, we are highly committed to addressing the risks related to data security, aided by the specific experience in this area on our Board of Directors. Since 2017 we have had a regulatory system which includes a ***Data Security Policy***, reinforced by a Systems Security Regulation approved by the Executive Committee in September 2020.

The guiding principles of our Data Security Policy focus on the following:

- Personal data protection
- Secure and responsible processing of credit card data and payment methods
- Unauthorised installation or use of IT assets that may undermine intellectual and industrial property
- Computer damage
- Business continuity
- Defence of the rights regarding privacy and unauthorised access

For Meliá, the protection of the personal data of its customers and other stakeholders is a top priority. To guarantee protection, the company has all the required structures, plans and control mechanisms to ensure alignment with the applicable legislation and regulations in each country.

The key aspects covered by our Systems Security Regulation are:

- Classification of the sensitivity of data by level of confidentiality
- Data classification process
- Information systems security framework
- Associated roles
- Mandatory compliance with PCI and its external certification
- Security incidents and crisis management
- Procedures for non-compliance

Supply chain security

We carry out analyses of data security requirements with all our suppliers based on their access to data and/or technological environments. This analysis focuses on guaranteeing compliance with the Meliá regulatory system. We have also implemented a technological risk management framework with third parties to ensure visibility and allow the verification of the security of information and technological environments within the entire supply chain.

Security in payment systems

As part of the commitment of the company to safeguard and correctly manage credit card information, in 2021 we guaranteed PCI DSS certification of the booking environment for the eleventh consecutive year. Similarly, best practices in security are also applied to ensure proper use in the different means of payment offered to customers.

Cloud solutions

Cloud solutions comply with all the required security measures to guarantee technological alignment with data security, risk management and regulatory compliance.

Across the whole company, starting with the most critical areas, regular safety reviews of the different solutions are carried out. The objective of this process is to regularly and systematically evaluate the alignment of security controls in each environment, measure the risks detected, and define and implement action plans.

COVID-19 context: IT infrastructure resilience

EMPLOYEES TRAINED IN CYBERSECURITY

7,859

EMPLOYEES TRAINED IN PCI

5,715

EMPLOYEES TRAINED IN GDPR

1,888

Given a context in which teleworking has grown as a result of the pandemic, it is essential that we have all the technical and organisational measures required to ensure the continuity of operations in the safest way possible.

Thanks to the best practices implemented in Cybersecurity, we have been able to face new requirements and risks in a very agile and secure way.

We have a Security Operations Centre (SOC) which manages cybersecurity globally, monitoring and controlling security on our networks and in our system environments. We also control user access and permissions both internally and externally and also use VPN technology, double authentication and virtual desktops.

We keep the software used on the computers up to date and protect our private network through firewalls that block unauthorized access and also allow authorised communication. We use a state-of-the-art antivirus programme installed in all of our systems and hardware and we carry out mandatory cybersecurity training programmes on an annual basis to raise awareness about cybersecurity issues throughout the company. We want all of our employees to be able to enjoy the benefits of teleworking with the same security guarantees that are offered by our workplaces.

Security incident

Last October, Meliá was affected by a security incident caused by ransomware introduced by a cybercriminal group called HIVE. Thanks to the rapid and efficient actions taken by our internal teams and the support of technology partners, we were able to respond to the attack very early on and halt the spread of the infection.

Our digital systems and services in the online market were not affected by the incident and remained operational throughout the attack, except for a controlled and managed deactivation which we used to verify and prevent them suffering any impact. The incident did not affect any personal data in Meliá Hotels International S.A. hotels.

Great efforts in damage containment allowed us to recover normal activity as quickly as possible, ensuring we could continue to offer services with the highest possible degree of data security. Our priority will continue to be the protection of our customer and stakeholder data, as indicated in our ***Security Policy and Regulation***.

Customer experience

Sales strategy & structure

Meliá Hotels International is committed to a transformation of the sales function to adapt to the new challenges faced by the tourism industry, maintaining a focus on customer relationships and reinforcing our leadership in the main leisure and bleisure markets.

In a rapidly changing environment, we have adapted our global sales strategy to the reality in each of the destinations and regions in which we operate with the assistance of specialist teams in each market segment. In a year marked by mobility restrictions, stimulating demand has been one of our key objectives.

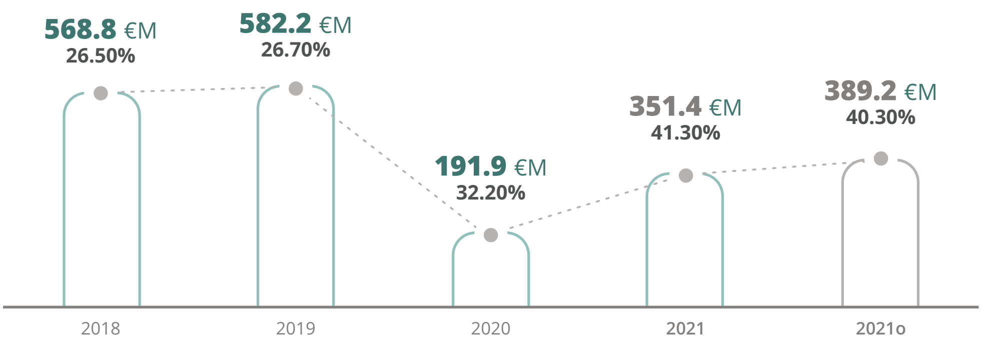
MELIA.COM

After significant growth in recent years, melia.com has become an essential driver of improvements to company performance and also our greatest strength in an increasingly competitive environment.

MELIA.COM CUSTOMERS

2018	2019	2020	2021	2021o
19.8%	20.4%	28.1%	34.1%	30.0%

DIRECT SALES REVENUE*



* Percentage calculated on aggregate revenue (room + meal plan)

VOICE OF THE CUSTOMER

We maintain our commitment to a service culture focused on customers. That is why we have added new tools and procedures to give the customer a voice, and make them the driving force behind all the company's strategic decisions.

With this in mind, we have taken a new approach to analysis to get more and better feedback throughout the customer journey, creating new communication channels which are better aligned to the needs of modern travellers, such as instant messaging and social media, among others.

SATISFACTION LEVELS

In addition to fluid conversations with customers to improve their experience, we also pay special attention to monitoring their satisfaction. In 2021 we registered 2,034 incidents, of which 100% were answered within the time periods defined.

The **NPS (Net Promoter Score)** improved compared to previous years, despite the limitations to our service and outlets caused by the pandemic.

	2018	2019	2020	2021	2021o
NPS Customers (Global)	46.90%	46.10%	48.10%	48.20%	47.50%

In terms of **GSS (Guest Satisfaction Score)**, results were also positive and in line with the objectives defined.

	2018	2019	2020	2021	2021o
Customer GSS	82.30%	82.80%	83.00%	84.00%	82.40%

For the **QPI (Quality Penetration Index)**, which measures ourselves against the average of our competitive set, an ambitious target of 100% was defined for 2021 (3 points above 2020). Although we have not achieved this objective, we continue to make progress in our positioning in OTAs (Online Travel Agencies) to bring about a positive impact on prices.

	2018	2019	2020	2021	2021o
Customer QPI	96.50%	96.60%	96.50%	97.90%	100.00%

DIGITALISATION OF THE CUSTOMER EXPERIENCE DURING THEIR STAY

Digitalisation is key to our business model, and part of our efforts are focused on improving the digital experience of customers in every stage of the customer journey. In addition to greater agility in our hotels, allowing customers to carry out certain procedures electronically, quickly and easily, our digital transformation is also improving communication with customers and helping us create a personalised experience adapted to each traveller's needs.

The digitalisation of the room experience involves two major strategic projects:

EVOLUTION OF THE APP AS THE DRIVER OF CUSTOMER DIGITALISATION

The growing use of mobile phones by customers means that one of our goals is to make our App a useful tool for travellers, allowing access to full hotel information and procedures such as making bookings for spas or restaurants, ordering room service, requesting services or receiving special promotions. Work has been done in several different areas:

- Digitalisation of hotel content: Creation of a digital directory with full information about the hotels (restaurant information, activity schedules, menus, etc.).
- Request management: the integration of the App with Stay, Hmobile, Revo and our PMS allows customers to request services such as room service, amenities, repairs, etc.
- To reduce personal contact during the pandemic, a system for reading restaurant menus and other information using QR codes has been set up in our points of sale.

DIGITALISATION OF INTERACTIONS WITH CUSTOMERS

New technology has helped us automate processes and promote a contactless environment to improve hotel operations and also allow guests to be more independent and boost their satisfaction.

- Pre-arrival contact: Customers can access all the information they require before arrival at the hotel. We have implemented this in 99% of our hotels.
- Online check-in: The process has been digitalised to allow guests to avoid paperwork on arrival. This has also enabled us to further personalise our customer service and improve their arrival experience. We have currently implemented online check-in in 83% of our hotels.
- Digital Key: Giving continuity to the arrival experience, we have defined a process and technology which allow rooms to be opened using mobile devices once the check-in has been completed. This will be piloted in Q1 2022.
- Online check-out: We have also begun piloting the check-out process, allowing customers to see account statements and check out without having to visit reception.

MELIÁ REWARDS

In 2021, MeliáRewards played a leading role in maintaining the relationship between members, the programme and our brands fully active, while also offering numerous benefits:

- **Stimulating the desire to travel**: through keeping the best available rate open to members and a number of flexible promotions with added incentives, including pre-stay points, extra points to redeem in the hotels, extra benefits when purchasing points, as well as post-stay points for business travellers to encourage their return.
- **Maintaining membership tiers:** in 2021, members were able to move to a higher tier, but we did not demote anyone to a lower level. All of our hotels delivered all the benefits for each tier, adapting the capacity, for example, for access to superior services such as The Level.
- **Improving customer satisfaction:** through the **MeliáRewards** Coach, to guarantee the delivery of all the benefits of the programme in our hotels.
- **No points expiry:** given the decrease in travel, we informed members and encouraged them to use them for their next stay.
- **Increasing the number of redemption partners:** ending the year with 115 partner brands and more than 500 redemption options, in addition to our hotels.
- **Developing a gift-card programme**: for members who want to give points to their relatives or loved ones.
- **Creating educational content on social media**: to help members better understand how to get more out of the programme.

MELIÁPRO, CORPORATE & MICE

Business trips fulfil a very important human and social role that, far from disappearing for ever, we may need now more than ever before. Making contact, connections, the new ideas that only happen through shared experiences, whether that's with our customers, our employees, our suppliers or other stakeholders. Now is the time to support the recovery of not only business travel, but also the role of business trips as a driver of greater business activity.

MeliáPRO, the Meliá programme for B2B customers, launched the most ambitious campaign in its history in the Business Travel segment in 2021. Under the motto "Let's make the world go round again. Together we are unstoppable", we have strengthened relationships with the segment and offer benefits in all our city hotels across the world.

We also continue to work on making our relationships with our B2B customer more digital and dynamic. In 2021 we strengthened the ***MeliáPRO Travel Labs*** communities as an effective way of reaching out virtually to all our customers with our news.

We have also developed programmes that have made it possible to reward both the customer who stays at the hotel and the travel professional who makes the reservation. The ***MeliáPRO Premium*** programme for high-end customers is already in force, and the ***MeliáPRO Corporate*** programme for corporate customers with both fixed and dynamic rates is in the pre-launch phase.

The customer experience in the MICE segment also saw important changes in 2021. The first of these comes in the first stage of the customer journey, the beginning of the contract. An important improvement has been made using the new, more dynamic and more visual ***eProposal*** system. This new presentation gives access to a FirstView virtual tour to allow customers to view all the hotel spaces, and they can also virtually set up event rooms using the ***Spazious*** system.

The integration of the hotel PMS with the company CRM system has also guaranteed a better flow of information and increased efficiency between the different sales teams to ensure that everything related to MICE business is perfectly synchronised.

CO-WORKING "OUT OF OFFICE"

The pandemic has tested the ability of hotel chains to innovate and find new formulas to adapt to the needs of changing times. In this context, we entered the co-working market with the creation of the ***Out Of Office*** brand. We leveraged our know-how and leadership in the bleisure segment to respond to a growing demand from companies and employees who needed a well-equipped, comfortable and safe place to work.

Out Of Office is a concept with a strong focus on the our lifestyle brands ME by Meliá and Innside, perfect for connecting people and companies, leisure and business.

Continued management of Covid-19

As a result of the gradual recovery of the industry in 2021 and a reduction in the impact of the pandemic, **we focused on recovering employment**, making an exhaustive analysis of each of our business units under “Break-to-Open” criteria in order to gradually recover employees as we reopened hotels. This process has been carried out with the top priority of ensuring their **health and safety**, alongside the **Stay Safe With Meliá** programme certified by Bureau Veritas for reopening hotels and guaranteeing the safety of stakeholders, including employees and customers.

As we all know, the recovery is happening at different speeds in the different countries in which we operate, and we have had to maintain certain salary reductions and furlough measures that began in 2020, while also making an effort to recover a path back to normality. The good news is that **we have managed to reduce the number of employees with salary reductions or on furlough thanks to the incipient economic recovery.**

As we will see in the following sections, **we have also implemented a new and more agile organisational model** which is better adjusted to the current needs of Meliá, designing accompaniment programmes and a culture of change to implement the new model more effectively and efficiently, including all our different stakeholders in the process and explaining the change to them in their different roles or functions.

We also worked on defining a roadmap with our new strategic priorities and projects and activities related to the talent development and management.

New organisational model – Leading a New Future

Since the end of 2019, we have been working on defining a new organisational model that would allow us to be more agile and efficient in an increasingly changing and disruptive environment. Without a doubt, 2020 was an exceptional year that made us accelerate the definition of this new organisational model to respond more quickly to the effects of the pandemic on the industry and adapt to the new and changing market.

Throughout 2021 we worked on the implementation of the new Leading a New Future model, an organisational and cultural transformation designed to create a **more agile, more profitable and more digital organisation**, allowing us to maintain our competitiveness in a business context full of uncertainty and constant change.

The new organisational model is based on four key areas:

Hotel & Customer Centric

Hotels and customers at the heart of the organisation This focus on the business will determine the way the rest of the structure is organised.

Agile and Profitable

An agile and profitable organisation in an industry that is increasingly competitive and always changing.

Hotel Services Oriented

Corporate areas have been reorganised to provide a more agile and efficient service to the business.

Digital & Analitycs

A total transformation as part of a digitalisation process we have named Be Digital 360.

In summary, this new organisational model is a change in our way of organising, working, interacting with each other and behaving that has the following objective: **become more agile and ensure profitability in an industry that is increasingly competitive and always changing, laying solid foundations adapted to the new business context.**

We have organised the company by placing customers and hotels at the heart of the organisation. The main change with respect to the previous model is the integration of the corporate and business vision under the same structure, while also enhancing our capacity as managers and optimising our service quality.

In the new model, the main functions have been reorganised into three major groups:

Corporate Services

Including functions based on corporate needs and specific to those needs as a listed company. This includes functions such as:

- CEO & Direct Reports
- Finance & Administration
  - Finance
  - Tax
  - Investor Relations
- Legal & Compliance
- Real Estate
- Human Resources
  - Organization development
  - Compensaton and Benefits
  - Culture

Hotel Operations

Including the global supervision of the business and support for operations. This area includes 11 different geographical regions.

Hotel Services

Including global and regional functions under the same functional team, designed to provide services that meet the needs of operations. The following areas are included:

- Strategic Planning
- Business Development
- Food and Beverage
- Finance and Administration
  - Management Control
  - Administration
  - IT
- Human Resources
  - Personnel Administration
  - Talent Branding & Adquisition
  - Learning & Development

This new organisational model is supported by new role models adapted to each of the 3 areas mentioned above.

In summary, the new model aims to guide the entire organisation in making hotels the real central hub of the organisation, championing our vocation for service as a hallmark of the company.

Training and Development

GRI 404-1, 404-2

E-MELIÁ

E-MELIÁ TRAINING CONTENT

In 2021, we continued to open up access to the eMELIÁ online training platform to a greater number of hotel employees, extending access to 20,000 people, an extra 5,000. Exceptional access was also given to staff to carry out the Stay Safe with Meliá training to guarantee hygiene, safety and emotional well-being protocols in all hotels.

To raise awareness about the new organisational model, **the focus was on improving skills (reskilling/upskilling), continuing with training in areas of digitalisation and new tools, as well as more content specific to the hotel industry.**

Continuity was also given to the offer of global training aimed at meeting the needs of hotel teams. To do this we created personalised training programmes for different roles and in the language of each region in which the company operates, meaning we now have training content in **more than 15 languages.**

To extend the amount of training on offer, we also continued to work with several partners of acknowledged international prestige. The key training partners are:

GOOD HABITZ: content to promote good habits on a personal and professional level. In 2021, eMELIÁ encouraged the completion of these training courses. 5,944 courses with certificates were carried out, involving 14,102 hours of training.

THINKING HEADS: training resources comprising interviews with renowned international speakers in which they share their vision of global trends in innovation, leadership, strategic vision and change management.

LANGUAGE SCHOOL: as a company which is increasingly global and to improve the language skills of employees, regular invitations are made to employees to access courses in more than 12 different languages. In 2021, two editions were held, with 423 people completing the course. In total, in 2021 more than 33 hours of training were carried out per user through two suppliers: Busuu, with classes via APP and Learnlight, which also includes one-to-one calls with native teachers.

TYPSY: a library of more than 1,000 video training courses on hotel operations available in more than 10 languages and of great value to our teams due to the fact that they offer content which is specific to our industry. The programme was launched in November 2021.

HOOTSUITE: a website and mobile platform for the centralised management of the key social media (Facebook, Twitter, Instagram and LinkedIn, among others) in which Meliá is present. The company's global Social Media area has worked with HootSuite to prepare two training programmes in eMELIÁ to allow users to get the most out of the tool and also train them in concepts related to Social Marketing. Virtual sessions were also held with a group of HootSuite ambassadors in the company to amplify content on social media and humanise the brand and involving our team in their success.

CONTENT ANYTIME: library with more than 2,700 courses to improve the skills of our employees, including digital skills in order to enhance the company's digital transformation.

eMeliá

EMELIÁ TRAINING

ACTIVE USERS

11,601

TOTAL HOURS OF TRAINING IN EMELIÁ

101,706

HOURS OF TRAINING PER EMPLOYEE IN EMELIÁ

8.77

SATISFACTION

8.79

TRAINING & GLOBAL DEVELOPMENT*

TOTAL INVESTMENT IN TRAINING

€ 1,417,404

INVESTMENT IN TRAINING PER EMPLOYEE

€ 77.4

INVESTMENT IN TRAINING / SOCIAL COST

0.31%

(*) Aggregated perimeter

EMPLOYEES INVOLVED

4,076

TOTAL HOURS OF TRAINING

60,087

TRAINING HOURS PER EMPLOYEE

14.74

SATISFACTION

9.15

STAY SAFE WITH MELIÁ TRAINING

The importance of the preservation of the health and safety of our employees led us to update the contents of the Stay Safe with Meliá training programme after the initial training in June 2020, including new hygiene and safety procedures and protocols. These have been implemented in all our hotels worldwide. Virtual sessions were held with our partner DIVERSEY to enhance knowledge about cleaning procedures in rooms and restaurants to guarantee the correct implementation of protocols in each and every one of the areas of hotel operations. The training also focused on the emotional well-being and resilience of our employees.

In order to support employees who have been on furlough, **a training action plan was launched to help them improve their skills and digital abilities.** A catalogue with 40 hours of training courses was designed, mainly focused on reskilling in Food and Beverage and Housekeeping. The courses also aim to empower, educate and raise awareness among employees about how the digital transformation is a driver of change. This package of actions for furloughed workers also included training activities to improve language skills and standard software packages. 192 people signed up for courses, with language training and operational reskilling being the most popular

LEADING A NEW FUTURE TRANSFORMATION PROGRAMME

To accompany the company organisational and cultural transformation, training in our **service culture was redesigned** for each hotel brand to further reinforce and emphasise company values.

At the same time, a programme to raise awareness in the business was launched, focusing on the corporate values of Meliá Hotels International. This awareness started with our **service vocation**, using different communications and training courses for employees in corporate offices to help them take on board certain behaviours and anticipate the needs of the business to ensure we provide a quality service.

As part of our need to **attract and retain talent**, the onboarding process for new employees has been updated in hotels and corporate offices, guaranteeing a unique welcome to the company that also expresses what we are all about: **friendliness, hospitality, professionalism and creativity.** To standardise the onboarding process for all employees and help create a unique experience, training schedules have been updated online, along with the support materials used in face-to-face sessions.

To help in the reopening of hotels as the pandemic eased, a **specific training programme for hotel reopenings and rebranding** within the new organisational model was prepared. This offers a global vision to employees with a clear focus on luxury service and the service culture experience in each of our brands, reinforcing training in Food and Beverage and Customer Service. All these training programmes are complemented by our master force teams, consisting of internal expert trainers who have been helping department heads in each hotel to implement the standard operating procedures and offer personalised support to improve the customer experience.

Finally, **online training programmes have been created for new heads of department** in different areas who have risen to management positions. The training programme covers the knowledge and skills required for them to perform comfortably in their new role, dealing with topics such as change management, team management and communication and influence, among others.

TALENT DEVELOPMENT AND SUPPORT PROGRAMMES WITHIN THE LEADING A NEW FUTURE TRANSFORMATION

To support adaptation and the transition to the new competencies required by the new organisational model, the **DRIVE programme was specifically aimed at talented managers and key figures within the organisation.** Through an individualised evaluation of their personality traits, emotional intelligence, motivation and reasoning, this programme allows the definition of a personalised action plan for growth which acts as a roadmap for managers to strengthen their leadership skills . The programme also facilitates the accompaniment of their teams within the organisational transformation process. In 2021, 73 people were evaluated, 61 received feedback with development recommendations and 10 are in pilot coaching development programmes.

As a complement to the DRIVE programme, the **TPG programme (Transition Profile Guidance)** was launched to accompany the leaders of each area in the operations centres to assimilate the new knowledge and skills required for their development and consolidation in their new roles or in regard to their new responsibilities. In 2021, the programme involved 45 people in the first stage, including employees from the Balearic Islands, the Dominican Republic, Barcelona and Germany.

Given that internal talent is a key priority for the company, our talent map has been updated worldwide to regularly identify talent on a global level, incorporating groups from America and the Dominican Republic. This tool will help us cover internal vacancies and create personalised career plans for internal talent. Talent mapping data includes 910 people from the following areas: Spain with 695 people, EMEA with 154 people and ASIA with 61 people.

Finally, and taking into account the importance of this role at Meliá, a **new talent identification process for hotel management positions identified 71 people in 2021.** This process identifies those people who are consolidated in their current position and have the potential to occupy managerial positions and the motivation and commitment to achieve it from among the Heads and Deputy Heads of Department and the Executive and Operating Committees. Once the pre-selection process has been completed, candidates are evaluated through an Assessment Centre (identifying 24 people, of which 13 were approved to form part of the Talent Pool in 2022), in which we assess their profile and potential for growth. Once they pass the assessment, they become part of the **Hotel Management Talent Pool** and start a Development Plan that supports their development in technical skills and managerial abilities with a view to occupying hotel management positions, always adapting them to the new organisational model and current business needs.

DEVELOPMENT OF DIGITAL SKILLS

In line with the company's objectives in process digitalisation, we have implemented training programmes in the new tools that will allow us to move towards a more digital and more efficient operating model in all areas of the organisation.

Below are some of the main projects we have launched with a training and support programme:

EMPLOYEE CENTRAL – MY PLACE

Training for Human Resources teams in the new Personnel Administration processes carried out in the Employee Central tool using Success Factors and SAP technology. The training covers all the different processes in personnel administration.

DIGITAL SPACE

In order to be able to gather new kinds of data from the business areas, Digital Space has been created as a platform to both collect and analyse this data. Several training modules have been created for each area included in Digital Space, creating an online training programme to support end users in the data collection process.

NEW WAVE

This training programme focuses on the Administration team, designed to support the transformation process and evolution towards a more operational role. The goal is for them to be able to analyse data and also communicate that data appropriately, connecting the relevant parts of the data to provide solutions to the challenges and opportunities faced by the business and actively participating in company decision making. The programme is aimed at 213 people worldwide for business partners.

SAP COUPA

Training for the Procurement & Technical Services teams in SAP Coupa, a new procurement tool used by the company. In this first stage, training was carried out by webinar on eMELIÁ for employees in all areas to explain the key functionalities of the tool and the different processes available within it. It is also accompanied by 8 training sessions for support and to respond to any doubts.

OPERA CLOUD

Opera Cloud was implemented as the only PMS in our hotels in 2021, and a powerful training programme was developed to help employees master the changes in the new system. 7 specific training programmes were prepared for the different roles and departments with digital courses and standard operating procedures related to all the processes carried out every in the PMS in hotels. The content also acts like a library that employees can access to optimise their use of the tool. At the end of 2021, a total of 1,024 employees had already completed the training.

Benefits for employees

GRI 102-35

Meliá is always committed to its people and has continued to extend the benefits for employees through the **MyBenefits programme**, a very relevant component in the enhancing of the so-called “emotional salary”. This programme provides flexible options adapted to the needs of each person and currently consists of:

- **BeFlex** a flexible remuneration programme for employees which offers a range of options to buy products and services such as health insurance, childcare, transportation, training or daily meals with significant tax advantages.
- **Privilege**, an employee discount programme offering a wide range of discounted products and services for all employees, regardless of their place of work.
- **My Insurance**, with access to special coverage for vehicles, home, life, death, travel and overseas health.
- **My Finances**, programme providing access to Bankinter financial products through a virtual office.
- **Me Wellness**, a programme to promote healthy lifestyles among our employees. Through an agreement with AndJoy, our teams in Spain and Italy have access to more than 1,000 gyms.
- **My social responsibility**, through which employees can make donations to charitable causes and benefit from special prices on sustainable and socially responsible products.

Work continues on the MyBenefits programme to extend benefits for company employees.

New ways of working

ORGANISATION OF WORK HOURS AND SPACES

Continuing with the measures adopted in 2020 to maximise health and safety due to the pandemic, teleworking was still used as a temporary option, also adjusting things to the maximum capacity allowed in closed spaces by legislation and avoiding a concentration of employees in corporate offices. Flexibility was temporarily offered to departments to plan attendance in the different corporate offices and guarantee a gradual return to the office which would always take into account and respect the guidelines in terms of workplace health and safety.

In order to improve the work-life balance of employees, various flexibility measures were also introduced, while always guaranteeing an appropriate level of service to the business.

WORKPLACE DIGITALISATION

Due to the pandemic, several measures related to the digitalisation of the workplace were taken in 2020. Some tools, such as Microsoft Teams, have become a general work tool in 2021 for internal communication and cooperation between the different teams, encouraging coordination and enhancing project work.

We currently have 1,832 Active Teams and 5,456 Active Users

MELIÁHOME AND KNOWLEDGE MANAGEMENT

In 2021, the MeliáHome employee portal underwent a considerable transformation, becoming a key channel for sharing knowledge and information. The change was possible thanks to a new knowledge management strategy, with a change of platform giving departments more independence in content management.

The new MeliáHome (made up of more than 30 different sites) received a total of 922,500 visits from its launch in June 2021.

In addition to the Sites created in 2020, new Sites were published throughout 2021, allowing the different areas of Hotel & Corporate Services to share content with the business areas in the most efficient and orderly way:

VISITS TO MELIÁHOME

Visits to MeliáHome

Leading a New Future	Food & Beverage	Travel Management	Code of Ethics	Sustainability	My Place
32,900	30,190	8,899	582	7,177	5,738

DIGITAL DISCONNECTION

To the extent that business activity allows, Meliá recognises and respects employees' rights to digital disconnection outside of the working hours defined by law or convention, respecting rest periods, leave and holidays, as well as personal and family privacy. We have a Digital Disconnection Policy as part of our ***Human Resources Policy***.

The Digital Awareness course associated with the policy is part of the mandatory training that company employees have to take to be aware of the legal measures and policies that have been adopted. We make sure that employees are aware of the implications of hyperconnection and its impact, and we encourage digital disconnection to ensure the well-being of employees and an appropriate work-life balance.

Equality, diversity and inclusion

SECOND EQUALITY PLAN

GRI 405-1

In 2019, the company's second Equality Plan was approved, an update and improvement to the first plan announced in 2011.

This plan includes commitments assumed by workers' defence organisations in terms of gender equality. Meliá promotes measures to support equality in nine areas: access to the company, recruitment, promotion, training, remuneration, occupational health, gender violence, communication and work-life balance.

PROTECTION FROM SEXUAL OR WORKPLACE HARASSMENT

The company is a signatory to an agreement with the IUF (International Trade Union for the travel industry) which aims to combat sexual and workplace harassment. We have therefore introduced improvements related to victims of gender violence in matters such as time off work and help in moving house, justification of absences and refuge in hotels, among others.

In terms of **work-life balance**, the plan improves access to training and promotion and extends facilities for people with children or other dependants, introducing greater flexibility so they can accompany children to school tutorials, visits to the doctor or hospital, greater flexibility in adjusting shifts and the possibility of reaching a mutual agreement with the company to change their working hours during the first year after the birth of a child without the need to reduce the number of hours.

TOTAL WOMEN IN THE WORKFORCE*

41.93%

WOMEN IN MANAGERIAL POSITIONS (% OF TOTAL IN CATEGORY)*

29.05%

WOMEN IN JUNIOR MANAGEMENT POSITIONS (% OF TOTAL IN CATEGORY)*

36.72%

WOMEN IN SENIOR MANAGEMENT POSITIONS AT A MAXIMUM OF 2 LEVELS FROM THE CEO (% OF TOTAL IN CATEGORY)*

15.55%
Objective 2040: 40%

WOMEN IN MANAGEMENT POSITIONS IN REVENUE-GENERATING POSITIONS (% OF TOTAL IN CATEGORY)*

39.80%

WOMEN IN STEM POSITIONS**

33.02%

(*) Aggregate scope
(**) STEM: science, technology, engineering and mathematics

COMPLAINTS RECEIVED ABOUT SEXUAL HARASSMENT THROUGH THE COMPLAINTS CHANNEL*

6

(*) All the complaints received are investigated by the Ethics Committee. More information is available in the chapter on Ethics and Integrity.

CLOSINGAP

A dozen large companies have come together to create a cluster that analyses the opportunity cost for the economy of not taking full advantage of female talent. The project has its origins in a global programme created by Merck in 2014 under the name Healthy Women, Healthy Economies, which aimed to achieve the full participation of women in national economies. Meliá has been an active member since 2018.

The mission of the cluster is:

- To raise awareness and collect data on the key gender gaps
- To identify and share best practices in different areas that help reduce these gaps
- To encourage and launch projects among the companies in the cluster to demonstrate that change is possible
- To encourage public policies in the area of equal opportunities

The Strategic Plan 2020-2022 focused on the following areas with the aim of contributing to the achievement of the Sustainable Development Goals:

KNOWLEDGE AND DEBATE

Consolidate Closingap as a point of reference for enhancing knowledge about women and the economy, making it a top-level forum for debate.

INNOVATION

To become a source of innovation in projects related to women and the economy

TRANSFORMATION

To become a driver of social and economic transformation through public-private partnerships

In 2021 the cluster continued to act with the same energy and dedication, promoting projects focused on its objective as a cluster:

- The Closingap Indicator on Women and GDP was prepared with the assistance of PwC, becoming the first consolidated indicator in Spain that measures the total impact of gender inequality on the economy in five different categories: digitalisation, employment, education, conciliation and health and well-being.
- Gender Gap Public Awareness led by Kreab Worldwide. In Spain, only one in four people with decision-making authority in the key areas of power is a woman. The proportion of women in leadership positions in critical areas of influence stands at only 25.8%, well below the parity threshold of 40%.
- Gender gap in disability, led by the ONCE Social Group. In Spain, women with disabilities face the double inequality of gender and disability. In the employment market, women with and without disabilities often have less stable contracts, although it is women with disabilities who have a higher rate of temporary employment and partiality (29.6% and 24.3%, respectively).
- Continuity of the Mentoring Programme aimed at talented women in the organisations that form part of the cluster.
- III Closingap Economic Equality Summit, an important annual with regard to women and the economy

CLOSINGGAP INDEX

64.1%
(35.9% gender gap)

WORKPLACE INTEGRATION OF PEOPLE AT RISK

Despite the complex situation since 2020, we have always aimed to continue offering job placements to the degree that the recovery of our activity allowed us. **"First Professional Experience"**, one of our most important youth employment projects, is still on hold as it requires a management structure that we have still not been able to guarantee due to the restrictions caused by the pandemic.

However, we were able to resume the workplace insertion projects together with the **La Caixa Foundation** as part of the **"Incorpora" Programme**, of which we have been a member since 2018. We are proud that we have been able to keep the project active, and that since it started it has allowed us to take on 300 people in our hotels. Our challenge in 2022 will be to reactivate the projects designed to create more employment opportunities.

EVOLUTION OF THE INCORPORA PROGRAMME (2018-2021)

	2018	2019	2020	2021	Total
Participating hotels:	39	47	12	15	
Offers	116	166	32	22	336
Offers per hotel (average)	2.97	3.53	2.67	1.47	
Insertions	91	140	39	30	300
Coverage ratio	78.4%	84.3%	121.9%	136.4%	89.3%
Women included (%)	62%	59%	38%	80%	59%
Men included (%)	38%	41%	62%	20%	41%
Profiles at risk of exclusion (%)	92%	93%	87%	97%	

UNIVERSAL DISABILITY AND ACCESSIBILITY

EMPLOYEES WITH DISABILITIES (CONSOLIDATED PERIMETER)

97

EMPLOYEES WITH DISABILITIES (AGGREGATE PERIMETER)

163

Meliá understands that disability management is something that has to be considered for both internal and external customers. Raising our sustainability standards requires us to act at different levels of technical and sustainable management.

Our design and construction manuals include universal accessibility criteria such as motion sensors for lighting, wide lifts, ramps, pool lifts, public areas free of any obstacles and specially adapted guestrooms, among others.

The manuals provide our teams with design criteria and standards which must be applied to all renovation projects or new hotels, regardless of their location.

Occupational Health and Safety

Continued management of Covid-19

Covid-19 set the agenda for 2021, reaching the highest levels of infection seen since the start of the pandemic in March 2020.

2021 was also, however, the year when the vaccination programme began, with a very positive impact on the reduction of serious or very serious cases and allowing a certain reactivation of economic and social activity. Meliá made significant efforts in all the destinations in which it operates to encourage and promote vaccination among its team members. An example of this is the agreement signed in the Balearic Islands (Spain) between SEAT, a leading car manufacturer, and the Balearic Government to promote the vaccination of the entire population.

As a result of our collaboration in this project, more than 40,000 vaccinations were given to island residents. Our support for the project allowed the free accommodation of health and administrative staff in charge of the project to carry out vaccinations in the Balearic Islands.

Given the knowledge about health and safety we have acquired during the pandemic, we were able to adapt our protocols, define specific measures, adapt our products, redefine processes and also make specific investments to continue to guarantee the health and safety of our customers and employees.

In 2020 we experienced first-hand the importance of collaboration with the health authorities. That is why this was also a priority for us in 2021, as we continued to assist in case management, defining guidelines, and sharing our experience and knowledge in special forums.

Occupational health and safety management system

GRI 403-1; 403-2; 403-2; 403-6; 403-8

INTERNAL AUDITS TO CHECK CRITICAL AREAS OF THE SYSTEM

13

HEALTHY WORK ENVIRONMENT PROGRAMME

Certified

2021

Many years with a clear focus on health as a consequence of our commitment to our people, allowed us to design an **Occupational Health and Safety Management System** aligned with the international ISO 45001:2018 standard, certified in June 2021 by Full Audit, S.A.

Since 2018, we have had a global *Occupational Health and Safety Policy* approved by the Board of Directors. The policy was updated in 2021 and defines our principles and commitments in occupational health and safety, and the general well-being of all company employees in their daily activities. We have defined the actions required to ensure the highest degree of physical, mental and cognitive health among our team members, seeking to go beyond mere compliance with the requirements and obligations included in applicable regulations.

Given that the reduction of occupational accidents and illnesses for our employees and external partners is one of our priorities, the system ensures compliance with legal, regulatory and contractual requirements and provides the appropriate tools for the control and measurement of progress and the identification of areas for improvement.

To ensure its correct application, the Internal Audit Department carries out internal audits to check critical areas, with the support of the Department of Occupational Health.

In 2021 we achieved certification for our Healthy Work Environment Programme, designed in line with the parameters and recommendations of the World Health Organization (WHO). The programme complies with requirements as it contains both individual and organisational activities to create healthy and safe work environments, allowing the participation and interaction of employees at all levels and without discrimination of any kind in different areas and on a permanent basis.

The following are some of the measures implemented in corporate offices and hotels:

- Promotion of training on well-being and healthy habits,
- Improvement in spaces for carrying out internal well-being training activities (mindfulness, relaxation, etc.)
- Promotion of healthy habits and rationalisation of the food offered in staff canteens.
- Optimisation of the management of chemical products in work centres.
- Health campaigns (nutrition, physical exercise, etc.).
- Encourage the creation of healthy habits to apply during the working day.

A large part of the improvement opportunities we identified were due to the participation of our teams on issues that affect occupational health and safety and healthy work environments. This direct participation is channelled through the different Occupational Health and Safety Committees or employees specially designated for this purpose.

In addition, we also have a Health Work Group with the skills required to ensure the implementation, maintenance and improvement of our Healthy Work Environment Programme.

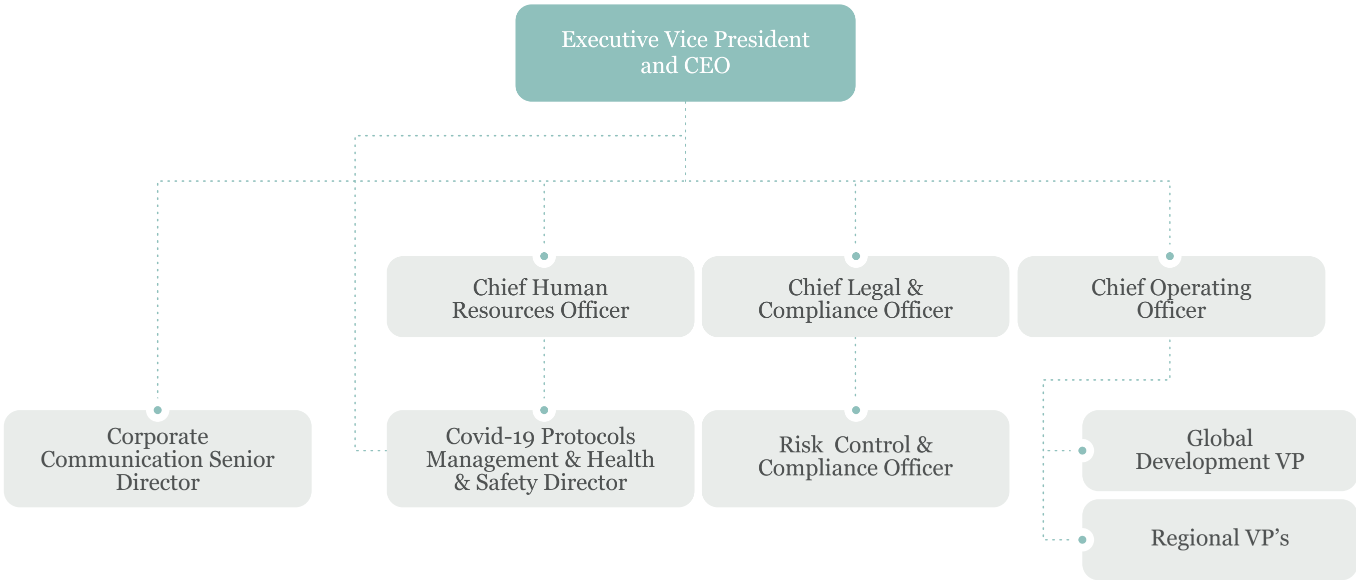
COVID-19 Crisis Management Committee

GRI 403-1

Given the context in 2021, Meliá decided to continue with the Committee set up to manage the crisis in order to continue having a space for reflection and debate which would allow decision-making at the highest level and the guidelines required for coordination.

Led from the beginning by our Executive Vice President & CEO, it defines the appropriate guidelines for managing the crisis, combining debate on its impact on the business and operations, based on coordinated work and agile and effective decision-making, always with the health and safety of employees and customers as the top priority.

COVID-19 CRISIS MANAGEMENT COMMITTEE ORGANISATION CHART



The Health & Safety Director, who reports to both the Chief Human Resources Officer (CHRO) and the Chief Executive Officer (CEO), continues to lead the management of the company's health and safety protocols. The scope of this management is global in nature and defines the guidelines for our response in terms of health and safety. All the decisions made by the committee are communicated across the entire organisation to ensure their correct implementation.

The management of health emergencies caused by natural phenomena is activated immediately and with direct communication to the Crisis Committee, which then takes the measures required to control the situation. The best example in this area is the management of the consequences of the volcanic eruption on the island of La Palma in the Canary Islands. The entire hotel was evacuated and an Employee Assistance Programme was immediately activated, providing psychological assistance (24/7) to help resolve any personal or workplace psychological and emotional difficulties. This programme was later extended to all of our staff in the Canary Islands.

Global Response Plan

In 2021 Meliá decided to keep the Global Pandemic Response Plan defined in 2020 active, with the plan having proven its effectiveness for almost two years. Although the plan has maintained its original essence, we have also been adapting all the measures it contains based on the evolution of the pandemic and the knowledge we have about it.

We have therefore reinforced prevention measures to interrupt the chain of transmission of the virus, reviewing and developing tools on a global level, standardising guidelines and respecting the requirements, regulations and recommendations of local authorities.

The Functional Site created in 2020 has remained active and is constantly updated to offer health and safety information and resources. The SharepointOnline system which is accessible to all our employees continues to offer information on the preventative measures and protocols required to ensure healthy work environments and guidelines for management, as well as acting as a repository for documents to help respond to the needs of the business units.

Risk assessment and incident handling

GRI403-2

We have specific monitoring procedures for the early identification, evaluation and control of risks, and the identification and assessment of opportunities.

To ensure its correct management, our system assigns specific responsibilities to the different functions that must then ensure their implementation in the business units.

To permanently ensure healthy working environments and conditions, we carry out regular and specific evaluations, whenever conditions or the environment suffer alterations.

These evaluations also analyse the job positions in each business unit, the tasks they have to do and the environment and facilities in which they are carried out.

Regardless of whether they are generic or specific, all of these evaluations are made with the frequency defined by the preventative services in each business unit, and agreed with the aforementioned consultation and participation bodies.

These evaluations are also updated in circumstances such as:

- Implementation of new equipment
- Use of chemical substances or preparations
- Incorporation of new technology
- Modification or improvements to the work environment
- Changes or adjustments to the work environment caused by changes in processes
- Incorporation of employees that are especially sensitive to certain risks (pregnant, lactating, previous cases, etc.)
- Detection of insufficient or inappropriate preventative activities.

Our Internal Audit Department regularly verifies the validity of both the risk assessments and prevention plans defined.

These actions allow us to verify the degree of compliance with the corrective measures and action plans defined through the use of specific indicators (incidence and frequency rate, severity index, average duration, days lost due to accidents, % absenteeism due to work and common contingencies), thus providing a basis for making management decisions based on analytics.

In addition to audits we carry out due to our commitment to our people's health, we also carry out all the audits required by applicable regulations to verify health and safety conditions at work and in our management system. For example, in Spain, the company Prevycontrol, Occupational Risk Audit S.L., began the process of auditing our Prevention System. The audit is scheduled to be completed in May 2022.

One of the top objectives is to ensure the health of all of our teams, supported by our Occupational Health strategy designed to achieve the highest possible degree of protection, promote healthy working conditions, and promote preventative measures at all levels .

Although it is true that our activity does not involve any job positions with a particularly high risk of illness, there are some positions, such as those in the Housekeeping and Food and Beverage departments, with greater exposure to illness due to their work, mainly musculoskeletal disorders (carpal tunnel, tendonitis, rotator cuffs), for which Meliá has implemented all the necessary preventative and corrective training required to minimise them.

Stay Safe with Meliá

GRI 416-1

One of the great challenges of 2020 was the definition of a global response that would allow pandemic management and governance guidelines to ensure safe work environments and protocols that would minimise the impact of Covid-19.

The result of this exercise was the Stay Safe with Meliá programme. The excellence of the plan and positive reception by employees and customers in 2020 led us to maintain it throughout 2021.

Given that 2021 presented new challenges, the programme was also updated as the pandemic evolved through the Customer Journey Map. This roadmap allows us to continue providing value to customers from a 360º perspective with the maximum quality and health and safety guarantees based on clearly defined premises.

STAY SAFE WITH MELIÁ PREMISES

CUSTOMERS WHO HAVE EVALUATED STAY SAFE WITH MELIÁ

+43,5k
(+154% vs 2020)

LEVEL OF SATISFACTION WITH STAY SAFE WITH MELIÁ

85.5
(+3.2 bps vs. 2020)

Our objective has been to adapt procedures to the different stages of the pandemic, adopting new preventative standards and adapting processes, people management, cleaning and disinfection protocols and, of course, reviewing all the technical installations in our hotels.

One thing that we are proud of is the fact that our efforts have been well received by our customers, who have continued to indicate a high degree of satisfaction with the programme.

After the implementation of the programme in 2020, one of the factors required to indicate its suitability to our customers and employees was to submit the programme to external verification. In 2020 Bureau Veritas, a leading global company in testing, inspection and certification, began to audit the programme in our different business units to certify them as Global Safe Sites, ensuring compliance with all of the preventative measures and health and safety standards, protocols and processes implemented in hotels.

Our Internal Audit team also verified and audited the protocols defined in the Stay Safe with Meliá programme as an extension to the audit already completed by Bureau Veritas.

STAY SAFE BY MELIÁ AUDITS (BUREAU VERITAS)

	Number of audits 2021
SPAIN	28
AMERICA	6
EMEA	8
ASIA	1
Total	**43**

Environment and climate change

Environmental measures in the context of Covid-19

The industry gradually recovered throughout the year, with operational control of our facilities in line with our management system to guarantee the most efficient use of resources. The objectives are several: to ensure cost reductions, identify possible incidents in facilities and ensure the correct maintenance of equipment in closed hotels.

In line with the commitments and objectives in our ***Environmental Policy***, we also continue to focus on prioritising the acquisition of renewable energies, the promotion of investments to reduce emissions, and the permanent monitoring of energy and water use to identify deviations, potential improvements and corrective actions.

Environmental and energy management system

SAVE INDICATORS

PORTFOLIO INVOLVED

100%
aggregated

TOTAL INVESTMENT

€2.7 M

ENERGY SAVED

5,321,260
KWh

FINANCIAL SAVINGS

646.9€k

EMISSIONS AVOIDED

2,195
Tn CO_2

Launched in 2007, the **Meliá Environmental Management System (SAVE)** allows us to measure and manage key indicators regarding energy, water, waste and emissions in all of our owned, leased and managed hotels on a global level, guaranteeing the identification of opportunities for improvement and the monitoring of our performance with regard to objectives.

Our environmental and energy management system, the latter certified under ISO 50001 standards, has been acknowledged over the years for its commitment to sustainability and reducing our impact on the climate.

PORTFOLIO CERTIFIED

Due to the suspension of our activity due to the pandemic and the need to activate contingency plans, in 2021 we put on hold the renewal of our ISO 14001 certification and the certification processes in sustainable tourism with other entities endorsed by the Global Sustainable Tourism Council (GSTC), Earthcheck and Travelife.

At the end of 2021, 13 of our hotels had a valid certification endorsed by the GSTC. The certification process for the rest of our portfolio will be resumed in 2022 as our hotel activity returns to normal.

Energy management

GRI 302-1, 302-3, 302-4, 302-5

ENERGY EFFICIENCY MEASURES

The energy management system aims to generate savings, optimise consumption and efficiency, and stimulate constant improvement in energy use while minimising the impact on hotel operations.

Investments in the environmental and energy management system aim to support our decarbonisation objectives. For that reason, in 2021 we provided the resources required to achieve our objectives of reducing energy consumption and greenhouse gas emissions, with a total investment of €2.7M M€ in energy saving and efficiency measures, among which the CO_2PERATE and SAVE projects are the most relevant.

CO_2PERATE INDICATORS (CUMULATIVE)

FINANCIAL SAVINGS

€ 1,945,850

ENERGY SAVING

19,092,020 kWh

CO_2 EMISSIONS AVOIDED

9,450,550 kg

CO_2PERATE PROJECT

The CO_2PERATE Project aims to optimize energy consumption in air-conditioning systems by using artificial intelligence in cooling systems and in the control and management of the facilities that consume the most energy, at the same time also contributing to the company's training and communication activities. In 2021, installation was completed in **96 hotels** with the desired results. This specific investment in artificial intelligence to control air-conditioning systems was accompanied by other SAVE investments in measures to improve energy use in our facilities and guarantee the constant improvement of the system.

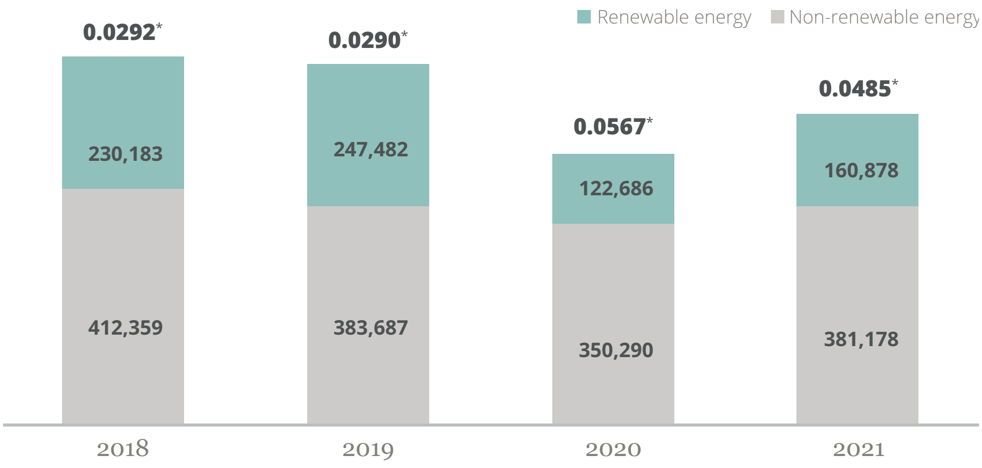
ENERGY CONSUMPTION

GRI: 302-1; 302-3; 302-4

In 2021 we gradually resumed activity in our hotels, causing an increase in energy use compared to 2020. In all the countries in which we are able to contract energy from renewable sources, we have maintained our sustainable contracting.

On the other hand, energy costs have been affected by the increase in consumption and the evolution of the energy markets, with strong increases in prices towards the end of the year. We currently use electricity with renewable certification in Spain, Italy, France, the United Kingdom and Germany. The percentage of renewable energy we use increased compared to the previous year, mainly due to disaffiliation of certain hotels in the portfolio, mostly in countries where it's not possible to buy certified renewable energy through our energy supplier contracts.

CONSUMPTION OF RENEWABLE AND NON-RENEWABLE ENERGY (MWH) **



(*) Intensity ratio (MWh per stay) (**) Aggregate perimeter

Water management

GRI: 303-1; 303-4, 303-5

WATER EFFICIENCY MEASURES

In line with our commitment to guarantee the efficient use of resources, for the third consecutive year we took part in the **CDP Water Security** programme, earning a **B rating**. This ranking measures the impact of companies on the environment in general and on the safety and quality of water, in particular. Our participation allows us to continue to make progress in sustainable water management and also assess water risks and opportunities in areas where we operate, facilitating decision-making and a better water management strategy.

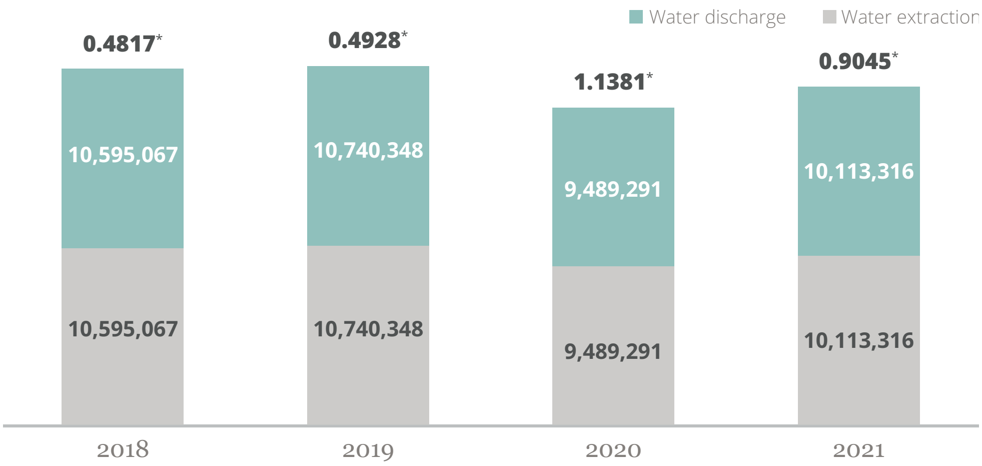
WATER USE

GRI 303-5

The constant monitoring of our consumption and operational control of our facilities allowed us to reduce water consumption and achieve our commitments in responsible water management. Investing in improvements in facilities and sharing best practices with our customers and employees are fundamental factors in proper water management.

To move forward with the calculation of our water footprint, consumption is identified by source or origin, with 0.22% coming from surface water, 67% from municipal and/or private water providers, and 32% from well water The type of water discharges in each hotel were also identified, guaranteeing compliance with applicable regulations and taking all the samples required to ensure water is returned to the network with a quality similar to or higher than the extracted water. We also made progress in measuring the water discharges with a quality equal to or greater than the extracted water, giving a total net water consumption of 0m^3. Discharge volume was recalculated for historical data.

NET WATER CONSUMPTION (THOUSANDS M³)**



(*) Intensity ratio (m³ per stay) (**) Aggregate perimeter

WASTEWATER DISCHARGE

GRI 303-2

Wastewater is mainly discharged into the public sewer network (6,616,784m3, 65.4%) and wastewater treatment plants (3,411,968m3, 33.7%), with an insignificant percentage discharged into the sea (41,319m3, 0.41%) or septic tanks (43,244m3, 0.43%).

Wastewater management is always handled in accordance with applicable regulations and our management system requires the analysis of the main environmental impacts of our activity, including those related to water spills. The system developed for the identification and analysis of operational risks also allows the early identification of the main risks and their prevention.

PORTFOLIO LOCATED IN AREAS OF WATER STRESS

SASB: SV-HL-140a.1, SV-HL-450a.1

In 2021, the **Aqueduct Water Risk Atlas** tool allowed us to update our analysis of hotels in areas with water stress, including data on the quality and availability of water by geographical area.

Mapping data allowed us to identify risks related to both the quantity and quality of water, so we have greater visibility for hotels in areas with high water risk created by climate change and can begin to develop risk management strategies and possible adaptation and mitigation plans.

To assess the risks related to water safety and determine whether they are significant, we have analyzed the entire operating portfolio and considered two parameters: probability and magnitude of the impact. The probability is evaluated according to the results of the Aqueduct Water Risk Atlas for water stress, assigning a score of 3.5 to high-risk hotels and 4.5 to those with extremely high risk. The magnitude is determined by the importance of each hotel to the business based on its annual revenue. These two parameters have been used to calculate the financial impact for each hotel. When the financial impact is above the significance threshold (> 3% of total annual revenue), a hotel is considered to have a substantial impact on the business.

HOTELS LOCATED IN AREAS OF WATER STRESS (CONSOLIDATED)

54

HOTELS LOCATED IN AREAS OF WATER STRESS (AGGREGATE)

97

HOTELS IN AREAS AT RISK OF FLOODING (CONSOLIDATED)

39

HOTELS IN AREAS AT RISK OF FLOODING (AGGREGATE)

102

Waste management

In accordance with the objectives set by European circular economy directives requiring waste recovery of 65% by 2035, Meliá has aligned its objectives and action plans to the level of European ambitions and current regulations on Climate Change , Energy Transition, Circular Economy and Waste.

Our involvement in projects to help strengthen a sustainable and safe tourism value chain means that we continue to support a hotel model in which the circular economy is seen as an opportunity, viewing waste as just another resource and creating the alliances required to allow its recovery.

PREVENTION, RECYCLING, REUSE, RECOVERY AND DISPOSAL MEASURES

One of the key aspects of our Environmental Management System is the treatment of the waste we generate: urban solid waste, hazardous waste and spillages.

To make progress in our Scope 3 reduction strategy and mitigate the impact of waste generated by our activity, we have adopted the following measures:

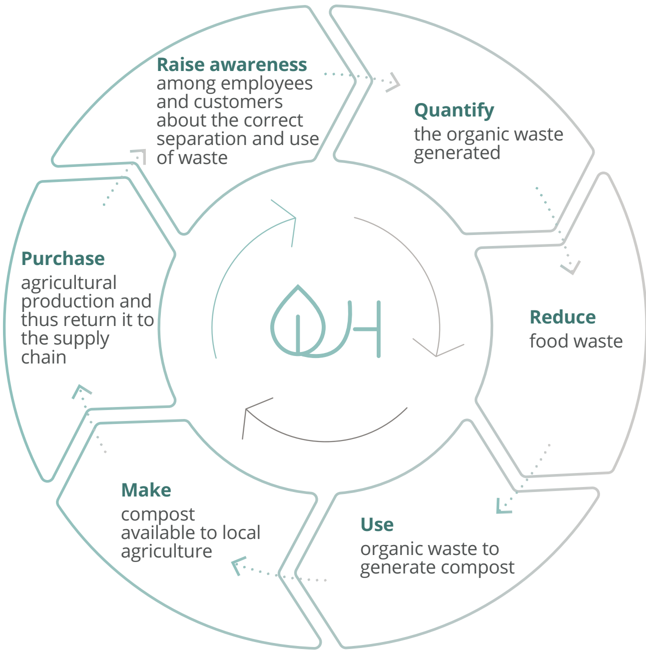
- Digitalisation of waste measurement through a pilot project with the Mallorcan start-up company WDNA
- Identification of opportunities in the management of urban solid waste and hazardous waste and the definition of a roadmap based on data from operational risk audits
- Implementation of an operational risk management tool to identify the key needs in hotels to improve the management of solid urban and hazardous waste

In 2021 we also continued with the **Circular Hotels** project, a public-private partnership created in 2019 in the Balearic Islands (Spain) to promote the transition of the hotel industry towards a circular economy model, managing its waste responsibly and reintegrating waste into the economic cycle to minimise its environmental impact .

The project together with TIRME, a private company that manages urban waste in Mallorca (Spain), involves several hotel companies and the agricultural sector, and includes the full cycle of food production and consumption, defining solutions that contribute to environmental sustainability based on an economic and tourism model that operates with limited resources due to the fact that Mallorca is an island.

The project is currently underway in 4 of our hotels in Mallorca: Meliá Palma Bay, Hotel Bellver, Meliá Palma Marina and Innside Palma Bosque.

CIRCULAR HOTEL MODEL



RECYCLED AND DISCARDED WASTE

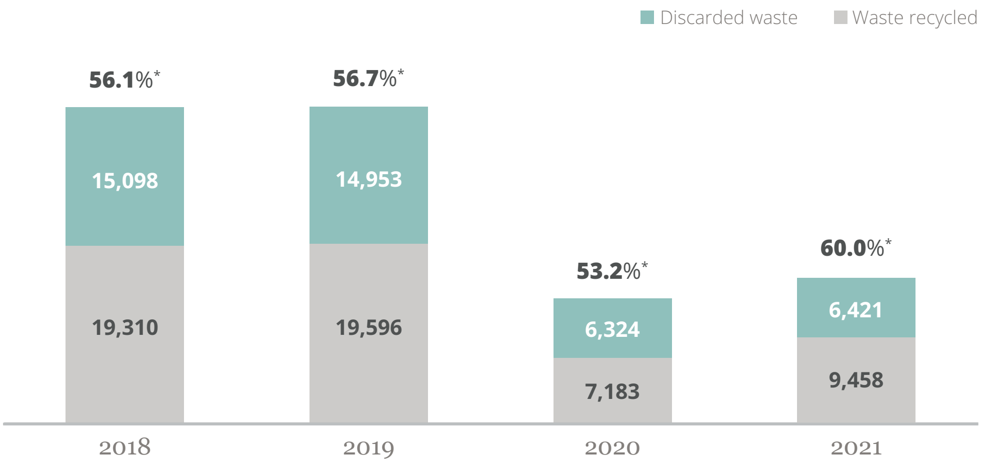
GRI 306-1; 306-2; 306-3

We measure recycled waste in terms of normalised data using the percentage of selective waste collection and the total number of stays per year as metrics. As far as was possible, the suspension of our activity was used to update the existing waste management model and extend the measurement of urban solid waste globally to ensure better measurement. The global measurement sample is therefore from 126 hotels (50% of the aggregate perimeter) that were open in 2021.

In general, we collect reliable information on the amount of waste generated and separated to be recycled in each hotel. This information is provided directly by a private waste collection company or by the hotel, which measures daily waste and reports the data monthly. This information allows us to know the global recycling rate and the ratio of kg of waste per stay and in each hotel. This ratio can be extrapolated to the rest of the hotels that are within the scope of our report (100% aggregate perimeter, 252 hotels).

To improve the reporting system, a ratio is also calculated for each fraction of waste, so that when information is not available for a certain centre, the weight of the fraction can be extrapolated.

VOLUME OF RECYCLED AND DISCARDED WASTE (TN)**



(*) Recycling rate (selective collection) (**) Aggregate perimeter

URBAN SOLID WASTE

15,879 Tn

INITIATIVES TO COMBAT FOOD WASTE

Reducing food waste is an ethical duty if we contrast the waste in developed countries with the number of people in the world who are hungry or have nutritional problems.

However, it is also another opportunity to protect the environment and combat climate change, due to the consumption of land, water and energy that could be avoided, thus minimising the impact food production has on biodiversity, aquifers or the atmosphere.

At Meliá we are working on projects to help reduce food waste and promote the circular economy, as well as defining models based on best practices to minimise the impact of our activity.

LEANPATH PILOT PROJECT

TOTAL FOOD WASTE

18,546 kg

FOOD WASTE REDUCTION

-18.6%

In line with our commitment to promote the efficient and responsible use of raw materials and reduce waste, we started a project to reduce food waste with the help of technology that can trace the entire process from beginning to end and then use the data the system provides to make improvements.

This model allows us to identify specific problems and work according to objectives. On a financial level, it allows us to reduce food waste, direct food costs and the fees for organic waste management. On an environmental level, we reduce our carbon footprint and water consumption (cleaning), and also help raise awareness among employees about climate change.

Due to the pandemic, the pilot started in 2021 in 3 hotels, 2 of them in Spain (Central Buffet at the Gran Meliá Palacio de Isora and Central Kitchen at the Meliá Salinas), and one in Mexico (Buffet Naos and Hadar at the Paradisus Playa del Carmen).

OIL FILTER PILOT PROJECT

Using the *"Fried Oil Cleaner"* system for oil filters in fryers allowed us to extend the amount of time we can use cooking oil. By cleaning the waste daily, we are able to offer customers a much healthier product. Polar compounds and acidity are also reduced, as is the risk of acrylamides, controlled under Regulation (EU) 2017/2158, improving the presentation and flavour of products and **reducing the use of plastic bottles by 35%**.

In 2021, another pilot project was carried out using more innovative machinery allowing more agile and safer filtering by employees. The test was carried out at the Meliá Palma Marina Hotel from October 19 to December 31 in one of the fryers, where after 48 filtering cycles we managed to save 31% in oil consumption and avoid 32.93 kg of C02 emissions. In 2022 the implementation will be extended to other hotels in Spain.

TOO GOOD TO GO PROJECT

Hotels constantly face challenges in forecasting the unpredictable demand for food and beverage. This often leads to significant food waste that affects both the profitability of the business and the environment.

Our alliance with Too Good To Go helps save food by giving an outlet to daily waste through the users of the App. The main objective of working with Too Good To Go is to raise awareness about more responsible consumption and move towards zero waste, with the food produced equal to the food consumed. It also gives us the opportunity to achieve additional benefits, attract new customers and help in combatting climate change.

	2021	2022
Hotels *	14	14
Total weight of food saved **	1,635 kg	7,031 kg
TnCO_2 avoided	4.8	21

*In 2021 the project was active for an average of 2.8 months. We estimated that it will be active all year round in 2022.
**A calculation is made based on the number of "Packs" saved (1,923 in 2021 and 8,272 in 2022) and the average weight of the Packs delivered (0.85 Kg)

Biodiversity

GRI: 304-2

BIODIVERSITY MANAGEMENT MODEL

Concern about the loss of biodiversity is particularly high in an industry such as tourism which has such a high dependence on it. Our presence in resort destinations and commitment to moving towards a sustainable tourism model highlight the importance of preserving biodiversity, even though in our own materiality matrix this only has a medium critical level.

That's why we consider the loss of biodiversity leading to significant deterioration in tourist destinations, or reduced access to resources, such as water shortages, as a risk factor that forms part of our Global Risk Map.

We understand the protection of biodiversity on the widest possible level, as a direct consequence of our environmental and energy management system that stems from the design and construction of our hotels to the training of our teams and the awareness of our customers.

PREVENTATIVE MANAGEMENT TO PRESERVE BIODIVERSITY

Scope	Preventative management aimed at protecting the environment
Compliance	• Compliance with applicable urban planning and environmental regulations
Infrastructure & equipment	• Hotel design and construction manual with integrated sustainability criteria • Investment in efficient equipment, infrastructure and low-impact systems for destinations • Efficient lighting systems with a low-energy and light impact • Design of gardens and areas with trees that respect natural diversity and integrate it into hotels
Systems & Protocols	• Energy & Environmental Management System • Sustainable hotel management model • Leakage management and safety protocols
Measurement & Monitoring	• Consumption of energy • Carbon footprint measurement
Circular Economy & Waste	• Acquisition of products with a low environmental impact • Waste management, reduction and elimination • Plastic reduction programmes
Training & Awareness	• Team training • Raising awareness among employees and customers
Teamwork	• Collaboration with specialised local organisations
Flora & Fauna	• No use of native animals or species • Protection of local species, animals and plants • Preservation, recovery and cleaning of the natural environment

PROJECTS TO PROTECT BIODIVERSITY

Beach Photo Challenge. Collaboration with Save the Med

Given our link with the Mediterranean Sea, we support the Save the Med foundation together with IfUIwill.com, encouraging people to visit beaches to take a photo and take part in the Beach Photo Challenge. Save the Med is an organisation whose ultimate goal is support the regeneration of the Mediterranean Sea.

Held between November 13 and December 4, 2021, the objective was to emphasise the value of the Mediterranean to the Balearic Islands to ensure we take better care of it. Save The Med joined forces with ifUiWill.com, an App designed to bring people together to do good in the world. In addition providing publicity for the project through our social media, the winner was also treated to a stay at the Meliá Calviá Beach Hotel, located in Magalluf on one of the best beaches in Mallorca.

La Palma, Biosphere Reserve

La Palma was the first island in Spain to be named a Biosphere Reserve in a part of its territory in 1983. Since then, the La Palma World Biosphere Reserve Foundation, a public body, has worked on guaranteeing compliance with the goals of UNESCO in all territories classified as biosphere reserves, with joint transparent and independent management in which our Sol La Palma Hotel has taken an active role since 2021. The La Palma authorities aim to encourage local economic agents and the tourism industry to join the challenge and align the economy of the island with the parameters that originally made it a biosphere reserve. With the objective of repositioning itself in line with this shared objective, the Sol La Palma Hotel has been certified by the local Department of the Environment. Meliá is also sharing its experience in sustainability with the local authorities, given that Sol La Palma is one of the leading hotels on the island and that Meliá has a strong commitment to public-private partnerships. This project is particularly relevant given the situation the island is experiencing after the eruption of the Cumbre Vieja volcano. In the process of social and economic recovery of the island, all agents, both public and private, will have to play a very relevant role.

WELCOME TO LIFE INDICATORS*

HOTELS INVOLVED IN MEXICO & DOMINICAN REPUBLIC

8

AWARDS OBTAINED IN BIODIVERSITY MANAGEMENT

7

PARTICIPANTS IN ACTIONS TO SUPPORT BIODIVERSITY (GUESTS, EMPLOYEES AND LOCAL COMMUNITY)

+3,700

TRAINED EMPLOYEES

138

PROTECTED TURTLE NESTS

1,026

PROTECTED TURTLE EGGS

+103,600

TURTLES RELEASED

+66,600

(*) Cumulative data since 2017

Welcome to Life Programme

Welcome to Life is our programme to protect endangered species in Mexico and the Dominican Republic. Employees, guests and their families actively participate in raising awareness and protecting biodiversity in the places where they live. Meliá works with local NGOs whoe are specialists in the control and monitoring of each animal and plant species. We also have the support and involvement of the local community, through volunteering, and specialised events and activities.

Among the main areas of work, we would highlight the training of our teams in the protection of biodiversity, monitoring beach environments, relocation of nests found in high-risk areas, care for hatchlings during their first 5 hours of life, and the registered release of hatchlings.

HOTELS IN PROTECTED AREAS

GRI: 304-1

SASB: SV-HL-160a.1, SV-HL-160a.2

CONSOLIDATED PERIMETER

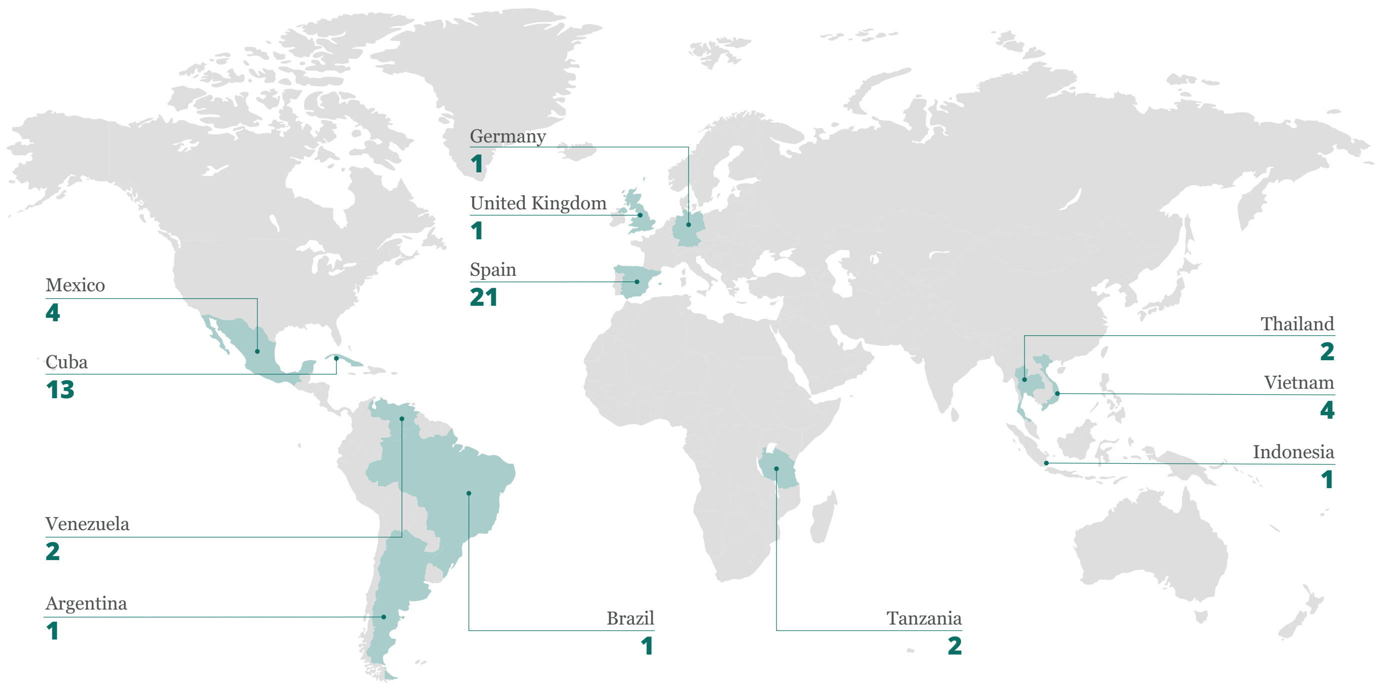
TOTAL HOTELS IN OR NEAR PROTECTED AREAS

21

Through **Protected Planet**, the world's most comprehensive source of information on protected areas, we regularly update the analysis of our hotels in such areas. Currently 53 of the owned, leased or managed hotels in our portfolio (operational + pipeline) are located either in or near protected areas (21 hotels in the consolidated perimeter). Among the hotels in or near protected areas, 33 are resort hotels in which we are even more rigorous in the implementation of our environmental management model, and 7 are in urban areas and less affected.

The areas in which the resorts are located are especially attractive due to their natural beauty, an essential part of their attractiveness for tourists. An example is the Balearic Islands, with both protected land and sea areas and home to invaluable biodiversity.

PORTFOLIO LOCATED IN OR NEAR PROTECTED AREAS



(*) Aggregated perimeter

AGGREGATED PERIMETER

TOTAL HOTELS LOCATED IN OR NEAR PROTECTED AREAS	HOTELS IN OR NEAR MARINE PROTECTED AREAS	HOTELS IN OR NEAR NATIONAL PARKS	HOTELS IN OR NEAR PROTECTED LAND AREAS
53	36	3	14

Climate change

ALIGNMENT WITH TCFD

In 2021 we aligned our climate change management with the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, set up in 2015 by the Financial Stability Board to allow companies to inform stakeholders, particularly financiers and investors, about risks and opportunities related to climate change and how they manage them . For more information, see our ***TCFD Report 2021.***

GOVERNANCE

COMPOSITION AND BODIES

Our organisational structure and **governance** assigns ESG responsibilities to the different executive bodies and Delegate Committees of the Board of Directors in addition to all aspects related to climate change. This governance structure is aligned with the current recommendations on corporate governance and the TCFD.

The **Board of Directors** approves and supervises ESG and climate strategy, and delegates their internal control to its Delegate Committees in addition to defining incentives for the achievement of objectives.

To reinforce the integration of sustainability as part of our business strategy and throughout our value chain, **in 2020 Meliá created a Sustainability Committee**. The main objective of this new governing body is to support the development and implementation of projects that ensure value creation in all three dimensions (environmental, social and governance) in the face of social change and global challenges, as well as to promote the recognition and reputation of Meliá as a **responsible and sustainable Company** in the long term.

The mission of the Committee is to ensure the integration of sustainability at all levels of the organisation, ensuring that the roadmap contributes to complying with the **public commitments** made on ESG and facing the main challenges of the **2030 Agenda**..

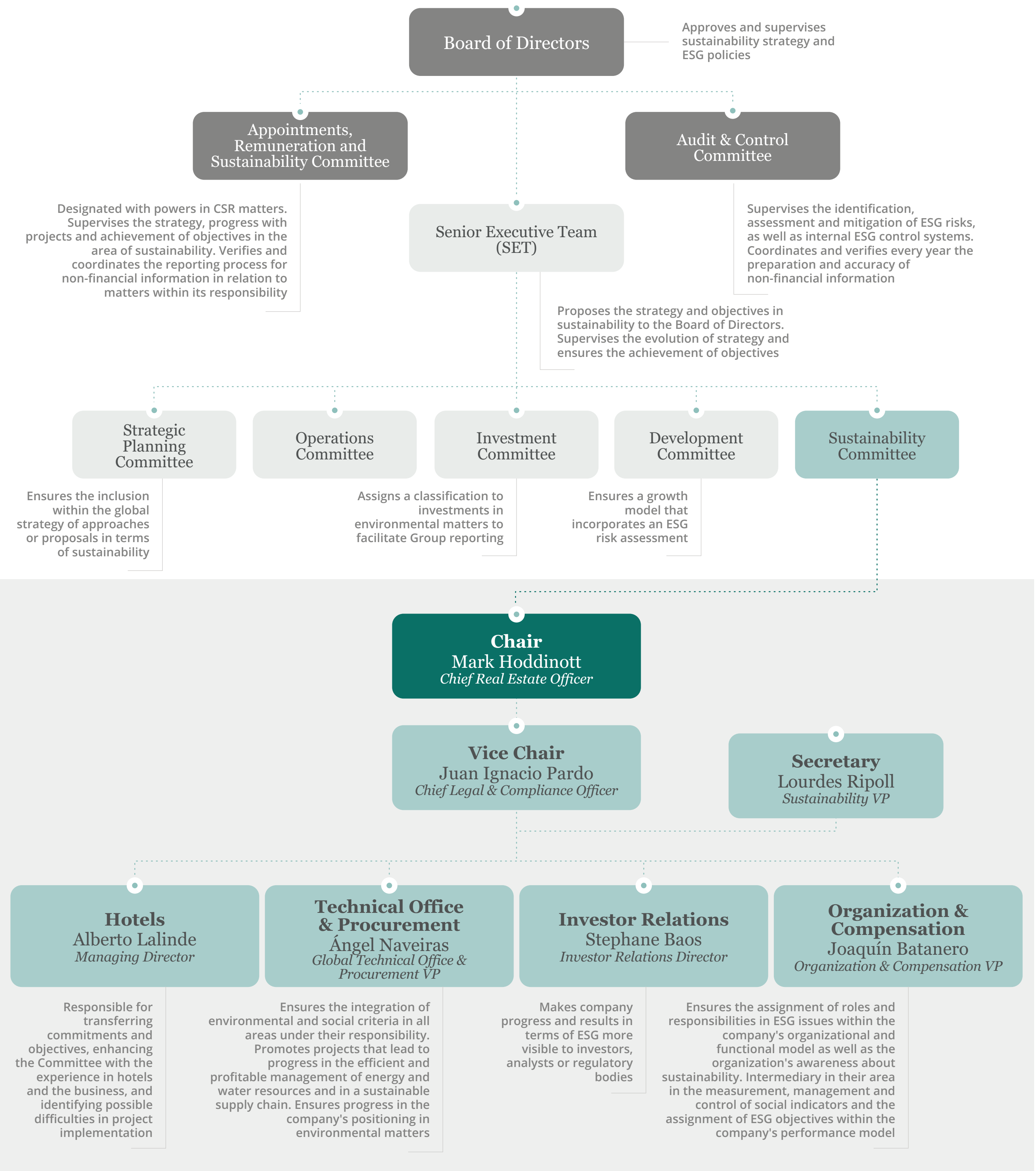
RESPONSIBILITIES FOR THE IDENTIFICATION AND MANAGEMENT OF RISKS AND OPPORTUNITIES

Meliá's Senior Executive Team (SET) regularly supervises performance with regard to the sustainability and climate change strategies and ensures compliance with the targets defined.

The **Sustainability Committee** is responsible for defining and proposing to the SET the roadmap, commitments and objectives for ESG and climate change, and for monitoring and reporting on progress and achievements.

The **Risk Control & Compliance** area of the company is responsible for updating the Corporate Risk Map, including climate-related risks. The Corporate Risk Catalogue currently contains 103 identified risks, of which 20 are related to climate change.

The Sustainability, Energy & Environment, Risk Control & Compliance and Hotel Operations Departments also assist in the process of identifying risks and opportunities related to climate change and in assessing their impact, probability of occurrence, severity and time horizon as part of the annual review of the Corporate Risk Catalogue.



STRATEGY

IDENTIFICATION AND ASSESSMENT OF CLIMATE RISKS AND OPPORTUNITIES IN THE SHORT, MEDIUM AND LONG TERM

The **Meliá Risk Map** includes climate-related risks and is the starting point for a more exhaustive analysis of the risks related to climate change that could potentially affect Meliá's business activity and, in particular, four regions selected on the basis of their present and future strategic relevance: **Spain, Mexico, the Dominican Republic and the United Kingdom.**

This analysis has four stages:

- Definition of our value chain to identify specific activities and/or processes that may be affected by potential risks or open up new opportunities.
- Preparation of an inventory of risks and opportunities using information sources such as the TCFD inventory, the Intergovernmental Panel on Climate Change (IPCC), the European Sustainable Finance Taxonomy or the Spanish Ministry for Ecological Transition and Demographic Challenges (MITECO). This information is analysed and adapted to Meliá's business activity in line with the processes in its value chain defined in the previous stage.
- Selection of different climate scenarios applying a methodology which imagines four different climate scenarios, one of which is selected as a priority.
- An assessment of climate risks and opportunities, an exercise carried across the entire company and involving members of the Sustainability Committee, executives from each country and members of the strategic planning, risk management, sustainability, environment, investor relations and human resources teams. The risks and opportunities in the inventory are evaluated based on the selected scenario.
- Every risk and opportunity is rated according to three variables: time horizon, impact and probability of occurrence. The regional Operations VPs have validated the selection and assessed the quality of existing controls to manage risks and take advantage of opportunities.

IMPACT OF CLIMATE RISKS AND OPPORTUNITIES ON FINANCIAL PLANNING AND STRATEGY

To understand the specific impacts of climate change on our activity, a methodology is used that represents and simplifies the value chain and company activities. This involves three different areas:

- Supply Chain
- Infrastructure management
- Service Delivery

For each area in each location, the impact on financial results that each risk and opportunity may potentially have has been evaluated.

Operating Costs and Revenues	Relevant variations in direct costs, personnel costs and revenue, among others
Costs and Capital Allocation	The most relevant financial implications are an increase in material, technology or operational investments
Assets and Liabilities	The value of the Company's assets and liabilities may vary due to climate change
Access to Capital	The effects of climate change may cause difficulties or create opportunities for the Company in gaining access to private/public funding

CLIMATE SCENARIOS USED TO DEFINE THE ORGANISATION'S STRATEGY AND FINANCIAL PLANNING

Following **TCFD recommendations**, an analysis of climate scenarios has been carried out taking into account different physical and socio-economic factors: Representative Concentration Pathway (RCP), Shared Socioeconomic Pathways (SSP), International Energy Agency (EIA), etc.

The analysis has led to the definition of **four** climate scenarios based on a combination of the RCP and SSP projections defined by the IPCC and used to analyse climate risks and opportunities in line with both the technical criteria of TCFD and the commitments of the company.

Of the four scenarios, we have prioritised the analysis of risks and opportunities in the scenario in which society achieves an intermediate degree of sustainable development and is able to limit the increase in temperature to below 2ºC by the end of the century: the **SSP2 – RCP 2.6 scenario.**

This scenario is in line with our emission-reduction objectives approved by the Science-Based Target Initiative (SBTi), in which we commit to help keep the increase in temperature to below 1.5ºC.

RISK AND OPPORTUNITY MANAGEMENT

GRI: 201-2

This section describes the methodology and processes used in line with the TCFD in the identification, assessment and management of the risks and opportunities caused by climate change that may affect us. It also describes how these risks and opportunities have been integrated with the Company's global risk management.

PROCESSES TO IDENTIFY AND ASSESS CLIMATE RISKS AND OPPORTUNITIES

The identification and assessment process consists of four stages:

- Definition and assessment of the Meliá value chain
- Definition and classification of risks and opportunities: Current and future regulatory requirements for the four selected countries have also been analysed.
- Selection of climate scenarios
- Assessment of climate risks and opportunities: depending on the impact, probability of occurrence and time horizon.

The valuation scales and time horizons have been defined to adapt to the terminology used in the company's general risk assessment, and also to the timing of the expected impacts in the selected scenario and the useful life of Meliá infrastructure, with the risk analysis limited to 2050.

INTEGRATION OF PROCESSES TO IDENTIFY, ASSESS AND MANAGE CLIMATE-RELATED RISKS INTO OVERALL RISK MANAGEMENT

Meliá has a **Corporate Risk Map** which identifies the key risks the company faces. Special attention has been paid to the specific risks related to climate change in the Risk Map in order to analyse and develop them in a more effective way. The map is reviewed every year and presented to the **Audit and Compliance Committee**, responsible, among other things, for the supervision of Risk Management Systems, including non-financial risks, and also to the Board of Directors.

SELECTION OF CLIMATE SCENARIOS

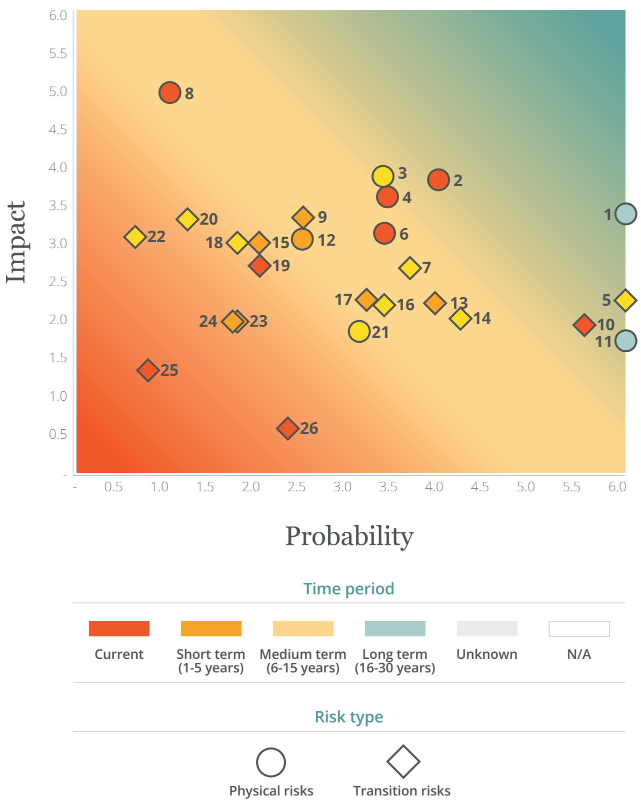
A scenario describes a hypothetical but possible path of development leading to a particular outcome. They are not predictions or forecasts, but rather hypothetical narratives, designed to inform and challenge strategic thinking.

In line with the TCFD recommendations on scenario selection, **we analysed 4 different scenarios** (SSP3–RCP 8.5, SSP2–RCP 6.0, SSP2–RCP 2.6 and SSP5–RCP 2.6), from which we selected as a **priority the SSP2-RCP 2.6 scenario.**

MATRIX AND RANKING OF CLIMATE RISKS

We have identified a total of **26 climate risks**, of which **9 are physical risks and 17 are transition risks**. The most relevant risks are the physical risks, both in the present and in the medium term, according to their severity rating (probability × impact). In addition, 65% of the transition risks are considered risks that may occur in the present or in the short term.

1	Rising sea levels	20.10	14	Change of insurance conditions	9.78
2	Extreme precipitations: torrential rain, hailstorms, snowfall, etc.	17.01	15	Changes in customer perception	8.94
3	Extreme weather events: cyclones, hurricanes, typhoons and tornadoes	15.32	16	Transition to low-emission technology	8.83
4	Imbalance in the living organisms in marine ecosystems	14.49	17	New legal requirements in energy efficiency matters	8.73
5	Changes in customer behaviour or preferences	13.22	18	Increased stakeholder concerns or negative feedback from stakeholders	8.39
6	Insect plagues	12.48	19	Failure to meet climate targets	8.20
7	Taxes related to GHG emissions	11.21	20	Geopolitical and social instability	8.00
8	Forest fires	11.21	21	Alteration of biodiversity	7.01
9	Variation in resource availability	11.14	22	Difficulties in obtaining financing	6.11
10	New reporting requirements	10.81	23	Damage to the image of the industry	5.52
11	Increased average temperature	10.74	24	Damage to the image due to the use of resources/services	5.52
12	Reduced availability of water	10.31	25	Increased exposure to environmental litigation/infractions	2.79
13	New legal requirements related to the reduction of GHG emissions and climate risk management	9.79	26	Vehicle-mobility restrictions	1.86

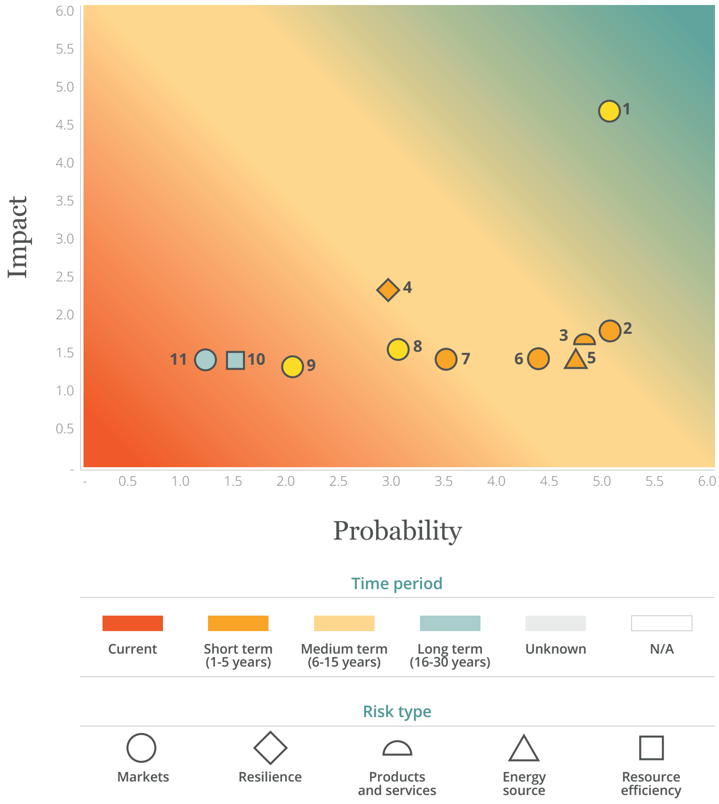


* Ranking based on the severity of the opportunities (probability x impact). Opportunities classified as priority 1 and 2 are included.

MATRIX AND RANKING OF CLIMATE OPPORTUNITIES

We have identified **11 climate opportunities, of which 7 are market opportunities and 1 in each of the remaining categories** (products and services, resilience, energy sources and resource efficiency). Of note is that the severity rating of the top opportunity in the ranking (23.06) is almost 3 times higher than the rating of the opportunity in second position (8.98).

1	Opening of new markets	23.06
2	Differentiation from competitors	8.98
3	Changes in customer behaviour or preferences	7.91
4	Direct incentives from the authorities related to combatting climate change	6.68
5	Direct incentives from the authorities related to the decarbonisation of transport	6.63
6	Changes in customer perception	6.20
7	Obtaining financing	4.91
8	Improvement to the image of the industry	4.64
9	Change of insurance conditions	2.66
10	Indirect incentives from public authorities	2.05
11	Direct incentives from the authorities related to energy efficiency and use of resources	1.66



* Ranking based on the severity of the opportunities (probability x impact). Opportunities classified as priority 1 and 2 are included.

CARBON FOOTPRINT AND EMISSION REDUCTION TARGETS (SBTI)

GRI: 305-1, 305-2, 305-3, 305-5

As a benchmark in the hotel industry, we also have to lead the industry in the way we understand hotel management based on the principles of sustainability, assuming firm commitments that respond to the need to adapt to and mitigate climate change.

That is why **we reaffirmed our emission-reduction targets based on the Science-Based Target initiative** in 2021, defining a **new commitment to helping keep global temperature increases to below 1.5°C**, and using this as the basis for our projects to combat climate change.

Our carbon footprint in the three different scopes is measured using the methodology defined in the **Greenhouse Gas Protocol (GHG Protocol)**.

SCOPE 1 & 2

In 2021 we measured emissions in 100% of our owned, leased and managed hotels (252 hotels), a significant improvement compared to 2018, when only 78% of the that portfolio was measured.

Scope 1 emissions are calculated using the location-based method following the guidance of the GHG Protocol. Scope 1 are direct emissions caused by the use of fuel in our facilities (94%) and fugitive emissions in refrigeration equipment (6%).

Scope 2 is calculated by country and by source (electricity, heating and cooling), using the location-based method. We have a strategy for purchasing energy from renewable sources which is currently effective in Spain, Italy, Germany, France and the United Kingdom.

The emission intensity ratio in both scopes has improved compared to 2020, mainly due to emission reduction measures and improved energy efficiency in our facilities and equipment.

Although 2021 saw the beginning of a recovery in our activity, several hotels still remained closed, although their gross emission was still not zero as we were required to maintain a certain minimum level of consumption.

EMISSION REDUCTIONS (BASE YEAR 2018*)

SCOPE 1

-45%

SCOPE 2

-41%

(*) For comparability purposes and to assess progress in our reduction targets, data from the centres included in the 2021 perimeter have been added to the base year 2018.

EMISSION REDUCTION TARGETS (SBTI)

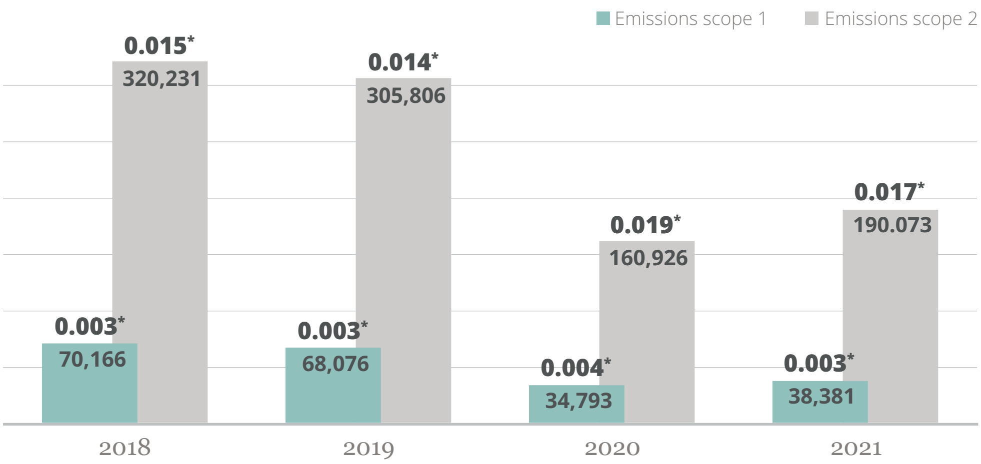
SCOPE 1 AND 2 (2025)

-29.4%

SCOPE 1 AND 2 (2035)

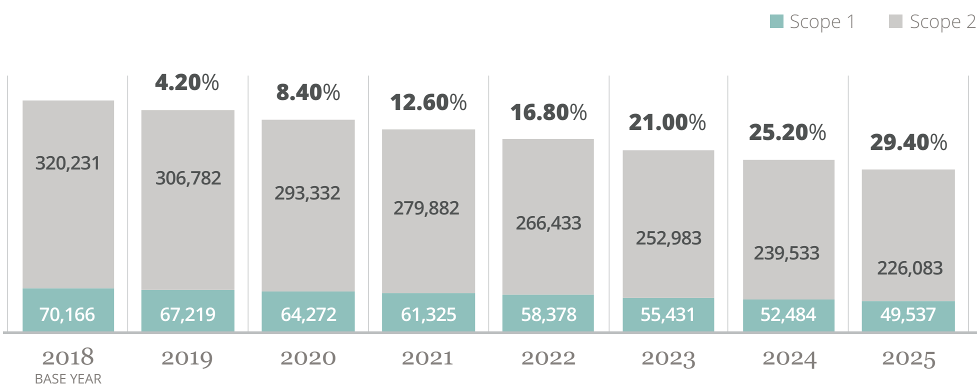
-71.4%

CARBON FOOTPRINT DIRECT EMISSIONS SBTI (TCO_2)**



(*) Intensity ratio per stay
(**) Aggregated perimeter

ROADMAP FOR REDUCTION IN EMISSIONS SBTI TO 2025 (TCO_2)



EMISSION REDUCTION TARGETS (SBTI)

SCOPE 3 (2025)

-29.4%

SCOPE 3 (2035)

-71.4%

(*) For comparability purposes and to assess progress in our reduction targets, data from the centres included in the 2021 perimeter have been added to the base year 2018.

SCOPE 3

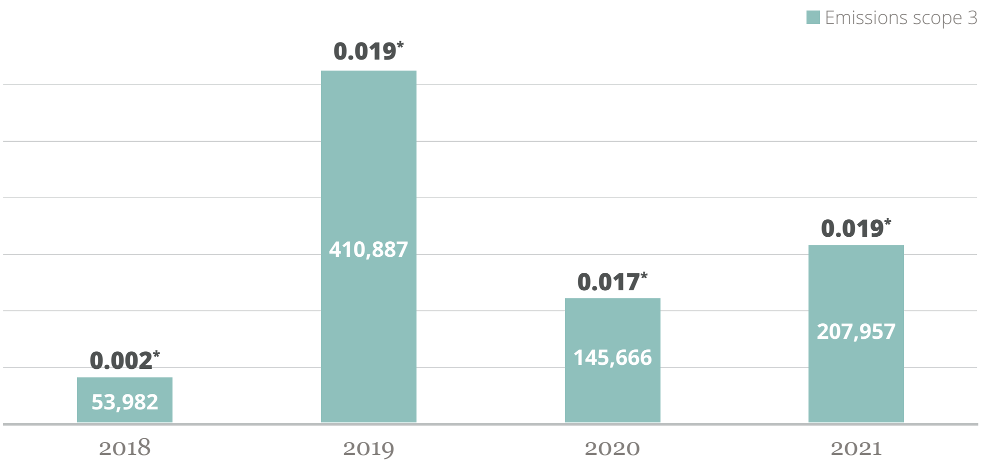
Given the nature of our business model, Scope 3 emissions are very significant in our activity. Following recommendations and best practices, that is why we continue to make progress in measuring our Scope 3 footprint, which includes all the emissions not included in scope 2 and derived from the value chain (upstream and downstream) and on which we have no direct influence.

We currently report on 6 of the 15 categories defined by the GHG Protocol. Those that are not related to our activity or are estimated to have a relevance of less than 1% have been excluded, provided the sum of them all does not exceed 5%. For more information, see the Annex Chapter: Carbon Footprint Methodology.

MEASUREMENT CATEGORIES

01	02	03	04	05	06
Category 1	Category 2	Category 3	Category 4	Category 5	Category 6
Purchase of goods and services	Capital goods	Fuel and energy consumed by the company (not included in scopes 1 and 2)	Waste	Business travel	Commute to work (employees)

CARBON FOOTPRINT SCOPE 3 (TCO_2)



(*) Intensity ratio per stay
(**) Aggregated perimeter

CLIMATE CHANGE ADAPTATION AND MITIGATION MEASURES

THE PLANET WE LOVE

The Planet We Love is a project launched on a global level in June 2021 to involve customers in the fight against climate change. Developed with the leading Spanish fintech company in carbon credit management, Climatrade, it is a fundamental step forward in our environmental commitment and the transition to a low-carbon economy.

CONTRIBUTIONS MADE IN 2021

19

MELIÁREWARDS POINTS REDEEMED

50,000

CO_2 EMISSIONS OFFSET

42 Tn

The project allows MeliáRewards loyalty programme members to exchange points for carbon credits certified by the United Nations using blockchain technology, ensuring the traceability of the whole process. The credits are used to support a selection of projects in developing countries to reduce greenhouse gas emissions.

We currently support two projects:

- Waste for Energy: This is a project in Brazil to reduce methane emissions and transform the gas into non-polluting energy for thousands of homes at risk.
- Oaxaca III: Endorsed by AENOR and developed by Acciona, this project aims to promote new sustainable water and energy infrastructure to benefit more than 700,000 homes in Mexico, avoiding the emission of more than 670,000 tons of CO2, equivalent to the photosynthesis carried out by 33 million trees.

SUSTAINABLE MOBILITY

To encourage our customers to behave more responsibly, at the end of 2021 we signed an agreement with the company WENEA for the implementation of charging stations for electric vehicles in hotels in Spain. In 2021, 8 recharging stations were installed, and we expect to add approximately 14 more in 2022, thus providing recharging stations in all the car parks in our hotels in Spain. In parallel, we will define a roadmap to roll out this project to other countries where we operate.

PARTNERS IN SCOPE 3 REDUCTIONS

JOURNEYS (CABIFY & JOINUP)

KM TRAVELLED

17,998

CO_2 EMISSIONS GENERATED (KG)

1,683

CO_2 EMISSIONS OFFSET

100%

To achieve our scope 3 emission-reduction targets, it is essential that we work hand in hand with the key players in our value chain. Since 2018, we have been working with two strategic partners, Cabify and JoinUp, to reduce the carbon footprint of our employees' journeys (category 6).

These agreements ensure 100% of journeys made by car are carbon neutral. This is achieved through the emission compensation programmes managed by both Cabify and JoinUp. For more information on the compensation programmes of both partners, see their websites.

Supply chain

GRI 102-9; 308-2

Continued management of Covid-19

2020 was a very difficult year, and 2021 was also a year full of risks and uncertainties, particularly in our supply-chain management. The scarcity of raw materials, the suspension of operations by certain suppliers, the saturation of logistics channels and significant price increases led to a new period of instability and uncertainty, in which the appropriate management of our supply chain took on a much more relevant role.

However, these circumstances also found us immersed in a digital transformation process that meant we were better prepared to face this new business environment. In such conditions, it becomes even more important to have a resilient supply chain and more collaborative relationships with suppliers, thus guaranteeing the operation of our hotels and avoiding incompliance with the commitments made to our customers and partners.

To better respond to this new context, in 2020 we reviewed our ***Procurement and Service Contracting Policy***, which includes, among other things, new guidelines aligned with our sustainability objectives, such as regular assessments of our suppliers in terms of their sustainability or the selection of environmentally responsible products and services. In line with this latter point, last year we announced a commitment to eliminate the use of eggs from caged birds in our hotels by 2025. The situation created by the pandemic, however, has prevented us making progress at the desired rate, given that we have been focused on reactivating the business and preserving employment. We trust that the recovery of the travel industry over the coming years will allow us to achieve all of our commitments.

Supply chain management

Our business model has evolved to integrate sustainability as a key driver of transformation in our supply chain, including social, environmental and good governance criteria in the selection and evaluation of all our suppliers and the comprehensive management of these areas to help in the development of a more responsible business model.

MISSION

Our **mission** is to constantly improve service levels in terms of quality, cost and efficiency, integrating sustainability criteria in our value chain.

STRATEGY

The procurement strategy is based on 4 dimensions:

- Excellence in the operating model to maximise savings and service quality, both in the purchase of goods and in contracting services
- Digital transformation to ensure greater agility, control and efficiency in our processes
- Investment in training and the development of digital skills
- Integration of sustainability criteria in the selection and evaluation of suppliers

In 2021 our digital transformation acquired even greater importance. We began a selection process and then implementation of a new best-in-class purchasing system (COUPA), applying a comprehensive approach to the digitalisation of the procurement function.

This comprehensive approach involves the following action areas:

- Implementation of a technological solution with a global reach
- That covers both the supply of goods and services
- That facilitates the relationship with suppliers, increasing agility, transparency, and efficiency in our business relationships
- That facilitates monitoring of our requirements in terms of sustainability
- And that also allows us to create a new cost management role thanks to the link between cost analytics and the procurement function.

SUPPLIERS THAT HAVE SIGNED THE SUSTAINABILITY CLAUSE

1,839
(35.4%)
Objective 2024: 100%

SUPPLIERS WITH SIGNED/ ACCEPTED CODE OF ETHICS

1,980
(38.1%)
Objective 2024: 100%

Associated with the dimensions of Excellence and the Integration of Sustainability Criteria in the selection and evaluation of suppliers, we have also continued to make progress with the centralisation of negotiations and contracting for services worldwide, guaranteeing and standardising the evaluation of suppliers and quality, cost and efficiency objectives.

Selection of suppliers

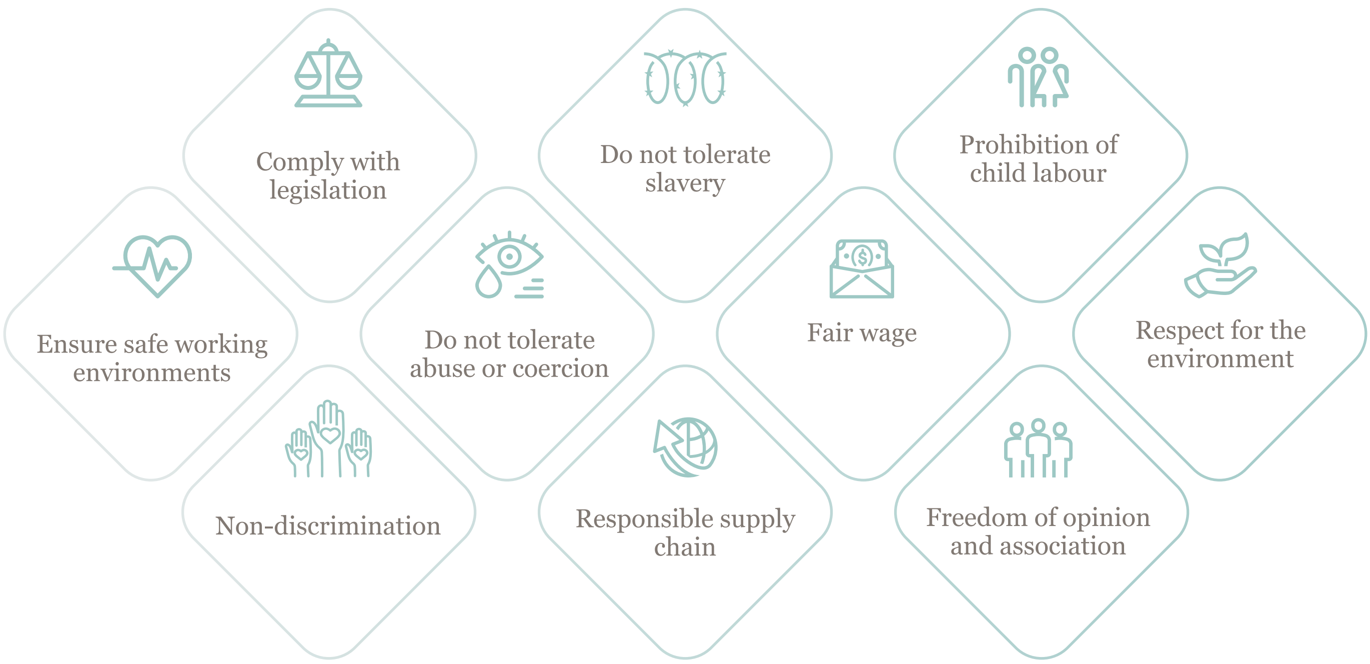
GRI 308-1, 414-1

Supplier selection is based on **technical, financial and sustainability criteria** using a rigorous and transparent process which ensures the selection of the best possible suppliers, aligned with our principles, values and public commitments.

When entering into a partnership with Meliá, all suppliers must accept our ***Supplier Code of Ethics,*** or, if they have a Code of their own, sign a *Conformity Statement*, which guarantees they are in alignment with the principles of our Code.

They must also sign a **Sustainability Clause** in which they accept that they are aware of our requirements in this matter and promise to support them, accepting the possibility that we may audit their compliance and progress.

SUPPLIER CODE OF ETHICS COMMITMENTS



ESG risk management

To assess the degree of risk that our main suppliers have in relation to environmental, social and governance criteria, we conducted an ESG risk analysis including issues related to human rights, occupational health and safety, talent, diversity, vulnerability, ability to adapt to climate change, availability of natural resources, biodiversity, institutional relations and corruption. The analysis gives us greater visibility on the risks to which we are exposed in countries where we operate and allows us to take the measures required to anticipate these risks should they ever occur.

ESG RISK ANALYSIS PROCESS

Identification of issues/indicators

Selection of specific issues and indicators that determine the degree of risk in the ESG issues identified

Assessment of each country

Analysis of the results for each of the indicators to obtain risk indicators for each country

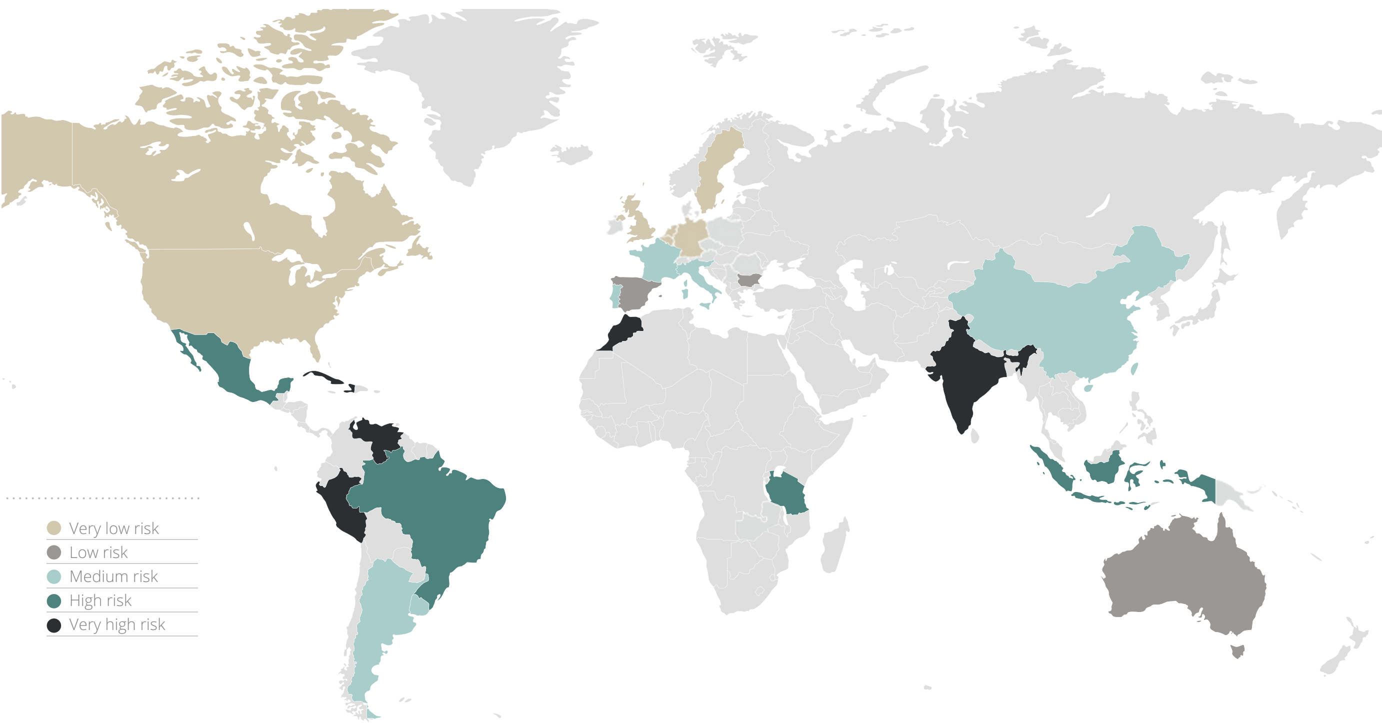
Risk-level weighting

In line with the Meliá principles and values, greater weight has been assigned to risks associated with human rights, occupational health and safety and corruption

Final risk determination

Application of percentiles to country risk levels to map countries depending on their risk

ESG RISK MAP



Identification of critical suppliers

TOTAL TIER 1 SUPPLIERS*

5,198

CRITICAL TIER 1 SUPPLIERS*

19

CRITICAL NON-TIER 1 SUPPLIERS*

110

(*) Consolidated perimeter

SUPPLIERS EVALUATED BY ECOVADIS (LAST 3 YEARS)

86

OBJECTIVE FOR SUPPLIERS ASSESSED BY 2024

50%

Based on the results of the ESG risk analysis, a process was defined to identify critical suppliers based on three criteria: purchase volume (minimum of 1% of total centralised purchases), ESG risk by country (location of the main purchasing centres) and product family (food and beverage categories considered most critical as their expiry may affect the health of customers).

Sustainability evaluation

GRI 308-1, 414-1

To ensure compliance with commitments in the ***Procurement and Service Contracting Policy*** and the Supplier Code of Ethics, we regularly evaluate suppliers to assess their performance regarding sustainability, proposing actions to ensure greater alignment with our strategy and public commitments as well as incorporating the results into our contract selection and renewal process.

The evaluation process is carried out with the support of EcoVadis, a leading international partner in ESG assessments, which carries out a due-diligence analysis using online questionnaires adapted to the size of the supplier, the country in which it is located or the industry to which it belongs, also applying global standards such as the United Nations Global Compact.

The exceptional situation we continued to endure in 2021 prevented us making all the progress we expected in the evaluation process. That is why our objective to assess 50% of our suppliers in 2020 has had to be postponed to 2024, in line with the completion of the new 2022-2024 Strategic Plan. We remain very much aware of the importance of this process, and in 2022 we will continue to move forwards as the reactivation of the business allows.

Social impact

GRI 102-12; 413-1

2020 was marked by the impact of the pandemic and our ability to react by converting hotels into medical facilities. In 2021 we continued to support society in general and the health authorities in particular with two hotels that throughout 2021 continued to welcome Covid-19 patients during the successive waves of infections throughout the year, and also one hotel that continued to house essential workers.

Much to our regret, our capacity for social support has been greatly reduced given that after so many months of inactivity we have only gradually recovered our operations, with our hotels becoming the key drivers of impact on destinations.

Nevertheless, we have remained committed to social collaboration, focusing on 3 priority areas closely linked to the SDGs: social action and support for vulnerable people (SDG 10), health and the environment (SDGs 3 & 13) and knowledge about the destination and culture (SDG 12), through direct support for different social organisations. These collaborations follow the guidelines in our ***Philanthropy Policy*** and are governed by a specific management system for which Meliá has an ad-hoc training programme.

Two projects that had a very important impact in 2020, Soap4Hope and Linen4Life, developed together with Diversey, have performed unevenly in 2021. The first allowed us to recycle a huge amount of soap since its launch at the end of 2017, but had to be put on hold due to health and prevention protocols to combat Covid-19 which meant that soap residue had to be destroyed. However, Linen4Life has remained active in 6 hotels in America and Asia, allowing us to make more than 20,300 triple-layer protective masks, thus avoiding the consumption of 2.4 million litres of water and the emission of 6.1 tons of CO_2.

While it is true that Meliá has always shown its solidarity, the eruption of the Cumbre Vieja volcano on the island of La Palma (Canary Islands, Spain) in 2021 led to a huge mobilization of our people and of Meliá as a company. For months this violet natural phenomenon affected a destination that was very dear to us. The consequences will take a long time to overcome.

Although this extremely serious situation caused serious suffering, our team showed from the beginning their huge capacity to overcome all difficulties in managing another unprecedented crisis in Spain. The eruption forced thousands of people to evacuate, many of whom have lost their homes, memories, their land and, in summary, a very important part of their lives. Fortunately, and despite the gravity of the situation, we did not have to regret any personal injuries to any of our people.

At the start of the crisis, they managed to successfully evacuate and relocate more than 500 customers who were staying at our Sol La Palma Hotel. 15 members of our kitchen teams worked with the local authorities, the military, the civil guard and the police as volunteers, helping with the donation of food valued at more than €18,000 to the NGO World Central Kitchen, preparing more than 1,000 meals a day, distributing food and clothing, assisting in the removal of personal belongings from homes, providing personal and social assistance, managing the donation of food and basic necessities with the La Palma Food Bank to support all the local residents who needed help. We also connected external desalination plants to the hotel desalination plant to provide water in emergencies and support the island's agricultural sector.

SOCIAL ORGANISATIONS HELPED

68

TOTAL DONATIONS

€102,946.78

DONATIONS IN KIND

€85,138.65
(83%)

FINANCIAL DONATIONS

€ 17,808.13
(17%)

SOCIAL ACTION & SUPPORT FOR GROUPS

45%

KNOWLEDGE ABOUT DESTINATION

44%

CULTURE

11%

Unfortunately however, some of the victims form part of our team in La Palma. Specifically, 96 people associated with Meliá (45 employees and their family members) were affected very directly. Our Occupational Health team set up a psychological support service for them to help them cope with a situation for which nobody is ever prepared. Meliá organised a special campaign called *My heart is in La Palma* to mobilise employees with a promise to match their contribution to the campaign. The support of our employees and the matching funds allowed us to raise €35,616.26 for our team members on the island.

SOCIAL CASH FLOW: FINANCIAL VALUE CREATED AND DISTRIBUTED

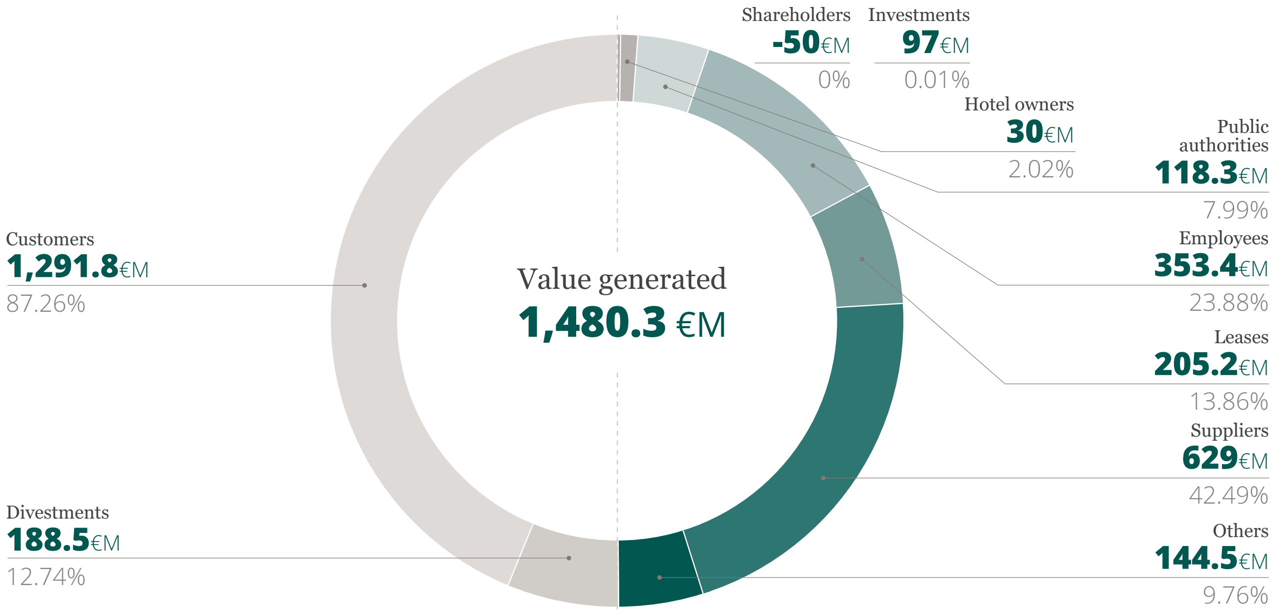
GRI 201-1

Tourism contributes significantly to the economic and social development of destinations and in many other industries that form part of the tourism value chain, generating direct wealth and contributing to growth both directly and indirectly.

The way we give visibility to the redistribution of the wealth generated by our value chain is reflected in our Social Cash Flow. Social Cash Flow reflects the collections and payments generated by the company and distributed to stakeholders, making it possible to trace the flow of incomings and outgoings that have an impact on society and our stakeholders, and therefore representing the economic value generated and distributed by Meliá.

Having shared in 2020 one of the lowest SCFs in our recent history due to the pandemic, the progressive reopening of hotels and reactivation of tourism were reflected in the 2021 SCF.

SOCIAL CASH FLOW 2021



Incoming value

Customers
Revenue from hotels and other assets and businesses

Divestments
Revenues from divestments in real estate, group companies, financial assets, etc.

Outgoing value

Suppliers
Payments to suppliers of food and beverage, external services, transportation, utilities, etc.

Leases
Payments to the owners of the real estate used for hotel management or other activities

Employees
Payments to personnel in corporate offices and owned and managed hotels

Public authorities
For taxes on profits, social costs, taxes on activity, etc.

Investments
Payments for investments made, maintenance or reform of company assets

Shareholders, hotel owners and others
Shareholder dividends, payments to owners, financial costs, exchange rate variations, loans to subsidiaries, etc.

We calculate the Social Cash Flow since 2008

Protection of Human Rights

Context

In 2021 the European Parliament approved the report of the Committee on Legal Affairs regarding 'Corporate due diligence and corporate accountability'. The European Commission now has a mandate to develop specific and mandatory legislation to make companies responsible for detecting, preventing and reducing the environmental and human rights impacts of their activities and throughout their value chain, supply chain and subcontracting activities. Final publication has been postponed to 2022.

These new initiatives will form part of the European Green Deal and the European Recovery Plan, based on the United Nations Guiding Principles on Business and Human Rights and the principles of the OECD and the ILO. The new regulatory context will encourage better management of human rights in companies and will create both challenges and opportunities.

Evolution at Meliá

We have a positive track record in making human rights part of our value chain. Since 2018, we have extended our commitments to our supply chain. This puts us in a good position to ensure compliance with the future directive.

Our approaches in this area were begun before any external requirements or regulations. Since 2012, we have had a ***Code of Ethics*** that includes human rights, and since 2018 we have had a ***Human Rights Policy*** and ***Supplier Code of Ethics***, which define principles for relationship and selection criteria. Given our commitment to the defence of human rights, in 2019 we also announced compliance with the *Modern Slavery Act* and all the regulatory requirements in force in the United Kingdom. Although limited in scope to the United Kingdom, this compliance is also a reflection of our global commitment in this area.

Throughout 2021, the consequences of Covid-19 led us to maintain job preservation and health among our top priorities. In this area, the 2030 Agenda and the Sustainable Development Goals (SDGs), even more closely associated than ever with the Universal Declaration of Human Rights, became an excellent framework for facing the situation.

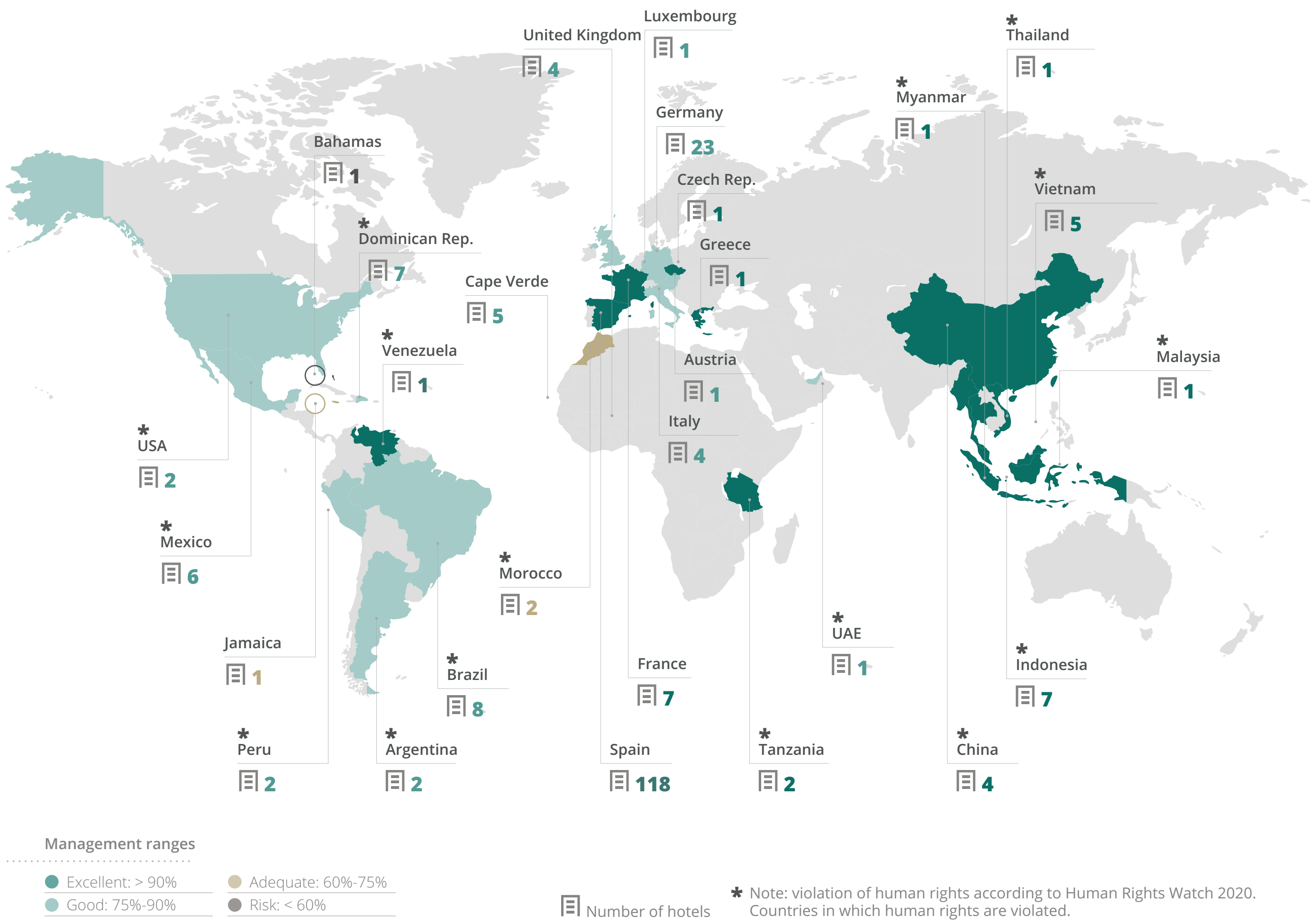
KEY MILESTONES IN HUMAN RIGHTS

Year	Milestone
2006	• First Spanish tourism company to sign the ECPAT Code to eradicate commercial sexual exploitation.
2008	• Adherence to the Global Compact, a leading international body in the defence of human rights
2011	• Signature of the International Code of Ethics of the United Nations World Tourism Organization (UNWTO)
2012	• Approval of the first Meliá Hotels International Code of Ethics
2013	• Global agreement with the IUF to support the defence of labour rights
2016	• Member of the CSR & Anti-corruption Committee of the International Chamber of Commerce (ICC)
2018	• Publication of the first Meliá Supplier Code of Ethics • Approval of the first Human Rights Policy Signatory member of the Global Compact
2019	• Launch of the first Self-Assessment in Human Rights • Global agreement with the IUF to support the fight against sexual harassment in the workplace • Approval of the 2nd Melia Equality Plan (applicable in Spain) and definition of the international equality principles
2021	• Analysis of company compliance with the Guiding Principles of Human Rights • Formalisation of the Meliá Human Rights Governance Model • Addition of the impact on human rights to the Global Risk Map

Self-assessment

The analysis carried out in 2019 and 2020 of the data generated by our first self-assessment allowed us to design a first approach to the management of this in business units, defining 9 areas with different weights and 54 specific questions that covered all the company's public commitments in the 220 participating hotels (owned, leased and managed hotels, excluding Cuba). We were able to confirm that our direct management does not present any critical risks, apart from certain exceptional situations in Jamaica, the Bahamas and Morocco, which nevertheless did not represent any critical risk as they only affected 4 specific hotels.

LEVEL OF PARTICIPATION IN SELF-ASSESSMENT



MEASUREMENTS IN HUMAN RIGHTS

Weight	Dimension
15%	Human dignity, equality and a safe work environment
5%	Avoidance of forced, child or slave labour
10%	Freedom of association and collective bargaining
15%	Fair and decent working and remuneration conditions
7%	Promotion of equal opportunities
15%	Environment and surroundings
5%	Society and stakeholders
8%	Training, information and communication about ethics and human rights HH
20%	Zero tolerance with corruption

GLOBAL PARTICIPATION

94%

Our goal in the second half of 2021 was to adapt to the demands of the new directive. Given the delay in its approval, we will now carry out this exercise in 2022. Although the current format in force since 2019 has allowed us to respond to the EINF Law, GRI, public commitments (UN Principles on Business and Human Rights, Principles of the Global Compact, ILO guidelines and issues related to the Modern Slavery Act), we understand that the new context will require a profound review. The new approach for 2022 will have a global reach and will include 2 new countries in addition to those already involved.

Risk identification

Our Global Risk Map includes potential impacts on human rights as a specific risk since 2021, given that we operate in 16 countries in which these rights are not guaranteed, and 10 further countries where labour rights are not always scrupulously respected

On the other hand, as part of our Crime Prevention and Detection Protocol, Meliá has identified 23 criminal offences. One of them is directly related to crimes against workers' rights. Among the behaviours these crimes involve are working conditions that suppress or restrict rights due to abuse of necessity or by means of deception, people who consent to such measures imposed by others in the transfer of companies, not providing the means by which workers can do their work with the appropriate safety and hygiene measures, the impediment or limitation of freedom of association or the right to strike, the breach of occupational risk prevention regulations, or any type of discrimination based on ideology, religion or belief, ethnicity, race, nationality, sex, sexual orientation, family situation, illness or disability, legal or union representation of workers, kinship and use of languages, without restoring a situation of equality.

On the other hand, we also have an Internal Audit Plan that verifies the implementation of control systems in terms of people management, as well as occupational health and safety audits, areas which have a direct impact on human rights at work. We also have Country Risk Files in which the defence or violation of human rights is a consideration taken into account in our international growth plans.

Since 2020 we have been identifying groups whose human and labour rights are potentially vulnerable in all those countries in which we have an active presence, based on reliable sources of information such as the *Human Rights Watch Report* and the *International Trade Union Confederation Global Labour Rights Index*. Together with our self-assessment, this exercise gives us a global vision of the degree of potential risk to which we are exposed.

Integration in the supply chain

GRI 412-3; 414-1

The integration of Human Rights management at Meliá goes beyond the mere adherence to public principles, agreements and commitments. These public commitments are an incentive to continue making progress with the integration of this matter in our value chain to ensure we prevent and mitigate any potential breaches. We regard to this progress, we believe it appropriate to highlight the following points:

Regulations - we have Codes of Ethics and corporate policies that reinforce our Human Rights Policy, which acts as a framework for defining specific commitments. Of these, the most relevant policies are those regarding Human Resources, Procurement & Service Contracting, Prevention and Occupational Health, Anti-Corruption, Climate Change & the Environment, Stakeholder Dialogue and Sustainability, among others.

Scope & dimensions - Our policy and ***Code of Ethics*** are global in scope and extend to the entire hotel portfolio and supply chain (suppliers, contractors, agents and employees), which also have an additional regulatory framework and specific commitments as defined in the ***Supplier Code of Ethics***, ensuring coverage in this area to other vulnerable groups in addition to employees such as women, children, indigenous peoples and migrants.

(*) All the complaints received are investigated by the Ethics Committee. More information is available in the chapter on Ethics and Integrity.

COMPLAINTS RELATED TO HUMAN & LABOUR RIGHTS

14

CORRECTIVE PLANS ACTIVATED

14

HUMAN & EMPLOYMENT RIGHTS

TOP 5
Materiality

SUPPLIERS EVALUATED IN HUMAN RIGHTS 2019-2021

86

SUPPLIERS EVALUATED IN HUMAN RIGHTS 2024 (TARGET)

50%

STAFF TRAINED IN AREAS THAT HAVE AN IMPACT ON HUMAN RIGHTS

3,919

Enhanced standards - Meliá complements or improves, if appropriate, the conditions of its teams to ensure their dignity, regardless of the country in which they work. Being part of the Meliá workforce ensures that employees work in dignified conditions governed by a contract, in environments in which there is no employee exploitation, which respect the minimum work age, provide equal opportunities, access to training, equal pay, non-discrimination, work-life balance options, labour rights, work breaks and holidays, safe work environments, and access to various social benefits, among others.

Complaint channels - Meliá makes complaints channels available to all stakeholders, an internal channel for employees, and an external channel for all other stakeholders. These channels allow the communication of any violations. Both of them expressly include a category for Human and Labour Rights. Of the 27 complaints received through these channels, 14 were related to various areas of Human Rights. 100% of these complaints were analysed and investigated, and an ad hoc plan was activated for all of them, either involving greater training or information, or activating disciplinary measures in any cases that required it. None of these complaints was related to violations of the rights of indigenous people or operations involving child labour.

Materiality - The Protection of Human and Labour Rights is part of our Materiality Analysis, and was one of the top 5 most important issues for our stakeholders in the review carried out in 2021.

Governance - In 2021 we formalised the functions and attributions to manage governance in the different bodies and committees. It involves two key bodies that complement each other: the **Ethics Committee** that manages the Complaints Channel and ensures its correct implementation and operation, and the **Code of Ethics Office**, created in 2021 to respond to the need to continue raising awareness about the ethical principles that underpin our management. More details can be see in the chapter on Corporate Governance.

Supply chain - We strengthened our link with suppliers through the signature of the Supplier Code of Ethics, and we also have an ESG risk analysis system for suppliers that includes human rights, among other matters. The selection of suppliers takes into account social, environmental and governance criteria, and also includes the possibility of audits that may lead to the elimination of suppliers from our supply chain. In June 2019 we began a process aligned with the Guiding Principles on Business and Human Rights to evaluate a group of key suppliers based on their purchase volume, product and country of origin, Between 2019 and 2020, we evaluated 86 suppliers and identified no significant risks regarding the violation of human rights. Given the instability experienced in 2021, Meliá did not analyse any new suppliers during the year. In 2022 we will resume our work in order to reach a level of 50% in our analysis of suppliers by the end of 2024.

Internal communication - Ensuring that the integrated management system is understood by company employees is just as important as having the system in the first place. In June 2021 we created a sharepoint for ESG content to enhance understanding about our approaches. This digital tool has a specific area for information on human rights and how we manage the issue.

Training - our eMeliá online training platform has courses for all our employees about areas with an impact on human rights such as ethics, compliance, anti-corruption, equality and diversity, occupational health and safety, and sustainability, among others. We are currently working on further specific content about human rights in the company and its importance for social development.

Constant review – Although the publication of the new Due Diligence Directive will require us to review our model, we have already identified opportunities for improvement that will cause us to update our approach. The reinforcement of our regulatory body and internal audit plans with ESG criteria will be a key means of identifying opportunities.

EXCEPTIONS ASSOCIATED WITH HUMAN RIGHTS SINCE 2010

No

Report – Since 2018 we have been reporting information and progress in this area, responding to the demands of our stakeholders, regulatory requirements, our own commitments and the reporting standards with which we comply. Our Annual Management Report has been verified and audited by an independent organisation of recognised international prestige since 2010. Ever since then, we have not seen any issue in this regard.

Alignment with Dhaka Principles

The adoption of the *Employer Pays Principle* is essential in combatting worker exploitation, forced labour and the trafficking of migrant workers, preventing workers from assuming any costs in the selection and hiring processes. Although our regulations do not expressly mention this principle, it is nevertheless present in our people management system given that:

- Access to any selection process does not involve any financial payments.
- Inclusive and non-discriminatory selection processes in which the suitability of the candidate for the position prevails
- All company employees have a very clear and transparent employment contract, with a duration that takes into account the circumstances of the business, and always respecting the applicable legislation in each country.
- No personal documents are retained, and only the minimum information is required to ensure the performance of the work in each position, as described in the ***Privacy Policy***.
- Salaries are paid regularly and punctually according to standard practices in each country. This aspect became more important in 2020 and 2021, years in which we made a significant effort to maintain employment and the remuneration of our teams in spite of the global crisis.
- The right to representation is expressly acknowledged in our Code of Ethics.
- Appropriate working conditions for the performance of each function, with a special focus on safety, health and the prevention of occupational risks.
- Ensuring appropriate living conditions in destinations where accommodation is provided to employees.
- Free access to a complaints channel.
- No limitation or restriction on mobility and, if there is an open position, changes of department, position, region and even country.

Challenges 2022

We will analyse our management system to ensure its adaptation and alignment with the requirements of the new European Due Diligence Directive.

We will review and update our Human Rights Self-Assessment, extending it to two new countries in which we operate and with the aim of carrying out the assessment every two years to ensure information is updated.

We will resume the evaluation of suppliers that was suspended in 2021, and also update our regulatory body to ensure the incorporation of new approaches and aspects that have an impact on, protect or reinforce our approaches to Human Rights.

Institutional presence

As a leading international travel company, we aim to play an active role in the business fabric in the destinations where we operate, sharing our experience and defending the interests of the industry.

These activities allow us to acquire new knowledge, anticipate new trends, participate in debates with other leading companies or explore collaborative opportunities to enrich our business management system.

We aim to achieve a balanced presence both at home and abroad, participating in those areas that we consider essential for our business and in which we can add tangible value.

AREAS OF ACTIVITY

* The details of our presence in associations and other organisations can be seen in the Institutional Relations section (policy influence)

2020 was an especially intense period in terms of institutional activity. The health crisis required cooperation between many different public and private organisations to manage the impact of the pandemic on the tourism industry and the economy.

2021 was also an intense year, but on a far different level. We continued to support projects together with the tourism industry and other agents to improve management systems and enhance institutional, social and environmental commitments.

MEMBERSHIP OF ORGANISATIONS & INSTITUTIONS

BUSINESS ORGANISATIONS

International Chamber of Commerce
The world business organization

Help companies face the challenges and opportunities of globalisation. We form part of the Corporate Social Responsibility and Anti-Corruption Committee.

Cámara de Comercio de España

Its main objective is to represent, promote and defend the general interests of Spanish companies. Given our international presence, we also form part of the Spanish Chambers of Commerce in the United Kingdom, France, Belgium, Luxembourg and Peru.

Members since 2014.

apd

Global community of companies and executives aiming to build a stronger and more dynamic society, better prepared to face present and future challenges, through the professional and personal development of the business community.

TOURIST ORGANISATIONS

WORLD TRAVEL & TOURISM COUNCIL

Forums Private travel and tourism forum of international repute that brings together more than 200 companies worldwide, aiming to enhance the importance of the tourism industry and its economic and social impact in the world.

Members since 2017.

UNWTO World Tourism Organization

United Nations agency in charge of promoting responsible, sustainable and accessible tourism for all. .

Members since 2011.

Exceltur

Bringing together 34 of the most relevant companies in the Spanish tourism value chain. Members since 2002. Our Executive Vice President & CEO has chaired the organisation since 2019.

ESG positioning

In 2021 we reviewed our ESG positioning, applying strategic criteria with a long-term vision aligned with our business objectives to help:

- Manage our intangible ESG assets in a balanced way
- Improve our visibility and public recognition
- Increase our capacity to generate positive impacts
- Help consolidate a reputation based on commitment

COMMITMENTS & MEMBERSHIPS 2021

We have assumed new commitments in environmental, social and tourism matters to add to those in previous years, amongst which are the following:

Relationship	Scope	Partner	Initiative	Description / Objective
Institutional Commitment	Climate Change and the Environment	We Mean Business Coalition	G20 Leaders (COP 26)	Standardised environmental policy in all G20 countries that allows the collective decarbonisation of value chains, products and services, while supporting shared climate and sustainable development objectives.
Institutional Commitment	Climate Change and the Environment	Conference of the Parties to the United Nations Framework Convention on Climate Change 2015	COP 21 Paris	Redefinition of emission reduction targets based on scientific criteria to help avoid a temperature increase above 1.5ºC
Institutional Commitment	Social	CEOE Foundation	CEOs for Diversity	Alliance that aims to promote innovation in diversity, equality and inclusion strategies in Spanish companies
Institutional membership	Sustainability	UNESCO & Expedia	UNESCO Pledge	Commitment from the tourism industry to support sustainable travel projects around the world through support for specific actions in environmental sustainability and social and cultural issues.
Institutional membership	Sustainability	WTTC, Sustainable Hospitality Alliance + 11 international hotel companies	Global Hospitality Sustainable Basic Framework	Promotion of standardised criteria and indicators to measure progress in terms of sustainability in the hotel industry and promote the decarbonisation of activity by 2050.
Institutional membership	Tourism	Minister of Europe and Foreign Affairs	Digital Green Certification	Promotion of the private sector for the reactivation of tourism

ESG AREA

"MELIÁ IS THE LEADER IN SUSTAINABILITY IN SPAIN AND EUROPE ACCORDING TO THE SAM 2020 CORPORATE SUSTAINABILITY ASSESSMENT BY S&P GLOBAL "

Initiative International initiative to promote corporate social responsibility.

Members since 2011 and signatory member since 2018.

Entity Non-profit organisation that supports commitments by companies to improve society and generate economic value and social impact. We are also present in some of the governing bodies of the foundation such as the Board of Trustees and the Advisory Council.

Members since 2010.

INVESTMENT & ESG RATINGS

We form part of several specialist ESG indices that assist us in measuring our performance in environmental, social and governance matters.

Leading international organisation that assesses company performance in sustainability and responsible management. Meliá has participated in this annual index since 2018.

Global index that assesses business ethics, corporate responsibility and alignment with the SDGs in companies listed on the Spanish stock market.

Present since 2008.

Index that analyses corporate risk in areas such as corporate governance, remuneration, shareholders' rights, auditing and risk management.

This year the following scores were obtained*:

Environment: 1, Social: 1, Governance: 3

(*) Scale from 1 to 9, with 1 being the maximum.

RANKINGS AND MONITORS

We also take part in several ranking and benchmark systems in areas related to our priorities and needs or that are aligned with our strategy.

Scope	Ranking		2018	2019	2020	2021
ESG Management & Leadership	SAM Now a Part of S&P Global	S&P GLOBAL by SAM Most sustainable companies in the world	3	1	2	2
	mE	MERCO EMPRESAS 100 Spanish companies with the best corporate reputation	19	19	30	35
	mL	MERCO LIDERES Top 100 Business Leaders	29	26	25	30
Responsibility & Corporate Governance	mR	MERCO RESPONSIBILITY & CORPORATE GOVERNANCE 100 most responsible Spanish companies with the best corporate governance in Spain	17	17	21	NA
Climate Change and the Environment	CDP CLIMATE	CDP CLIMATE Best companies in climate management	B	B	A-	B
	CDP SUPPLIER ENGAGEMENT LEADER 2021	CPD CLIMATE Supplier Engagement Leader	A-	B-	A-	A
	CDP WATER	CPD WATER Best companies in water management		B	B	B
People and Talent		IBEX Gender Equality Index			Members	
	mT	MERCO TALENT 100 Spanish companies that best manage talent	16	16	54	NA
	mTU	MERCO UNIVERSITY TALENT 100 most attractive Spanish companies for university students	37	29	25	NA

NA Data not available on the date of preparation of this document

Sustainability Award
Silver Class 2021

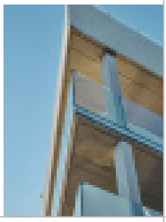
S&P Global

Prizes & Awards

We greatly appreciate the external recognition we receive for our progress in different areas and different entities and prestigious forums award to us year after year.

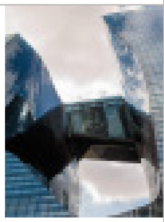
In 2021, and for the third consecutive year, we were named one of the leading hotel companies in the world in sustainability, occupying second position in the global tourism industry in the 2021 Corporate Sustainability Assessment carried out by S&P Global.

In addition to recognition for our firm commitment to sustainability, once again being named a leading company in sustainability gives us an added incentive to continue improving our management and promoting a more sustainable and responsible tourism.



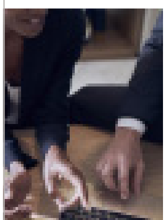
Executive Leadership

- **#30 business leaders with the best reputation in Spain.** Merco Líderes.
- **Recognition of his business career.** Entrepreneurs Magazine
- **Entrepreneur of the year Special recognition for his career.** Mercado Magazine



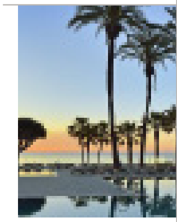
Reputation & brand strength

- **Best International Hotel Management Groups of China.** China Hotel Starlight Awards
- **Most Valuable Hotel Brands in the World.** Top 50 most valuable hotel brands in the world. Brand Finance
- **#3 Strongest Hotels Brands in the World.** Top 5 strongest hotel brands in the world. Business Travel Awards
- **TRavel Partner of the Year.** M&IW Moxie Supplier Partner Awards in the US
- **That's 2021 Hospitality Awards China.** Most influential Hotel Company. That's China
- **#1 Tourism company with the best reputation & #35 Companies with the best reputation.** Merco Empresas.
- **#1 hotel company with the largest presence in Spain.** Hosteltur



People and Talent

- **Europe's Diversity Leaders 2021**. European companies most committed to talent. Financial Times
- **#1 Tourism company & #54 Most attractive companies for university students in Spain**. Merco University Talent
- **Most Attractive Employers Top 10 most attractive companies for business and e-commerce students.** Top hotel company. Universum
- **Best Practices in People Management: through actions to protect employment.** Travelling for Happiness Awards. Madrid Hotel Association
- **Best Practices in Health: for helping to alleviate the health crisis by converting hotels into medical facilities at the service of health professionals.** Travelling for Happiness Awards. Madrid Hotel Association
- **National Award for Excellence in inclusion in the workplace and prevention of occupational risks for people with disabilities.** Alares Foundation



Sustainability

- **2nd most sustainable hotel company in the world, 1st in Spain and Europe.** S&P Global
- **Europe's Climate Leaders 2021.** European companies most committed to combat climate change. Financial Times
- **Award for Commitment to innovation and sustainability in tourism.** Outstanding company for commitment to innovation and sustainability in tourism. City of Madrid.
- **Duque San Pedro de Galatino Awards. Green Galatino.** Recognition of the commitment to sustainability. Granada Federation of Hospitality and Tourism Companies
- **Rethink Hotel Awards for Sustainability 2022**, Gran Meliá Menorca and Paradisus Gran Canaria hotels

04

KPIs

Financial indicators

FINANCIAL RESULTS

CONSOLIDATED INFORMATION (in € millions)	UNIT	2019	2020	2021
Total consolidated revenue	M€	1,800.7	528.4	902.4
Total revenue (excluding capital gains)	M€	1,789.5	528.4	827.2
EBITDA	M€	477.9	-151.5	125.5
EBITDA (excluding capital gains)	M€	470.9	-130.5	61.0
EBIT/Operating revenue	M€	222.8	-557.3	-145.3
Result before taxes	**M€**	**156.3**	**-663.8**	**-217.4**
Consolidated result	**M€**	**121.7**	**-612.7**	**-197.9**
Net profit attributed to parent company	M€	112.9	-595.9	-192.9
EBITDA margin (excluding capital gains)	%	26.3%	N/A	7.4%
Net debt	M€	2,028.8	2,603.8	2,853.2
Net debt / EBITDA ratio (excluding capital gains)	Multiple (x)	4,31x	N/A	46,77x

STOCK MARKET EVOLUTION

	UNIT	2018	2019	2020	2021
No. of shares	M	229.70	229.70	220.40	220.40
Average daily volume	Thousands of shares	724.36	623.87	1,486.55	1,018.89
Maximum share price	€	12.66	9.18	8.34	7.30
Minimum share price	€	7.96	6.93	2.74	5.33
Closing price (as of December 31)	€	8.21	7.86	5.72	6.00
Market capitalization	M€	1,885.84	1,805.44	1,260.69	1,322.84
Dividend	€	0.17	0.18	-	-

Good Governance indicators

CORPORATE GOVERNANCE

GRI: 102-22

	UNIT	2018	2019	2020	2021
Board Members	Number	11	11	11	11
External proprietary directors	%	36.4	36.4	36.4	36.4
External independent directors	%	45.5	54.5	54.5	54.5
Board attendance (in person and by proxy)	%	100.0	100.0	100.0	100.0
Average tenure of the Board	Years	14.2	11.0	9.8	8.8
Directors' average age	Years	64.5	62.6	65.3	63.8
Female board members	%	18.2	27.3	27.3	36.4
Board meetings	Number	6	7	7	6
Quorum at the AGM	%	77.30	76.80	71.20	74.88
Women in Senior Executive Team	%	16.70	16.70	16.70	16.70
Compliance with CBG CNMV recommendations (Compliant)	%	67.20	75.00	70.30	78.13

POLICIES

POLICY	YEAR APPROVED	LINK	DESCRIPTION
Treasury Stock Policy	2020	See Policy	This defines the general framework to be respected when carrying out any operation that affects Meliá treasury stock, including the purchase and sale of its own shares by the company or any of the Group companies
Director Selection & Diversity Policy	2020	See Policy	This defines the principles that must govern procedures for the selection and proposal of appointments, ratification and re-election of members of the Board of Directors
Risk Control and Analysis Policy	2020	See Policy	This defines the basic principles that govern risk management and the general framework for the control, analysis and assessment of possible risks, including tax risks, faced by Meliá and its Group.
Data Security Policy	2017	See Policy	This defines the data security framework for the activities of Meliá and its Group
Joint Venture Policy	2017	See Policy	This defines the principles that govern the relationships of Meliá and its Group with its different partners
Investment and Financing Policy	2019	See Policy	Policy that defines the principles that govern investment and financing of projects by Meliá and its Group in order to optimize financial resources and maximise value. It defines general guidelines and criteria for the selection and determination of investments, objectivity in decision-making and optimal financial planning in response to strategic, regulatory and operational or tactical needs
Corporate Governance Policy	2021	See Policy	Policy that defines the corporate governance principles for Meliá and its Group, leading to the creation of a governance model that complies with the pertinent regulations and recommendations and also guarantees the proper segregation of functions, coordination, monitoring and control
Marketing, Advertising and Communication Policy	2017	See Policy	This contains the guidelines and principles regarding Meliá's communication with its different stakeholders
Sales Policy	2017	See Policy	Policy that defines the guidelines for contracting processes with third parties (customers, tour operators, etc.) for Meliá and its Group, as well as guidelines on relationships with customers, competitors and the tourism industry in general
Procurement and Service Contracting Policy	2020	See Policy	Policy that defines common and global guidelines and principles that must be applied in relationships with suppliers of goods or services
Privacy policy	2018	See Policy	This defines the guidelines to be followed by Meliá and its Group in its own activities with regard to the generation, collection, treatment, storage and/or deletion of information
Communication Policy with Shareholders, Institutional Investors and Proxy Advisors	2020	See Policy	This defines the principles that must govern Meliá's communication procedures with shareholders and investors and, insofar as is applicable, with other interested parties, such as financial analysts and proxy advisors, among others
Anti-Corruption Policy	2021	See Policy	Policy that defines the principles that govern the conduct of all company directors and employees to prevent, detect, report and remedy any actions that under applicable regulations may be considered corrupt or criminal
Occupational Health and Safety Policy	2021	See Policy	Policy that includes the objectives and commitments of Meliá in terms of occupational health and safety
Climate Change & Environment Policy	2021	See Policy	Policy that defines operational guidelines for Meliá and its Group with special attention to the environmental dimension and efficient, responsible and sustainable management
Human Resources Policy	2019	See Policy	Policy that defines the basic principles for the respect of labour rights, the assurance of a satisfactory work environment, the prevention of occupational risks and the management of talent at the service of the professional development of the people
Sustainability Policy	2021	See Policy	Policy that defines the general principles that ensure an ethical, responsible and sustainable management model
Fiscal Strategy Policy	2018	See Policy	This defines the principles and guidelines for the company's performance within the framework of its fiscal strategy
Compliance Policy	2021	See Policy	Policy that defines the principles and commitments of Meliá and its Group in terms of regulatory compliance
Human Rights Policy	2018	See Policy	Policy that defines the principles, guidelines and commitments assumed by Meliá in relation to the protection and defence of human rights
Philanthropy Policy	2018	See Policy	This defines the principles of Meliá and its Group in relation to social or philanthropic activities
Stakeholder Relationship Policy	2018	See Policy	Policy that defines the principles and guidelines that govern the relationships of Meliá and its Group with the different stakeholders with which it interacts

HR indicators

Consolidated Perimeter

AVERAGE WORKFORCE BY GENDER, REGION, PROFESSIONAL CATEGORY AND AGE (FTES)

GRI: 102-8; 102-48; 405-1

REGION	GENDER	YEAR	MANAGEMENT				MIDDLE MANAGEMENT				STAFF				TOTAL
			<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
EMEA	M	2021	-	11.49	9.94	21.43	4.79	71.05	20.54	96.38	146.14	287.97	73.87	507.97	625.78
		2020	-	11.28	9.38	20.66	4.07	67.76	13.67	85.50	175.51	245.58	49.58	470.68	576.84
	F	2021	-	3.47	1.75	5.22	13.28	66.23	13.67	93.18	164.46	217.71	49.87	432.05	530.45
		2020	-	2.15	1.05	3.20	10.70	46.11	12.87	69.69	207.71	170.89	36.65	415.25	488.13
	TOTAL	2021	-	14.96	11.69	26.65	18.07	137.28	34.21	189.55	310.60	505.68	123.74	940.02	1,156.23
		2020	-	13.43	10.43	23.86	14.77	113.88	26.54	155.18	383.22	416.48	86.23	885.93	1,064.97
CUBA	M	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		2020	-	-	-	-	-	-	-	-	-	-	-	-	-
	F	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		2020	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	2021	-	-	-	-	-	-	-	-	-	-	-	-	-
		2020	-	-	-	-	-	-	-	-	-	-	-	-	-
SPAIN	M	2021	-	55.26	47.66	102.92	6.18	246.03	109.37	361.58	210.08	882.61	441.46	1,534.14	1,998.65
		2020	-	53.28	44.69	97.96	3.03	194.78	89.81	287.61	178.23	613.88	323.32	1,115.43	1,501.00
	F	2021	-	38.65	15.09	53.74	10.66	233.30	73.95	317.92	218.76	967.41	500.81	1,686.97	2,058.63
		2020	-	35.77	9.88	45.65	8.86	172.45	53.12	234.42	164.53	670.43	326.92	1,161.88	1,441.95
	TOTAL	2021	-	93.91	62.75	156.66	16.84	479.33	183.32	679.49	428.83	1,850.02	942.27	3,221.12	4,057.27
		2020	-	89.04	54.57	143.61	11.89	367.22	142.92	522.04	342.76	1,284.30	650.25	2,277.30	2,942.95
ASIA	M	2021	-	4.55	2.73	7.28	-	5.30	-	5.30	0.91	-	-	0.91	13.49
		2020	-	4.55	2.28	6.83	-	3.46	-	3.46	0.76	-	-	0.76	11.05
	F	2021	-	0.91	0.91	1.82	1.57	11.51	-	13.08	3.00	6.00	-	9.00	23.90
		2020	-	0.76	0.76	1.52	2.14	9.74	-	11.88	3.86	4.71	-	8.57	21.96
	TOTAL	2021	-	5.46	3.64	9.10	1.57	16.81	-	18.38	3.91	6.00	-	9.91	37.39
		2020	-	5.31	3.04	8.35	2.14	13.20	-	15.34	4.62	4.71	-	9.33	33.01
AMERICAS	M	2021	-	11.46	11.48	22.95	13.39	159.32	48.28	220.99	1,106.18	1,893.31	361.73	3,361.22	3,605.15
		2020	-	13.24	9.02	22.27	6.26	106.25	43.46	155.98	851.67	1,526.49	335.06	2,713.22	2,891.46
	F	2021	-	3.47	2.03	5.50	7.79	116.15	29.76	153.70	607.45	1,047.04	126.13	1,780.61	1,939.81
		2020	-	3.11	1.41	4.52	2.94	90.82	28.79	122.56	480.02	823.46	111.74	1,415.22	1,542.30
	TOTAL	2021	-	14.93	13.51	28.44	21.18	275.47	78.04	374.69	1,713.63	2,940.34	487.86	5,141.83	5,544.96
		2020	-	16.35	10.44	26.79	9.21	197.08	72.25	278.54	1,331.69	2,349.95	446.79	4,128.43	4,433.76
TOTAL		2021	-	129.26	91.59	220.85	57.66	908.88	295.58	1,262.12	2,456.97	5,302.04	1,553.87	9,312.88	10,795.85
		2020	-	124.13	78.47	202.60	38.00	691.38	241.72	971.10	2,062.29	4,055.44	1,183.26	7,300.99	8,474.69

AVERAGE WORKFORCE BY GENDER, REGION, PROFESSIONAL CATEGORY AND TYPE OF WORKING DAY (FTES)

GRI: 102-8; 102-48

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
			FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	
EMEA	M	2021	18.96	2.46	**21.43**	91.78	4.60	**96.38**	471.06	36.91	**507.97**	**625.78**
		2020	20.66	-	**20.66**	84.87	0.63	**85.50**	441.68	29.00	**470.68**	**576.84**
	F	2021	5.22	-	**5.22**	80.63	12.55	**93.18**	371.58	60.46	**432.05**	**530.45**
		2020	3.20	-	**3.20**	65.52	4.16	**69.69**	371.13	44.12	**415.25**	**488.13**
	TOTAL	**2021**	**24.19**	**2.46**	**26.65**	**172.41**	**17.14**	**189.55**	**842.65**	**97.37**	**940.02**	**1,156.23**
		2020	**23.86**	**-**	**23.86**	**150.39**	**4.79**	**155.18**	**812.81**	**73.12**	**885.93**	**1,064.97**
CUBA	M	2021	-	-	**-**	-	-	**-**	-	-	**-**	**-**
		2020	-	-	**-**	-	-	**-**	-	-	**-**	**-**
	F	2021	-	-	**-**	-	-	**-**	-	-	**-**	**-**
		2020	-	-	**-**	-	-	**-**	-	-	**-**	**-**
	TOTAL	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SPAIN	M	2021	99.18	3.74	**102.92**	357.22	4.36	**361.58**	1,477.32	56.82	**1,534.14**	**1,998.65**
		2020	96.40	1.56	**97.96**	281.57	6.04	**287.61**	1,077.34	38.09	**1,115.43**	**1,501.00**
	F	2021	53.74	-	**53.74**	305.11	12.80	**317.92**	1,534.46	152.51	**1,686.97**	**2,058.63**
		2020	45.65	-	**45.65**	231.21	3.21	**234.42**	1,103.88	58.00	**1,161.88**	**1,441.95**
	TOTAL	**2021**	**152.92**	**3.74**	**156.66**	**662.33**	**17.16**	**679.49**	**3,011.78**	**209.34**	**3,221.12**	**4,057.27**
		2020	**142.05**	**1.56**	**143.61**	**512.78**	**9.25**	**522.04**	**2,181.22**	**96.08**	**2,277.30**	**2,942.95**
ASIA	M	2021	7.28	-	**7.28**	5.30	-	**5.30**	0.91	-	**0.91**	**13.49**
		2020	6.83	-	**6.83**	3.46	-	**3.46**	0.76	-	**0.76**	**11.05**
	F	2021	1.82	-	**1.82**	13.08	-	**13.08**	9.00	-	**9.00**	**23.90**
		2020	1.52	-	**1.52**	11.88	-	**11.88**	8.57	-	**8.57**	**21.96**
	TOTAL	**2021**	**9.10**	**-**	**9.10**	**18.38**	**-**	**18.38**	**9.91**	**-**	**9.91**	**37.39**
		2020	**8.35**	**-**	**8.35**	**15.34**	**-**	**15.34**	**9.33**	**-**	**9.33**	**33.01**
AMERICAS	M	2021	22.95	-	**22.95**	220.99	-	**220.99**	3,361.22	-	**3,361.22**	**3,605.15**
		2020	22.27	-	**22.27**	155.98	-	**155.98**	2,709.28	3.93	**2,713.22**	**2,891.46**
	F	2021	5.50	-	**5.50**	153.70	-	**153.70**	1,780.61	-	**1,780.61**	**1,939.81**
		2020	4.52	-	**4.52**	122.56	-	**122.56**	1,413.73	1.49	**1,415.22**	**1,542.30**
	TOTAL	**2021**	**28.44**	**-**	**28.44**	**374.69**	**-**	**374.69**	**5,141.83**	**-**	**5,141.83**	**5,544.96**
		2020	**26.79**	**-**	**26.79**	**278.54**	**-**	**278.54**	**4,123.01**	**5.42**	**4,128.43**	**4,433.76**
TOTAL		**2021**	**214.65**	**6.20**	**220.85**	**1,227.81**	**34.31**	**1,262.12**	**9,006.17**	**306.71**	**9,312.88**	**10,795.85**
		2020	**201.04**	**1.56**	**202.60**	**957.06**	**14.04**	**971.10**	**7,126.37**	**174.63**	**7,300.99**	**8,474.69**

AVERAGE WORKFORCE BY GENDER, REGION, PROFESSIONAL CATEGORY AND TYPE OF CONTRACT (FTES)

GRI: 102-8; 102-48

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
			PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	
EMEA	M	2021	21.43	-	21.43	96.18	0.20	96.38	483.70	24.27	**507.97**	**625.78**
		2020	19.12	1.54	20.66	79.80	5.70	85.50	341.30	129.38	**470.68**	**576.84**
	F	2021	5.22	-	5.22	92.94	0.24	93.18	406.82	25.23	**432.05**	**530.45**
		2020	3.20	-	3.20	66.62	3.06	69.69	270.17	145.08	**415.25**	**488.13**
	TOTAL	**2021**	**26.65**	**-**	**26.65**	**189.11**	**0.44**	**189.55**	**890.52**	**49.50**	**940.02**	**1,156.23**
		2020	**22.32**	**1.54**	**23.86**	**146.42**	**8.77**	**155.18**	**611.47**	**274.46**	**885.93**	**1,064.97**
CUBA	M	2021	-	-	-	-	-	-	-	-	**-**	**-**
		2020	-	-	-	-	-	-	-	-	**-**	**-**
	F	2021	-	-	-	-	-	-	-	-	**-**	**-**
		2020	-	-	-	-	-	-	-	-	**-**	**-**
	TOTAL	**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SPAIN	M	2021	102.11	0.81	102.92	351.27	10.30	361.58	1,180.28	353.86	**1,534.14**	**1,998.65**
		2020	97.03	0.93	97.96	279.04	8.57	287.61	851.41	264.01	**1,115.43**	**1,501.00**
	F	2021	53.74	-	53.74	306.82	11.10	317.92	1,265.90	421.08	**1,686.97**	**2,058.63**
		2020	45.65	-	45.65	228.00	6.42	234.42	878.24	283.64	**1,161.88**	**1,441.95**
	TOTAL	**2021**	**155.85**	**0.81**	**156.66**	**658.09**	**21.40**	**679.49**	**2,446.18**	**774.94**	**3,221.12**	**4,057.27**
		2020	**142.68**	**0.93**	**143.61**	**507.04**	**15.00**	**522.04**	**1,729.65**	**547.66**	**2,277.30**	**2,942.95**
ASIA	M	2021	5.46	1.82	7.28	4.64	0.66	5.30	0.91	-	**0.91**	**13.49**
		2020	5.31	1.52	6.83	3.46	-	3.46	0.76	-	**0.76**	**11.05**
	F	2021	1.82	-	1.82	7.70	5.38	13.08	6.00	3.00	**9.00**	**23.90**
		2020	1.52	-	1.52	7.37	4.51	11.88	5.73	2.84	**8.57**	**21.96**
	TOTAL	**2021**	**7.28**	**1.82**	**9.10**	**12.34**	**6.04**	**18.38**	**6.91**	**3.00**	**9.91**	**37.39**
		2020	**6.83**	**1.52**	**8.35**	**10.83**	**4.51**	**15.34**	**6.49**	**2.84**	**9.33**	**33.01**
AMERICAS	M	2021	17.67	5.27	22.95	170.71	50.28	220.99	2,213.48	1,147.74	**3,361.22**	**3,605.15**
		2020	22.08	0.18	22.27	144.75	11.23	155.98	2,056.15	657.07	**2,713.22**	**2,891.46**
	F	2021	5.00	0.50	5.50	130.05	23.65	153.70	1,029.44	751.18	**1,780.61**	**1,939.81**
		2020	4.52	-	4.52	117.86	4.70	122.56	1,010.69	404.53	**1,415.22**	**1,542.30**
	TOTAL	**2021**	**22.67**	**5.77**	**28.44**	**300.77**	**73.93**	**374.69**	**3,242.91**	**1,898.92**	**5,141.83**	**5,544.96**
		2020	**26.60**	**0.18**	**26.79**	**262.61**	**15.93**	**278.54**	**3,066.84**	**1,061.60**	**4,128.43**	**4,433.76**
TOTAL		**2021**	**212.45**	**8.40**	**220.85**	**1,160.31**	**101.81**	**1,262.12**	**6,586.53**	**2,726.35**	**9,312.88**	**10,795.85**
		2020	**198.43**	**4.18**	**202.60**	**926.89**	**44.21**	**971.10**	**5,414.45**	**1,886.54**	**7,300.99**	**8,474.69**

EMPLOYED AND ACTIVE STAFF BY REGION (FTES)

GRI: 102-8; 102-48

REGION	YEAR	EMPLOYED WORKFORCE	ACTIVE WORKFORCE
SPAIN	2021	5,613.82	4,057.27
	2020	6,983.04	2,942.95
AMERICAS	2021	5,966.92	5,544.96
	2020	6,210.61	4,433.76
EMEA	2021	1,832.48	1,156.23
	2020	2,214.18	1,064.97
ASIA	2021	39.82	37.39
	2020	39.36	33.01
CUBA	2021	-	-
	2020	-	-
TOTAL	2021	**13,453.03**	**10,795.85**
	2020	**15,447.18**	**8,474.69**

NEW CONTRACTS BY GENDER, AGE, PROFESSIONAL CATEGORY AND TYPE OF WORKING DAY (NUMBER)

GRI: 401-1

LEVEL	AGE	CONTRACT TYPE							WORKING DAY						TOTAL
		PERMANENT			TEMPORARY			TOTAL	FULL-TIME			PART-TIME			
		F	M	TOTAL	F	M	TOTAL		F	M	TOTAL	F	M	TOTAL	
MANAGEMENT	< 30	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	30 - 50	3	5	8	-	-	-	8	3	4	7	-	1	1	8
	>50	-	3	3	-	1	1	4	-	4	4	-	-	-	4
	Total	**3**	**8**	**11**	**-**	**1**	**1**	**12**	**3**	**8**	**11**	**-**	**1**	**1**	**12**
MIDDLE MANAGEMENT	< 30	4	11	15	3	4	7	22	7	15	22	-	-	-	22
	30 - 50	44	53	97	20	34	54	151	63	84	147	1	3	4	151
	>50	6	10	16	2	4	6	22	7	13	20	1	1	2	22
	Total	**54**	**74**	**128**	**25**	**42**	**67**	**195**	**77**	**112**	**189**	**2**	**4**	**6**	**195**
STAFF	< 30	574	1,015	1,589	962	1,233	2,195	3,784	1,470	2,185	3,655	66	63	129	3,784
	30 - 50	437	765	1,202	978	1,051	2,029	3,231	1,325	1,772	3,097	90	44	134	3,231
	>50	25	83	108	137	126	263	371	133	197	330	29	12	41	371
	Total	**1,036**	**1,863**	**2,899**	**2,077**	**2,410**	**4,487**	**7,386**	**2,928**	**4,154**	**7,082**	**185**	**119**	**304**	**7,386**
TOTAL		**1,093**	**1,945**	**3,038**	**2,102**	**2,453**	**4,555**	**7,593**	**3,008**	**4,274**	**7,282**	**187**	**124**	**311**	**7,593**

TURNOVER RATE FOR AVERAGE WORKFORCE BY GENDER, REGION AND AGE (%)

GRI: 401-1

REGION	GENDER	INVOLUNTARY TURNOVER				VOLUNTARY TURNOVER				TOTAL TURNOVER			
		<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
EMEA	M	9.4%	10.1%	11.5%	10.2%	13.4%	14.3%	10.6%	13.6%	22.8%	24.2%	22.1%	**23.7%**
	F	12.2%	7.2%	2.1%	8.5%	19.3%	17.5%	25.0%	19.2%	31.5%	24.6%	27.1%	**27.7%**
	TOTAL	10.9%	8.9%	7.7%	9.5%	16.6%	15.7%	16.5%	16.2%	27.5%	24.5%	24.2%	**25.6%**
SPAIN	M	41.8%	20.1%	11.1%	21.1%	11.4%	7.6%	7.8%	8.3%	52.9%	27.2%	18.7%	**29.0%**
	F	41.4%	24.9%	21.6%	26.7%	9.8%	5.7%	4.6%	6.1%	50.7%	30.3%	26.1%	**32.4%**
	TOTAL	41.6%	22.7%	16.5%	24.1%	10.5%	6.5%	6.1%	7.1%	51.7%	28.9%	22.5%	**30.9%**
ASIA	M	0.0%	8.3%	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	8.3%	0.0%	**6.3%**
	F	0.0%	0.0%	0.0%	0.0%	40.0%	4.8%	0.0%	11.1%	40.0%	4.8%	0.0%	**11.1%**
	TOTAL	0.0%	3.0%	0.0%	2.3%	33.3%	3.0%	0.0%	7.0%	33.3%	6.1%	0.0%	**9.3%**
AMERICAS	M	40.7%	27.5%	14.5%	31.8%	6.1%	6.6%	4.0%	6.2%	46.7%	33.9%	18.5%	**37.8%**
	F	42.8%	30.0%	16.3%	34.4%	5.8%	5.7%	5.0%	5.7%	48.5%	35.6%	21.3%	**40.0%**
	TOTAL	41.4%	28.5%	15.0%	32.7%	6.0%	6.3%	4.3%	6.0%	47.4%	34.5%	19.3%	**38.6%**
TOTAL		**37.8%**	**23.9%**	**15.4%**	**26.7%**	**8.2%**	**7.4%**	**6.7%**	**7.5%**	**46.0%**	**31.0%**	**21.9%**	**34.1%**

DISMISSALS BY CATEGORY, AGE AND GENDER (NUMBER)

LEVEL	AGE	WOMEN	MEN	TOTAL
MANAGEMENT	<30	-	-	**-**
	30-50	-	1	**1**
	>50	-	1	**1**
	TOTAL	-	2	**2**
MIDDLE MANAGEMENT	<30	2	-	**2**
	30-50	5	10	**15**
	>50	-	1	**1**
	TOTAL	7	11	**18**
STAFF	<30	71	212	**283**
	30-50	100	228	**328**
	>50	10	31	**41**
	TOTAL	181	471	**652**
TOTAL		**188**	**484**	**672**

AVERAGE REMUNERATION AND PAY GAP BY PROFESSIONAL CATEGORY AND AGE (€ AND RATIO)

GRI: 405-2

TYPE OF REMUNERATION	GENDER	MANAGEMENT				MIDDLE MANAGEMENT				STAFF				TOTAL
		<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
FIXED REMUNERATION	M	-	€ 79,649	€ 99,546	€ 88,016	€ 26,731	€ 35,638	€ 39,310	€ 36,127	€ 8,446	€ 12,759	€ 17,905	€ 11,962	**€ 14,927**
	F	-	€ 70,591	€ 85,095	€ 74,942	€ 29,318	€ 33,092	€ 34,869	€ 33,204	€ 11,339	€ 15,000	€ 19,494	€ 14,562	**€ 16,585**
	GAP	-	0.89	0.85	0.85	1.10	0.93	0.89	0.92	1.34	1.18	1.09	1.22	**1.11**

TYPE OF REMUNERATION	GENDER	MANAGEMENT				MIDDLE MANAGEMENT				STAFF				TOTAL
		<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
TOTAL REMUNERATION	M	-	€ 98,082	€ 126,471	€ 110,020	€ 28,120	€ 39,075	€ 43,075	€ 39,554	€ 8,495	€ 12,861	€ 18,008	€ 12,046	**€ 15,588**
	F	-	€ 90,168	€ 103,270	€ 94,099	€ 31,131	€ 36,413	€ 38,524	€ 36,495	€ 11,419	€ 15,128	€ 19,647	€ 14,679	**€ 17,113**
	GAP	-	0.92	0.82	0.86	1.11	0.93	0.89	0.92	1.34	1.18	1.09	1.22	**1.10**

Notes:
a. The remunerations used in this calculation by the Group refers to the employees that would have been present in a normal situation were it not for the pandemic (especially furloughed staff), with the aim of facilitating a comparison with previous and future years. The Group has taken into account the situation in each country and the measures allowed by employment regulations to make different decisions with respect to the protection of employment and the compensation of remuneration paid to employees by national social security systems.
b. Neither partial retirements, interns, extras for banquets nor hourly wages have been taken into account in any of the calculations.
Venezuela is not included due to the hyperinflation in the country.

WAGE GAP BY PROFESSIONAL CATEGORY AND COUNTRY (RATIO)

GRI: 405-2

FIXED REMUNERATION	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL	CHINA	USA
BUSINESS UNITS										
HOTEL MANAGEMENT	0.91	-	0.94	0.73	0.98	-	1.75	-	-	-
MIDDLE MANAGEMENT	0.93	0.96	0.87	0.79	0.92	0.93	1.09	-	-	1.07
STAFF	0.96	1.02	0.95	0.95	0.98	1.02	0.97	-	-	0.95
CORPORATE OFFICES										
MANAGEMENT	0.85	0.53	0.90	0.50	-	0.61	-	-	0.53	-
MIDDLE MANAGEMENT	0.90	0.80	0.88	0.65	0.87	1.92	-	0.60	1.00	1.50
TECHNICIANS	0.94	1.08	0.92	-	-	-	-	-	0.67	-
STAFF	0.98	1.51	0.89	0.90	-	-	-	0.55	-	-

TOTAL REMUNERATION	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL	CHINA	USA
BUSINESS UNITS										
HOTEL MANAGEMENT	0.90	-	0.93	0.74	0.99	-	1.67	-	-	-
MIDDLE MANAGEMENT	0.93	0.94	0.88	0.82	0.92	0.93	0.94	-	-	1.07
STAFF	0.96	1.02	0.95	0.95	0.98	1.01	0.96	-	-	0.94
CORPORATE OFFICES										
MANAGEMENT	0.84	0.63	0.90	0.56	-	0.70	-	-	0.49	-
MIDDLE MANAGEMENT	0.89	0.80	0.88	0.67	0.86	1.78	-	0.60	1.02	1.25
TECHNICIANS	0.93	1.07	0.92	-	-	-	-	-	0.64	-
STAFF	0.98	1.51	0.89	0.90	-	-	-	0.55	-	-

Note: The wage gap ratio does not include countries with a very reduced workforce (Luxembourg, Austria, Peru, Croatia and Bulgaria), but they are included in the gap calculations by age and by category.
Venezuela is also not included due to the hyperinflation in the country.

RATIO OF BASIC WAGE TO LOCAL MINIMUM WAGE BY GENDER

GRI: 202-1

RATIO	GENDER	SPAIN	DOMINICAN REPUBLIC	MEXICO	GERMANY	FRANCE	ITALY	UNITED KINGDOM	BRAZIL
BASIC WAGE / MINIMUM WAGE FOR COUNTRY	M	1.04	1.00	1.00	1.14	1.00	1.01	1.00	1.17
	F	1.04	1.00	1.00	1.24	1.00	1.01	1.00	1.17

TRAINING BY PROFESSIONAL CATEGORY AND GENDER (NO. HOURS)

GRI: 404-1

PROFESSIONAL CATEGORY	GENDER	TOTAL HOURS	HOURS / EMPLOYEE
MANAGEMENT	M	3,411.84	22.07
	F	1,838.46	27.74
	TOTAL	5,250.31	23.77
MIDDLE MANAGEMENT	M	15,036.16	21.97
	F	17,942.02	31.05
	TOTAL	32,978.17	26.13
STAFF	M	72,064.83	13.33
	F	65,601.29	16.78
	TOTAL	137,666.12	14.78
TOTAL		**175,894.60**	**16.29**

Aggregated Perimeter

AVERAGE WORKFORCE BY GENDER, REGION, PROFESSIONAL CATEGORY AND AGE (FTES)

GRI: 102-8; 102-48; 405-1

REGION	GENDER	YEAR	MANAGEMENT				MIDDLE MANAGEMENT				STAFF				TOTAL
			<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	
EMEA	M	2021	-	12.82	12.11	**24.93**	5.04	102.77	22.12	**129.93**	297.05	585.69	87.87	**970.61**	**1,125.47**
		2020	0.50	15.31	10.57	**26.39**	11.27	119.99	16.67	**147.93**	530.89	747.69	77.91	**1,356.49**	**1,530.81**
	F	2021	-	5.47	1.75	**7.22**	14.57	75.50	14.67	**104.74**	239.05	340.90	57.46	**637.41**	**749.37**
		2020	-	4.86	1.05	**5.91**	13.21	64.88	13.87	**91.96**	508.70	485.15	53.46	**1,047.32**	**1,145.19**
	TOTAL	**2021**	**-**	**18.29**	**13.86**	**32.15**	**19.61**	**178.26**	**36.79**	**234.67**	**536.09**	**926.59**	**145.33**	**1,608.02**	**1,874.84**
		2020	**0.50**	**20.17**	**11.62**	**32.30**	**24.47**	**184.87**	**30.54**	**239.89**	**1,039.59**	**1,232.84**	**131.38**	**2,403.81**	**2,675.99**
CUBA	M	2021	-	-	-	**-**	5.00	92.00	49.00	**146.00**	540.00	1,499.00	789.00	**2,828.00**	**2,974.00**
		2020	-	-	-	**-**	10.00	158.00	60.00	**228.00**	679.00	1,954.24	803.00	**3,436.24**	**3,664.24**
	F	2021	-	-	-	**-**	5.00	55.00	33.00	**93.00**	514.00	1,143.00	397.00	**2,054.00**	**2,147.00**
		2020	-	-	-	**-**	9.00	90.00	41.00	**140.00**	390.00	1,301.00	420.00	**2,111.00**	**2,251.00**
	TOTAL	**2021**	**-**	**-**	**-**	**-**	**10.00**	**147.00**	**82.00**	**239.00**	**1,054.00**	**2,642.00**	**1,186.00**	**4,882.00**	**5,121.00**
		2020	**-**	**-**	**-**	**-**	**19.00**	**248.00**	**101.00**	**368.00**	**1,069.00**	**3,255.24**	**1,223.00**	**5,547.24**	**5,915.24**
SPAIN	M	2021	-	63.83	55.46	**119.28**	11.33	336.31	161.32	**508.96**	347.55	1,375.56	760.96	**2,484.07**	**3,112.31**
		2020	-	58.24	50.69	**108.93**	9.84	274.77	138.48	**423.09**	275.43	963.44	662.50	**1,901.36**	**2,433.39**
	F	2021	-	41.24	16.67	**57.91**	16.33	285.47	96.54	**398.35**	351.44	1,494.99	847.25	**2,693.69**	**3,149.95**
		2020	-	38.41	9.88	**48.29**	10.96	210.00	72.24	**293.20**	264.15	1,041.19	578.62	**1,883.96**	**2,225.45**
	TOTAL	**2021**	**-**	**105.06**	**72.13**	**177.19**	**27.67**	**621.78**	**257.87**	**907.31**	**698.99**	**2,870.56**	**1,608.21**	**5,177.76**	**6,262.26**
		2020	**-**	**96.65**	**60.57**	**157.22**	**20.80**	**484.78**	**210.71**	**716.29**	**539.58**	**2,004.62**	**1,241.11**	**3,785.32**	**4,658.83**
ASIA	M	2021	-	12.68	7.12	**19.80**	15.78	143.16	21.46	**180.40**	542.35	1,027.12	352.80	**1,922.27**	**2,122.47**
		2020	-	13.46	5.75	**19.20**	14.45	162.88	29.78	**207.11**	641.83	1,079.65	329.44	**2,050.92**	**2,277.23**
	F	2021	-	2.58	0.91	**3.49**	27.07	138.04	10.85	**175.96**	444.59	591.31	145.78	**1,181.68**	**1,361.13**
		2020	-	2.49	0.76	**3.25**	26.82	136.24	10.47	**173.54**	521.23	618.49	127.55	**1,267.27**	**1,444.06**
	TOTAL	**2021**	**-**	**15.26**	**8.03**	**23.29**	**42.85**	**281.19**	**32.31**	**356.36**	**986.94**	**1,618.43**	**498.58**	**3,103.95**	**3,483.59**
		2020	**-**	**15.95**	**6.51**	**22.46**	**41.27**	**299.12**	**40.25**	**380.65**	**1,163.06**	**1,698.14**	**456.99**	**3,318.19**	**3,721.30**
AMERICAS	M	2021	-	17.80	13.20	**30.99**	13.59	179.19	51.48	**244.26**	1,304.93	2,245.59	449.35	**3,999.87**	**4,275.13**
		2020	-	16.58	10.32	**26.90**	8.80	141.63	52.84	**203.27**	1,053.65	1,854.47	410.78	**3,318.90**	**3,549.07**
	F	2021	-	8.40	2.82	**11.22**	8.79	130.35	33.48	**172.61**	716.65	1,332.94	184.29	**2,233.87**	**2,417.71**
		2020	-	3.16	1.41	**4.58**	6.06	118.93	35.45	**160.44**	594.84	1,105.93	184.78	**1,885.55**	**2,050.57**
	TOTAL	**2021**	**-**	**26.20**	**16.01**	**42.21**	**22.38**	**309.53**	**84.96**	**416.88**	**2,021.58**	**3,578.53**	**633.64**	**6,233.74**	**6,692.83**
		2020	**-**	**19.74**	**11.74**	**31.48**	**14.86**	**260.57**	**88.29**	**363.72**	**1,648.49**	**2,960.40**	**595.55**	**5,204.45**	**5,599.64**
TOTAL		**2021**	**-**	**164.81**	**110.03**	**274.85**	**122.52**	**1,537.77**	**493.93**	**2,154.21**	**5,297.60**	**11,636.11**	**4,071.76**	**21,005.47**	**23,434.53**
		2020	**0.50**	**152.52**	**90.43**	**243.45**	**120.40**	**1,477.34**	**470.80**	**2,068.54**	**5,459.72**	**11,151.25**	**3,648.04**	**20,259.01**	**22,571.00**

AVERAGE WORKFORCE BY GENDER, REGION, PROFESSIONAL CATEGORY AND TYPE OF WORKING DAY (FTES)

GRI: 102-8; 102-48

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
			FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	FULL-TIME	PART-TIME	TOTAL	
EMEA	M	2021	23.93	1.00	**24.93**	129.15	0.78	**129.93**	893.16	77.45	**970.61**	**1,125.47**
		2020	26.39	-	**26.39**	147.30	0.63	**147.93**	1,327.24	29.25	**1,356.49**	**1,530.81**
	F	2021	7.22	-	**7.22**	104.50	0.24	**104.74**	598.29	39.12	**637.41**	**749.37**
		2020	5.91	-	**5.91**	87.80	4.16	**91.96**	1,003.19	44.12	**1,047.32**	**1,145.19**
	TOTAL	**2021**	**31.16**	**1.00**	**32.15**	**233.65**	**1.02**	**234.67**	**1,491.45**	**116.57**	**1,608.02**	**1,874.84**
		2020	**32.30**	**-**	**32.30**	**235.09**	**4.79**	**239.89**	**2,330.43**	**73.37**	**2,403.81**	**2,675.99**
CUBA	M	2021	-	-	**-**	151.00	6.00	**157.00**	2,670.00	76.00	**2,746.00**	**2,903.00**
		2020	-	-	**-**	228.00	-	**228.00**	3,285.99	150.00	**3,435.99**	**3,663.99**
	F	2021	-	-	**-**	98.00	4.00	**102.00**	2,078.00	38.00	**2,116.00**	**2,218.00**
		2020	-	-	**-**	140.00	-	**140.00**	1,983.25	128.00	**2,111.25**	**2,251.25**
	TOTAL	**2021**	**-**	**-**	**-**	**249.00**	**10.00**	**259.00**	**4,748.00**	**114.00**	**4,862.00**	**5,121.00**
		2020	**-**	**-**	**-**	**368.00**	**-**	**368.00**	**5,269.24**	**278.00**	**5,547.24**	**5,915.24**
SPAIN	M	2021	118.45	0.83	**119.28**	492.66	16.30	**508.96**	1,853.18	630.89	**2,484.07**	**3,112.31**
		2020	107.21	1.71	**108.93**	415.33	7.77	**423.09**	1,799.14	102.22	**1,901.36**	**2,433.39**
	F	2021	57.91	-	**57.91**	382.10	16.25	**398.35**	1,936.01	757.68	**2,693.69**	**3,149.95**
		2020	48.29	-	**48.29**	289.13	4.07	**293.20**	1,750.75	133.21	**1,883.96**	**2,225.45**
	TOTAL	**2021**	**176.36**	**0.83**	**177.19**	**874.76**	**32.55**	**907.31**	**3,789.19**	**1,388.57**	**5,177.76**	**6,262.26**
		2020	**155.50**	**1.71**	**157.22**	**704.46**	**11.83**	**716.29**	**3,549.89**	**235.43**	**3,785.32**	**4,658.83**
ASIA	M	2021	17.03	2.77	**19.80**	179.74	0.66	**180.40**	1,922.27	-	**1,922.27**	**2,122.47**
		2020	19.20	-	**19.20**	206.24	0.86	**207.11**	2,044.10	6.82	**2,050.92**	**2,277.23**
	F	2021	2.82	0.67	**3.49**	169.07	6.89	**175.96**	1,176.89	4.79	**1,181.68**	**1,361.13**
		2020	3.25	-	**3.25**	173.54	-	**173.54**	1,263.87	3.40	**1,267.27**	**1,444.06**
	TOTAL	**2021**	**19.85**	**3.44**	**23.29**	**348.81**	**7.55**	**356.36**	**3,099.16**	**4.79**	**3,103.95**	**3,483.59**
		2020	**22.46**	**-**	**22.46**	**379.78**	**0.86**	**380.65**	**3,307.97**	**10.22**	**3,318.19**	**3,721.30**
AMERICAS	M	2021	30.99	-	**30.99**	244.26	-	**244.26**	3,996.32	3.56	**3,999.87**	**4,275.13**
		2020	26.90	-	**26.90**	202.78	0.50	**203.27**	3,304.00	14.90	**3,318.90**	**3,549.07**
	F	2021	11.22	-	**11.22**	172.61	-	**172.61**	2,228.34	5.54	**2,233.87**	**2,417.71**
		2020	4.58	-	**4.58**	159.94	0.50	**160.44**	1,875.09	10.46	**1,885.55**	**2,050.57**
	TOTAL	**2021**	**42.21**	**-**	**42.21**	**416.88**	**-**	**416.88**	**6,224.65**	**9.09**	**6,233.74**	**6,692.83**
		2020	**31.48**	**-**	**31.48**	**362.72**	**1.00**	**363.72**	**5,179.09**	**25.36**	**5,204.45**	**5,599.64**
TOTAL		**2021**	**269.58**	**5.27**	**274.85**	**2,123.09**	**51.12**	**2,174.21**	**19,352.46**	**1,633.01**	**20,985.47**	**23,434.53**
		2020	**241.74**	**1.71**	**243.45**	**2,050.05**	**18.49**	**2,068.54**	**19,636.62**	**622.39**	**20,259.01**	**22,571.00**

AVERAGE WORKFORCE BY GENDER, REGION, PROFESSIONAL CATEGORY AND TYPE OF CONTRACT (FTES)

GRI: 102-8; 102-48

REGION	GENDER	YEAR	MANAGEMENT			MIDDLE MANAGEMENT			STAFF			TOTAL
			PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	PERMANENT	TEMPORARY	TOTAL	
EMEA	M	2021	23.93	1.00	**24.93**	129.15	0.78	**129.93**	893.16	77.45	**970.61**	**1,125.47**
		2020	24.85	1.54	**26.39**	142.14	5.78	**147.93**	1,167.18	189.31	**1,356.49**	**1,530.81**
	F	2021	7.22	-	**7.22**	104.50	0.24	**104.74**	598.29	39.12	**637.41**	**749.37**
		2020	5.91	-	**5.91**	88.39	3.57	**91.96**	886.75	160.56	**1,047.32**	**1,145.19**
	TOTAL	**2021**	**31.16**	**1.00**	**32.15**	**233.65**	**1.02**	**234.67**	**1,491.45**	**116.57**	**1,608.02**	**1,874.84**
		2020	**30.76**	**1.54**	**32.30**	**230.54**	**9.35**	**239.89**	**2,053.93**	**349.88**	**2,403.81**	**2,675.99**
CUBA	M	2021	-	-	**-**	157.00	-	**157.00**	2,431.00	315.00	**2,746.00**	**2,903.00**
		2020	-	-	**-**	221.00	7.00	**228.00**	3,172.40	263.59	**3,435.99**	**3,663.99**
	F	2021	-	-	**-**	101.00	1.00	**102.00**	1,747.00	369.00	**2,116.00**	**2,218.00**
		2020	-	-	**-**	136.00	4.00	**140.00**	1,947.95	163.30	**2,111.25**	**2,251.25**
	TOTAL	**2021**	**-**	**-**	**-**	**258.00**	**1.00**	**259.00**	**4,178.00**	**4,437.00**	**4,862.00**	**5,121.00**
		2020	**-**	**-**	**-**	**357.00**	**11.00**	**368.00**	**5,120.35**	**426.89**	**5,547.24**	**5,915.24**
SPAIN	M	2021	118.45	0.83	**119.28**	492.66	16.30	**508.96**	1,853.18	630.89	**2,484.07**	**3,112.31**
		2020	107.99	0.93	**108.93**	409.14	13.95	**423.09**	1,417.63	483.73	**1,901.36**	**2,433.39**
	F	2021	57.91	-	**57.91**	382.10	16.25	**398.35**	1,936.01	757.68	**2,693.69**	**3,149.95**
		2020	48.29	-	**48.29**	284.19	9.01	**293.20**	1,386.18	497.78	**1,883.96**	**2,225.45**
	TOTAL	**2021**	**176.36**	**0.83**	**177.19**	**874.76**	**32.55**	**907.31**	**3,789.19**	**1,388.57**	**5,177.76**	**6,262.26**
		2020	**156.28**	**0.93**	**157.22**	**693.33**	**22.96**	**716.29**	**2,803.81**	**981.51**	**3,785.32**	**4,658.83**
ASIA	M	2021	17.03	2.77	**19.80**	179.74	0.66	**180.40**	1,922.27	-	**1,922.27**	**2,122.47**
		2020	17.69	1.52	**19.20**	207.11	-	**207.11**	2,050.75	0.17	**2,050.92**	**2,277.23**
	F	2021	2.82	0.67	**3.49**	169.07	6.89	**175.96**	1,176.89	4.79	**1,181.68**	**1,361.13**
		2020	3.25	-	**3.25**	167.65	5.89	**173.54**	1,264.43	2.84	**1,267.27**	**1,444.06**
	TOTAL	**2021**	**19.85**	**3.44**	**23.29**	**348.81**	**7.55**	**356.36**	**3,099.16**	**4.79**	**3,103.95**	**3,483.59**
		2020	**20.94**	**1.52**	**22.46**	**374.76**	**5.89**	**380.65**	**3,315.18**	**3.01**	**3,318.19**	**3,721.30**
AMERICAS	M	2021	25.72	5.27	**30.99**	193.98	50.28	**244.26**	2,848.39	1,151.49	**3,999.87**	**4,275.13**
		2020	26.72	0.18	**26.90**	192.05	11.23	**203.27**	2,645.27	673.62	**3,318.90**	**3,549.07**
	F	2021	10.72	0.50	**11.22**	148.97	23.65	**172.61**	1,482.70	751.18	**2,233.87**	**2,417.71**
		2020	4.58	-	**4.58**	153.61	6.83	**160.44**	1,471.31	414.24	**1,885.55**	**2,050.57**
	TOTAL	**2021**	**36.44**	**5.77**	**42.21**	**342.95**	**73.93**	**416.88**	**4,331.08**	**1,902.66**	**6,233.74**	**6,692.83**
		2020	**31.30**	**0.18**	**31.48**	**345.66**	**18.06**	**363.72**	**4,116.58**	**1,087.87**	**5,204.45**	**5,599.64**
TOTAL		**2021**	**263.81**	**11.04**	**274.85**	**2,058.17**	**116.04**	**2,174.21**	**16,888.88**	**7,849.58**	**20,985.47**	**23,434.53**
		2020	**239.28**	**4.18**	**243.45**	**2,001.29**	**67.26**	**2,068.54**	**17,409.85**	**2,849.16**	**20,259.01**	**22,571.00**

EMPLOYED AND ACTIVE STAFF BY REGION (FTES)

GRI: 102-8; 102-48

REGION	YEAR	EMPLOYED WORKFORCE	ACTIVE WORKFORCE
SPAIN	2021	8,350.55	6,262.26
	2020	9,318.96	4,658.83
AMERICAS	2021	7,224.93	6,692.83
	2020	8,315.65	5,599.64
EMEA	2021	3,170.25	1,874.84
	2020	4,571.39	2,675.99
ASIA	2021	4,544.11	3,483.59
	2020	4,696.48	3,721.30
CUBA	2021	Note*	5,121.00
	2020	Note**	5,915.24
TOTAL	2021	**23,289.84**	**23,434.53**
	2020	**26,902.48**	**22,571.00**

Note:
(*) The average workforce employed through the state agency in Cuba in 2021 was 5,121
(**) The average workforce employed through the state agency in Cuba in 2020 was 5,915.24

NEW CONTRACTS BY GENDER, AGE, PROFESSIONAL CATEGORY AND TYPE OF WORKING DAY (NUMBER)

GRI: 401-1

LEVEL	AGE	CONTRACT TYPE						TOTAL	WORKING DAY						TOTAL
		PERMANENT			TEMPORARY				FULL-TIME			PART-TIME			
		F	M	TOTAL	F	M	TOTAL		F	M	TOTAL	F	M	TOTAL	
MANAGEMENT	< 30	-	-	**-**	-	-	**-**	**-**	-	-	**-**	-	-	**-**	**-**
	30 - 50	3	5	**8**	1	-	**1**	**9**	4	4	**8**	-	1	**1**	**9**
	>50	-	6	**6**	-	2	**2**	**8**	-	8	**8**	-	-	**-**	**8**
	Total	**3**	**11**	**14**	**1**	**2**	**3**	**17**	**4**	**12**	**16**	**-**	**1**	**1**	**17**
MIDDLE MANAGEMENT	< 30	22	18	**40**	3	4	**7**	**47**	24	22	**46**	1	-	**1**	**47**
	30 - 50	108	118	**226**	24	39	**63**	**289**	131	154	**285**	1	3	**4**	**289**
	>50	8	15	**23**	2	5	**7**	**30**	9	19	**28**	1	1	**2**	**30**
	Total	**138**	**151**	**289**	**29**	**48**	**77**	**366**	**164**	**195**	**359**	**3**	**4**	**7**	**366**
STAFF	< 30	843	1,292	**2,135**	1,204	1,461	**2,665**	**4,800**	1,936	2,660	**4,596**	111	93	**204**	**4,800**
	30 - 50	671	1,058	**1,729**	1,366	1,298	**2,664**	**4,393**	1,901	2,283	**4,184**	136	73	**209**	**4,393**
	>50	54	108	**162**	208	172	**380**	**542**	225	267	**492**	37	13	**50**	**542**
	Total	**1,568**	**2,458**	**4,026**	**2,778**	**2,931**	**5,709**	**9,735**	**4,062**	**5,210**	**9,272**	**284**	**179**	**463**	**9,735**
TOTAL		**1,709**	**2,620**	**4,329**	**2,808**	**2,981**	**5,789**	**10,118**	**4,230**	**5,417**	**9,647**	**287**	**184**	**471**	**10,118**

TURNOVER RATE FOR AVERAGE WORKFORCE BY GENDER, REGION AND AGE (%)

GRI: 401-1

REGION	GENDER	INVOLUNTARY TURNOVER				VOLUNTARY TURNOVER				TOTAL TURNOVER			
		<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
EMEA	M	6.1%	8.2%	10.5%	**7.8%**	11.5%	12.0%	9.7%	**11.6%**	17.6%	20.1%	20.2%	**19.4%**
	F	9.5%	5.2%	1.7%	**6.5%**	14.8%	13.2%	21.4%	**14.6%**	24.4%	18.4%	23.1%	**21.0%**
	TOTAL	**7.8%**	**7.0%**	**6.9%**	**7.3%**	**13.1%**	**12.5%**	**14.5%**	**13.0%**	**20.9%**	**19.4%**	**21.4%**	**20.2%**
CUBA	M	9.9%	12.9%	6.9%	**10.7%**	-	-	-	**-**	9.9%	12.9%	6.9%	**10.7%**
	F	8.3%	11.6%	8.6%	**10.2%**	-	-	-	**-**	8.3%	11.6%	8.6%	**10.2%**
	TOTAL	**9.1%**	**12.4%**	**7.5%**	**10.5%**	**-**	**-**	**-**	**-**	**9.1%**	**12.4%**	**7.5%**	**10.5%**
SPAIN	M	51.8%	24.2%	14.1%	**26.2%**	9.5%	7.7%	8.1%	**8.2%**	60.9%	31.2%	22.0%	**33.9%**
	F	51.9%	32.2%	25.0%	**33.5%**	8.4%	5.9%	4.5%	**5.9%**	59.5%	37.6%	29.3%	**38.9%**
	TOTAL	**51.9%**	**28.6%**	**19.8%**	**30.1%**	**9.0%**	**6.7%**	**6.2%**	**7.0%**	**60.2%**	**34.7%**	**25.8%**	**36.6%**
ASIA	M	21.9%	13.9%	11.9%	**15.9%**	0.6%	1.0%	2.5%	**1.1%**	22.6%	14.9%	14.4%	**17.1%**
	F	26.4%	13.4%	15.5%	**18.6%**	1.1%	0.9%	0.5%	**1.0%**	27.6%	14.3%	16.0%	**19.5%**
	TOTAL	**24.0%**	**13.7%**	**12.9%**	**17.0%**	**0.9%**	**1.0%**	**1.9%**	**1.1%**	**24.9%**	**14.7%**	**14.8%**	**18.0%**
AMERICAS	M	37.8%	25.0%	12.7%	**29.0%**	5.8%	6.0%	3.4%	**5.7%**	43.5%	30.8%	16.1%	**34.5%**
	F	39.8%	26.5%	13.6%	**30.8%**	5.4%	5.0%	3.9%	**5.1%**	45.1%	31.3%	17.6%	**35.7%**
	TOTAL	**38.6%**	**25.6%**	**13.0%**	**29.7%**	**5.6%**	**5.6%**	**3.6%**	**5.5%**	**44.1%**	**31.0%**	**16.6%**	**35.0%**
TOTAL		**35.3%**	**22.8%**	**17.0%**	**25.5%**	**6.9%**	**7.0%**	**6.1%**	**6.8%**	**38.8%**	**26.8%**	**20.2%**	**29.0%**

TRAINING BY PROFESSIONAL CATEGORY AND GENDER (No. HOURS)

GRI: 404-1

PROFESSIONAL CATEGORY	GENDER	TOTAL HOURS	HOURS / EMPLOYEE
MANAGEMENT	M	4,118.79	21.12
	F	1,958.21	24.53
	TOTAL	6,077.01	22.11
MIDDLE MANAGEMENT	M	20,370.47	19.15
	F	21,899.64	25.71
	TOTAL	42,270.11	22.07
STAFF	M	100,145.71	10.68
	F	88,557.56	13.13
	TOTAL	188,703.27	11.70
TOTAL		237,050.39	12.94

INVESTMENT IN TRAINING (€ AND RATIO)

GRI: 404-1

TOTAL INVESTMENT IN TRAINING	AVERAGE INVESTMENT PER EMPLOYEE	INVESTMENT IN TRAINING / SOCIAL COST
€ 1,417,404	€ 77	0.31%

DIVERSITY OF NATIONALITIES

NATIONALITY	% WORKFORCE	% IN MANAGEMENT POSITIONS (JUNIOR, MIDDLE MANAGEMENT AND SENIOR)
Spanish	30.71%	49.08%
Cuban	28.12%	10.98%
Mexican	15.46%	0.29%
Dominican	13.03%	0.25%
Indonesian	5.89%	0.11%
Vietnamese	5.85%	0.11%

Note: Only the most significant nationalities in the workforce are detailed

DIVERSITY OF OTHER MINORITIES

INDICATOR	TOTAL EMPLOYEES	% WORKFORCE
Disability		
Employees with disabilities	163	0.70%
Generational (Age Ranges)		
<30 years	5,420.11	23.13%
30 - 50 years old	13,338.70	56.92%
>50 years	4,675.72	19.95%
Total	23,434.53	100.00%

Occupational health and safety indicators

Consolidated Perimeter

OCCUPATIONAL HEALTH INDICES - EMPLOYEES

GRI: 403-9

INDICATOR	GENDER	WORKPLACE ACCIDENTS		OCCUPATIONAL ILLNESS	
		2020	2021	2020*	2021
INCIDENT INDEX	M	35.41	33.96	-	1.60
	F	39.62	45.47	4.12	2.64
	TOTAL	**37.15**	**38.81**	**2.02**	**2.04**
FREQUENCY INDEX	M	19.35	18.53	-	0.87
	F	22.02	25.20	2.44	1.46
	TOTAL	**20.44**	**21.32**	**1.20**	**1.12**
SEVERITY INDEX	M	0.26	0.36	-	0.02
	F	0.32	0.46	0.16	0.10
	TOTAL	**0.28**	**0.40**	**0.08**	**0.05**
NUMBER OF WORK ACCIDENTS	M	177.00	212.00	-	10.00
	F	139.00	207.00	6.00	12.00
	TOTAL	**316.00**	**419.00**	**6.00**	**22.00**
NUMBER OF DEATHS	M	-	-	-	-
	F	-	-	-	-
	TOTAL	-	-	-	-

(*) Scope - Spain
Note: In 2021, the scope of occupational illnesses was the global consolidated total. As a point of reference, in Spain in 2021 the total incidence index fell to 0.74 and the frequency index to 0.44

OCCUPATIONAL HEALTH INDICES - CONTRACTORS

INDICATOR	GENDER	2020	2021
NUMBER OF DEATHS	M	N/A	-
	F	N/A	-
	TOTAL	N/A	-

ABSENTEEISM

GRI 403-9

INDICATOR	GENDER	WORKPLACE ACCIDENTS		OCCUPATIONAL ILLNESS		COMMON ILLNESS		COVID-19		TOTAL ABSENTEEISM	
		2020	2021	2020*	2021	2020*	2021	2020*	2021	2020*	2021
PERCENTAGE ABSENTEEISM	M	0.20	0.29	-	0.01	11.86	2.71	0.77	0.75	12.85	3.76
	F	0.25	0.37	0.13	0.08	17.46	4.95	0.66	0.85	18.55	6.24
	TOTAL	**0.22**	**0.32**	**0.06**	**0.04**	**14.60**	**3.65**	**0.73**	**0.79**	**15.64**	**4.80**
NUMBER OF DAYS LOST	M	2,401.75	4,094.00	-	201.00	37,975.00	38,821.00	2,474.00	10,738.00	41,158.75	53,854.00
	F	1,996.75	3,809.00	405.00	792.00	53,563.00	50,816.00	2,113.00	8,688.00	56,910.75	64,105.00
	TOTAL	**4,398.50**	**7,903.00**	**405.00**	**993.00**	**91,538.00**	**89,637.00**	**4,587.00**	**19,426.00**	**98,069.50**	**117,959.00**
NUMBER OF HOURS LOST	M	18,702.10	32,752.00	-	1,608.00	303,800.00	310,568.00	19,792.00	85,904.00	329,270.00	430,832.00
	F	15,905.20	30,472.00	3,240.00	6,336.00	428,504.00	406,528.00	16,904.00	69,504.00	455,286.00	512,840.00
	TOTAL	**34,607.30**	**63,224.00**	**3,240.00**	**7,944.00**	**732,304.00**	**717,096.00**	**36,696.00**	**155,408.00**	**784,556.00**	**943,672.00**

(*) Scope - Spain
In 2021 the scope of measurement was extended to a global level. As a point of reference, total absenteeism in Spain in 2021 was 7.95, half of the total in 2020, with absenteeism due to Covid-19 having a significant impact.
Calculation methodology:
Incident index: (Number of Incidents * 1,000) / Average Workforce **Frequency index:** (No. Incidents x 1,000,000) / Hours worked
Severity index: (Days lost * 1,000) / Hours worked **Absenteeism percentage:** (Hours lost x 100) / Hours worked

Aggregated Perimeter

OCCUPATIONAL HEALTH INDICES - EMPLOYEES

GRI: 403-9

INDICATOR	GENDER	WORKPLACE ACCIDENTS		OCCUPATIONAL ILLNESS	
		2020	2021	2020*	2021
INCIDENT INDEX	M	31.26	29.90	0.92	1.03
	F	34.48	45.06	2.95	2.08
	TOTAL	**32.59**	**36.26**	**1.90**	**1.47**
FREQUENCY INDEX	M	17.61	16.77	0.55	0.58
	F	19.58	25.51	1.75	1.18
	TOTAL	**18.41**	**20.41**	**1.13**	**0.83**
SEVERITY INDEX	M	0.21	0.38	0.09	0.01
	F	0.33	0.46	0.12	0.07
	TOTAL	**0.26**	**0.41**	**0.11**	**0.04**
NO. OF WORKPLACE ACCIDENTS/OCCUPATIONAL ILLNESSES	M	298.00	318.00	2.00	11.00
	F	230.00	346.00	6.00	16.00
	TOTAL	**528.00**	**664.00**	**8.00**	**27.00**
NUMBER OF DEATHS	M	-	-	-	-
	F	-	-	-	-
	TOTAL	-	-	-	-

(*) Scope - Spain
In 2021 the scope of measurement of occupational illness was extended to a global level. In Spain, the incidence index was reduced to 0.80, frequency to 0.47 and severity to 0.05

OCCUPATIONAL HEALTH INDICES - CONTRACTORS

INDICATOR	GENDER	2020	2021
NUMBER OF DEATHS	M	N/A	-
	F	N/A	-
	TOTAL	N/A	-

ABSENTEEISM

GRI 403-9

INDICATOR	GENDER	WORKPLACE ACCIDENTS		OCCUPATIONAL ILLNESS		COMMON ILLNESS		COVID-19*		TOTAL ABSENTEEISM	
		2020	2021	2020*	2021	2020*	2021	2020	2021	2020*	2021
ABSENTEEISM RATE	M	0.16	0.30	0.07	0.01	10.95	3.24	0.79	0.82	**12.05**	**4.38**
	F	0.26	0.37	0.09	0.06	16.68	6.73	0.67	1.03	**17.81**	**8.19**
	TOTAL	**0.20**	**0.33**	**0.08**	**0.03**	**13.72**	**4.69**	**0.73**	**0.91**	**14.84**	**5.97**
NUMBER OF DAYS LOST	M	3,093.75	7,157.00	343.00	209.00	50,201.00	76,825.00	3,632.00	19,548.00	**55,246.75**	**103,739.00**
	F	3,787.95	6,288.00	405.00	953.00	71,426.00	114,062.00	2,864.00	17,483.00	**76,291.45**	**138,786.00**
	TOTAL	**6,881.70**	**13,445.00**	**748.00**	**1,162.00**	**121,627.00**	**190,887.00**	**6,496.00**	**37,031.00**	**131,538.20**	**242,525.00**
NUMBER OF HOURS LOST	M	24,229.02	57,256.00	2,744.00	1,672.00	401,608.00	614,600.00	29,056.00	156,384.00	**441,974.00**	**829,912.00**
	F	30,070.08	50,304.00	3,240.00	7,624.00	571,408.00	912,496.00	22,912.00	139,864.00	**610,331.60**	**1,110,288.00**
	TOTAL	**54,299.10**	**107,560.00**	**5,984.00**	**9,296.00**	**973,016.00**	**1,527,096.00**	**51,968.00**	**367,872.00**	**1,052,305.60**	**1,940,200.00**

(*) Scope - Spain
In 2021, the scope of measurement of occupational illnesses, common Illnesses and Covid-19 illness was extended to a global level (except Cuba). Total absenteeism in Spain in 2021 was 13.46%
Calculation methodology:
Incident index: (Number of Incidents * 1,000) / Average Workforce **Frequency index:** (No. Incidents x 1,000,000) / Hours worked
Severity index: (Days lost * 1,000) / Hours worked **Absenteeism percentage:** (Hours lost x 100) / Hours worked

Social indicators

SUPPLY CHAIN

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

CONSOLIDATED INFORMATION (in € millions)	UNIT	2019	2019	2020	2021
Total supplier portfolio (Tier 1)	Number	5,883	6,263	5,405	5,198
Local supplier portfolio	Number	5,360	5,611	4,882	4,707
	%	91.11%	89.59%	90.32%	90.55%
Critical Tier 1 suppliers	Number	33	43	27	19
Critical Non-Tier 1 suppliers	Number	571	170	61	110
Total purchase volume	€	416,320,227	429,153,686	220,943,238	287,429,168
Local purchase volume	€	414,462,284	413,174,893	193,677,671	237,373,769
	%	99.55%	96.28%	87.66%	82.59%
Central Spain purchase volume	€	292,322,906	293,067,408	160,854,569	170,293,549
Central Dominican Rep. purchase volume	€	55,415,219	63,143,026	14,291,824	41,002,405
Central Mexico purchase volume	€	38,393,391	36,139,605	16,665,942	40,820,266
Central Germany purchase volume	€	14,471,250	15,584,489	3,201,672	3,183,342
Central UK purchasing volume	€	7,870,507	11,916,068	16,712,976	16,187,918
Central France purchase volume	€	4,552,725	5,388,466	7,943,027	7,855,719
Central Italy purchase volume	€	3,294,229	3,914,624	1,273,227	8,085,970

SOCIAL ACTION

CATEGORY	PERCENTAGE
Charity donations (1)	43%
Community investment (2)	57%
Commercial activities (3)	0%
Total	**100%**

(1) We see charity donations as occasional support for certain causes as a response to specific needs and requests from social organisations that are aligned with our Philanthropy Policy. In 2021, our key contributions focused on covering the basic needs of several social associations.
(2) Investment seen as a long-term strategic participation with social organisations or communities to address or cover certain aspects of our choice, aligned with our long-term interests and also with a significant positive impact on our reputation. In 2021, we focused our contributions on supporting social organisations that work with the community, employability, vulnerable groups or local emergency services.
(3) Understood as business-related activities in the community to directly support company objectives, promoting corporate and brand identity in association with charities and community organizations. In 2020 we did not make any financial contributions to foundations or entities for this purpose as a direct consequence of the contingency plans caused by COVID-19.

TYPE OF CONTRIBUTION	AMOUNT (€)
Financial (1)	17,808
Time: corporate volunteering during working hours (2)	-
In kind: donated products or services (3)	85,139
Total	**102,947**

(1) Understood as the monetary amount paid to cover social needs. In 2021, Meliá doubled the contribution made by employees due to the "My Heart is with La Palma" campaign. The total contribution collected by this campaign was €35,616.26, of which 50% was contributed by Meliá employees and 50% was a corporate contribution. This action helped cover the needs of employees affected by the eruption of the Cumbre Vieja volcano (La Palma, Canary Islands, Spain)
(2) Understood as the cost to the company of the time spent by employees on community programmes during working hours. The need for teleworking and social distancing and the closure of hotels mean that no contribution has been made through paid employee time.
(3) Refers to the contribution of products, equipment, services and other non-monetary company items to the community. Our social contribution this year has been almost entirely in kind through the use of accommodation or hotel spaces by essential workers and social organisations or the donation of food to vulnerable people.

Environmental indicators

INDICATOR FOR INTENSITY RATIOS	UNIT	2018	2019	2020	2021
Stays in owned and leased hotels	Number	14,571,012	14,129,439	3,826,372	6,361,901

Consolidated Perimeter

ENERGY

GRI: 302-1; 302-3; 302-4 / SASB: SV-HL-130a.1

INDICATOR	UNIT	2018	2019	2020	2021	2021o
Non-renewable fuel (A + B + C)	GJ	585,716	597,736	292,024	329,889	
	MWh	98,273	102,009	53,734	56,660	
A. Natural gas	GJ	355,379	368,897	194,335	204,892	
	m³	8,216,862	8,529,411	4,493,497	4,737,606	
B. Propane	GJ	149,790	156,886	73,781	101,258	
	Tn	3,292	3,448	1,622	2,225	
C. Diesel	GJ	80,546	71,953	23,908	23,739	
	m³	2,105	1,880	625	620	
Non-renewable electricity	GJ	440,441	331,912	204,444	238,292	
	MWh	122,345	92,198	56,790	66,192	
Steam / heating / cooling and other non-renewable energy	GJ	276,904	279,228	146,614	238,425	
	MWh	76,918	77,563	40,726	66,229	
Total non-renewable energy use	GJ	**1,303,061**	**1,208,876**	**643,082**	**806,606**	**627,005**
	MWh	**297,536**	**271,770**	**151,250**	**189,081**	**147,469**
Renewable electricity (with green certification)	GJ	580,069	658,431	318,111	391,689	
	MWh	161,130	182,897	88,364	108,803	
Total energy use (non-renewable + renewable)	GJ	**1,883,130**	**1,867,307**	**961,193**	**1,198,296**	
	MWh	**458,666**	**454,667**	**239,614**	**297,884**	
Energy intensity ratio	GJ / stay	**0.129**	**0.132**	**0.251**	**0.188**	
	MWh / stay	**0.031**	**0.032**	**0.063**	**0.047**	
Total cost of energy use	€	N/A*	N/A*	24,593,193	37,757,845	
Percentage of renewable energy	% total consumption	35.1%	40.2%	36.9%	36.5%	
Percentage of electricity	% total consumption	61.8%	60.5%	60.6%	58.7%	
Data coverage	% portfolio	100%	100%	100%	100%	

(*) In 2018 and 2019 the total cost of energy consumption was calculated only in the aggregate perimeter.

WATER

GRI: 303-5 / SASB: SV-HL-140a.1

INDICATOR	UNIT	2018	2019	2020	2021	2021o
Total municipal water use (or other water services)	m³	3,528,107	3,526,747	2,004,988	2,679,996	
Surface freshwater extraction	m³	-	-	-	-	
Fresh groundwater extraction	m³	3,914,716	3,913,207	2,567,450	2,973,669	
Total water extraction	m³	**7,442,823**	**7,439,954**	**4,572,438**	**5,653,665**	
Discharge: Water returned to the source with a quality similar or superior to the water extracted	m³	7,442,823	7,439,954	4,572,438	5,653,665	
Total net water consumption	m³	-	-	-	-	0
Intensity ratio of net water consumption	m³ / stay	**0.511**	**0.527**	**1.195**	**0.889**	
Data coverage	% portfolio	100%	100%	100%	100%	

(*) In 2017 the data was reported only in the aggregate perimeter.
(**) In 2018 and 2019, no data was available by source of extraction or discharge. In 2020 we have information by source of extraction and continue to work on being able to measure discharges.

WASTE

GRI: 306-1; 306-2; 306-3

INDICATOR	UNIT	2018*	2019*	2020**	2021	2021o
A. Volume of waste generated	Tn	N/A	N/A	6,057	6,065	
B. Volume of waste used / recycled / sold	Tn	N/A	N/A	3,348	3,976	
Net waste generated (A-B)	Tn	N/A	N/A	2,709	2,089	2,229
Recycling rate	% selective collection.	N/A	N/A	55.3%	65.6%	
Data coverage	% portfolio	N/A	N/A	100%	100%	

(*) From 2018 to 2019 the data were only reported in the aggregate perimeter
(**) To improve the reporting system, the 2020 data has been recalculated.

NOX AND SOX EMISSIONS

GRI: 305-7

INDICATOR	UNIT	2018	2019	2020	2021
Total NOx emissions	Kg	71,185	73,159	35,626	41,963
Total SOx emissions	Kg	9,136	8,427	3,146	3,240

CARBON FOOTPRINT

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2018	2019	2020	2021	2021o
Total emissions scope 1	TCO_2eq	36,698	37,069	18,404	20,645	32,074
Emissions intensity ratio scope 1	TCO_2eq / stay	0.003	0.003	0.005	0.003	
Total emissions scope 2	TCO_2eq	148,143	81,923	48,888	71,961	129,477
Emissions intensity ratio scope 2	TCO_2eq / stay	0.010	0.006	0.013	0.011	
Total emissions scope 3*	TCO_2eq	38,535	367,565	88,221	144,631	
Emissions intensity ratio scope 3	TCO_2eq / stay	0.003	0.026	0.023	0.023	
Data coverage	% portfolio	100%	100%	100%	100%	

(*) Scope 3 emissions increase dramatically from 2019 as we expand the measurement categories

Aggregated Perimeter

INDICATOR FOR INTENSITY RATIOS	UNIT	2018	2019	2020	2021
Stays in owned, leased and managed hotels	Number	21,994,362	21,796,651	8,338,039	11,180,898

ENERGY

GRI: 302-1; 302-3; 302-4 / SASB: SV-HL-130a.1

INDICATOR	UNIT	2018	2019	2020	2021	2021o
Non-renewable fuel (A + B + C)	GJ	816,422	802,506	547,879	597,094	
	MWh	133,307	135,449	85,303	98,301	
A. Natural gas	GJ	482,026	489,798	308,425	355,453	
	m³	11,145,635	11,325,335	7,131,536	8,218,944	
B. Propane	GJ	200,315	190,671	123,306	144,860	
	Tn	4,403	4,191	2,710	3,184	
C. Diesel	GJ	134,081	122,036	116,148	96,781	
	m³	3,504	3,189	3,035	2,529	
Non-renewable electricity	GJ	725,469	614,431	807,337	779,934	
	MWh	201,519	170,675	224,260	216,648	
Steam / heating / cooling and other non-renewable energy	GJ	279,119	279,228	146,614	238,425	
	MWh	77,533	77,563	40,726	66,229	
Total non-renewable energy use	GJ	**1,821,010**	**1,696,165**	**1,501,830**	**1,615,453**	**1,464,285**
	MWh	**412,359**	**383,687**	**350,290**	**381,178**	**341,532**
Renewable electricity (with green certification)	GJ	828,657	890,934	441,669	579,161	
	MWh	230,183	247,482	122,686	160,878	
Total energy use (non-renewable + renewable)	GJ	**2,649,667**	**2,587,099**	**1,943,499**	**2,194,614**	
	MWh	**642,542**	**631,169**	**472,975**	**542,057**	
Energy intensity ratio	GJ / stay	**0.120**	**0.119**	**0.233**	**0.196**	
	MWh / stay	**0.029**	**0.029**	**0.057**	**0.048**	
Total cost of energy consumption (by revenues)	€	64,602,536	78,812,082	52,295,572	67,992,089	
Percentage of renewable energy	% total consumption	35.8%	39.2%	25.9%	29.7%	
Percentage of electricity	% total consumption	67.2%	66.3%	73.4%	69.6%	
Data coverage	% portfolio	78%	76%	100%	100%	

Notes: In 2021 we measured the energy use in 100% of the hotels in our aggregate perimeter that form part of our energy management system.

WATER

GRI: 303-5 / SASB: SV-HL-140a.1

INDICATOR	UNIT	2018	2019	2020	2021	2021o
Total municipal water use (or other water services)	m³	7,148,455	7,246,476	6,640,761	6,823,419	
Surface freshwater extraction	m³	23,164	23,482	21,668	22,111	
Fresh groundwater extraction	m³	3,423,448	3,470,390	2,826,862	3,267,786	
Total water extraction	m³	**10,595,067**	**10,740,348**	**9,489,291**	**10,113,316**	
Discharge: Water returned to the source with a quality similar or superior to the water extracted	m³	10,595,067	10,740,348	9,489,291	10,113,316	
Total net water consumption	m³	-	-	-	-	0
Intensity ratio of water extraction	m³ / stay	**0.482**	**0.493**	**1.138**	**0.905**	
Data coverage	% portfolio	78%	76%	100%	100%	

Notes:
In 2021 we measured the water use (m3) in 100% of the hotels in our aggregate perimeter that form part of our energy management system. The table above refers to our total net water consumption, following the CDP Technical Note on Water Accounting, which is aligned with other reporting frameworks such as CEO Water Mandate, WWF, SASB and similar organisations. The table shows the net water consumption of all water sources for vital use in our activity for the reporting year. To make it easier to read, the same source and discharge types analysed in 2021 were used to recalculate previous years. The water reduction target is defined as a 1% reduction in the number of cubic metres used in the target year compared to the base year.

WASTE

GRI: 306-1; 306-2; 306-3

INDICATOR	UNIT	2018	2019	2020*	2021	2021o
A. Volume of waste generated	Tn	34,408	34,549	13,507	15,879	
B. Volume of waste used / recycled / sold	Tn	19,310	19,596	7,183	9,458	
Net waste generated (A-B)	Tn	**15,098**	**14,953**	**6,324**	**6,421**	**7,491**
Recycling rate	% selective collection.	**56.1%**	**56.7%**	**53.2%**	**60.0%**	
Data coverage	% portfolio	78%	76%	100%	100%	

(*) To improve the reporting system, the 2020 data has been recalculated.

NOX AND SOX EMISSIONS

GRI: 305-7

INDICATOR	UNIT	2018	2019	2020	2021
Total NOx emissions	Kg	98,140.79	96,017.00	64,469.14	71,640.00
Total SOx emissions	Kg	14,641.70	13,555.00	12,115.78	10,600.00

CARBON FOOTPRINT

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2018	2019	2020	2021
Total emissions scope 1	TCO_2eq	51,331	50,262	35,884	38,381
Emissions intensity ratio scope 1	TCO_2eq / stay	**0.002**	**0.002**	**0.004**	**0.003**
Total emissions scope 2	TCO_2eq	153,669	120,386	134,762	148,443
Emissions intensity ratio scope 2	TCO_2eq / stay	**0.007**	**0.006**	**0.016**	**0.013**
Total emissions scope 3	TCO_2eq	53,982	410,887	145,666	207,957
Emissions intensity ratio scope 3	TCO_2eq / stay	**0.002**	**0.019**	**0.017**	**0.019**
Data coverage	% portfolio	78%	76%	100%	100%

(*) Scope 3 emissions increase dramatically from 2019 as we expand the measurement categories

SCIENCE BASED TARGET INITIATIVE (SBTI)

GRI: 305-1; 305-2; 305-3; 305-4; 305-5

INDICATOR	UNIT	2018	2019	2020	2021	Δ% 2018-2021	2021o
Total emissions scope 1	TCO_2eq	70,166	68,076	34,793	38,381	-45%	61,325
Emissions intensity ratio scope 1	TCO_2eq / stay	**0.003**	**0.003**	**0.004**	**0.003**		
Total emissions scope 2*	TCO_2eq	320,231	305,806	160,926	190,073	-41%	279,882
Emissions intensity ratio scope 2	TCO_2eq / stay	**0.015**	**0.014**	**0.019**	**0.017**		
Data coverage	% base year portfolio SBTi	100%	100%	100%	100%		

Notes:
The historical data (including the base year) has been recalculated to compare directly with the current year (like for like), as indicated in the SBTi.
(*) The guarantees of renewable origin are not taken into account for the calculation of scope 2, allowing the continuous improvement of our Management System to be analysed.

ENVIRONMENTAL INVESTMENT

INDICATOR	UNIT	2018	2019	2020	2021
Total environmental investment (Capex)	€	4,720,500	3,520,441	10,489,748	2,700,897
Total environmental expenditure (Opex)	€	8,284,694	8,253,814	6,330,537	7,048,651
Total savings generated	€	691,842	1,173,600	994,291	646,860
Data coverage	% portfolio	100%	100%	100%	100%

Note: The above table refers to the total annual investment, including all those investments that involve constant improvements in the environmental impact of our activity. Investments are analysed taking into account whether they are going to reduce any environmental impact and whether they affect the consumption of energy and water or the generation of waste. Environmental investment in 2021 was €2.7M and included improvement projects carried out by the works, risks and environment departments. Meliá made investments in energy and environmental efficiency, such as the adaptation of facilities to legal ventilation requirements, the recovery of residual heat from air-conditioning systems, LED lighting, solar control systems and thermal insulation through the installation of solar film on façade windows, automation systems to optimize energy use, installation of centralised building management systems (BMS), double-glazed windows with aluminium frames, installation of more efficient pumps with speed adjustment, replacement of boilers and equipment for changing fuel, among others.

05

Annexes

Corporate information and contacts

GRI 102-3

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* The Sol Group Corporation is a separate corporation with an office in Miami that provides services to owners and/or operators of hotels located in the Americas that are affiliated with Meliá brands. Melia Hotels International SA does not have an office or otherwise conduct business in the United States of America.

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EU Taxonomy eligibility report

1. INTRODUCTION

1.1 GENERAL SECTION

One of the most important objectives of the EU Sustainable Finance Action Plan is to direct cash flows towards sustainable investments. In this context, the EU Taxonomy Regulation came into force in mid-2020 and has defined new obligations that companies must comply with.

Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment (hereinafter, "the Taxonomy" or "the Regulation") aims to serve as a standard and mandatory classification system to determine which economic activities may be considered “environmentally sustainable” in the EU.

The EU has currently published a catalogue of sustainable activities covering two of the six environmental objectives: climate change mitigation and climate change adaptation. Companies must report annually on the classification of their activities as "environmentally sustainable", in accordance with the EU Taxonomy. To achieve this, a first distinction between Taxonomy-Eligibility and Taxonomy-Alignment has to be made.

Firstly, we have to examine whether an activity is described in Annexes I and II of the Commission Delegated Regulation (EU) 2021/2139, since only those activities can be considered eligible for the Taxonomy.

A second step requires an analysis of whether previously identified Taxonomy-eligible activities can be considered Taxonomy-aligned and therefore “environmentally sustainable”.

In 2022, using data for the 2021 reporting year, and in accordance with a reduced disclosure obligation granted by the EU, only the **economic activities eligible and not eligible for the taxonomy in terms of turnover, capital expenditures (CapEx) and operating expenses (OpEx) have to be published.** Given that this is the first year for this exercise, it is apparent that there are no previous data with which to make comparisons.

1.2 PURPOSE AND SCOPE

According to its article 1.1, Regulation (EU) 2020/852 is applicable to companies that have to publish a non-financial statement or a consolidated non-financial statement by virtue of article 19a or article 29a of Directive 2013/ 34/EU of the European Parliament and of the Council, respectively.

By virtue of the obligations mentioned above, Meliá Hotels Internacional S.A. (hereinafter, "the company" or "Meliá") is required to comply with Regulation (EU) 2020/852, and to report on specific key performance indicators (hereinafter "KPIs") in relation to the eligibility of its activities.

In accordance with the aforementioned regulatory requirements, and based on an analysis of the economic activities carried out by Meliá, it therefore reports the percentage of business / CapEx / OpEx eligible according to the Taxonomy in their respective totals for the fiscal year 2021.

The calculation of these KPIs has been made for the consolidated Group and the companies that comprise it, taking into account that they meet the criteria established by the standard in the information used as the basis for all the indicators.

2. KEY RESULTS

2.1. KPIS

In 2021, Meliá had a total turnover of €773,557,544, with total CapEx of €67,074,590 and total OpEx of €85,035,359.

The analysis has concluded that, of the figures mentioned above, **9.61% of total turnover, 9.45% of total CapEx and 18.73% of total OpEx are eligible**, attending to the criteria defined by the Taxonomy for the objectives of adaptation and mitigation of climate change.

2.2. QUALITATIVE INFORMATION

Eligible activities according to the Taxonomy for 2021		
KPIs	Total (€)	%
Total turnover	773,557,544	100
Eligible turnover	74,359,284	9.61
Ineligible turnover	699,198,259	90.39
Total CapEx	67,074,590	100
Eligible CapEx	6,338,530	9.45
Ineligible CapEx	60,736,060	90.55
Total OpEx	85,035,359	100
Eligible OpEx	15,931,360	18.73
Ineligible OpEx	69,103,999	81.27

In accordance with point 1.2 of Annex I of the Commission Delegated Regulation, complementing Regulation (EU) 2020/852, in 2021, non-financial entities must disclose the following qualitative information.

2.2.1. ACCOUNTING POLICY

In compliance with point 1.2.1 of Annex I of the Commission Delegated Regulation that complements Regulation (EU) 2020/852, below is a description of the way in which turnover, investments in fixed assets and operating expenses must be determined, both with regard to the numerator and denominator of each indicator.

To calculate the amount and percentage of eligibility of Meliá activities for the different indicators, the total turnover, CapEx and the specific OpEx required by the regulations for the different activities have been evaluated according to their eligibility.

TURNOVER

Based on our income statement, the accounts to be processed have been selected based on the Delegated Regulation (EU) of the Commission, as well as the "Final Report- Advice on article 8 of the Taxonomy Regulation" published by ESMA on February 26, 2021.

The revenue accounts recognised for accounting purposes have been selected in accordance with IAS 1, paragraph 82, letter a): “ordinary revenue, indicating separately interest revenue calculated according to the effective interest rate method”. These revenues include:

- ordinary revenue from contracts with customers registered in accordance with IFRS 15;
- Revenue from leases recorded in accordance with IFRS 16, both from operating leases and from financial leases, revenue from interest on accounts receivable from financial leases and other accounts receivable calculated using the effective interest method; and,
- other sources of revenue, when applicable.

The **denominator calculation** is based on the Meliá income statement, selecting only the accounts based on previously defined accounting criteria. These accounts are the following: (a) room sales, (b) food sales, (c) beverage sales, (d) sales of various services, (e) sales of derivative activities, (f) sale of real estate assets, (g) returns on sales, (h) provision of direct services, (i) billing for commissions from loyalty programmes, and (j) revenue from franchise fees.

The final figure will be the sum of all these accounts in the consolidated result after adjustments, since all of them meet the criteria in the European Union Regulation.

The **numerator calculation** is also based on the Meliá income statement used to calculate the denominator, but only considers those items that are eligible based on their analysis in relation to the Taxonomy. For more information on the considerations taken into account to determine whether or not an activity is considered eligible, see sections 2.2.2 and 2.2.3 of this report.

CapEx

For the calculation of this KPI, the detail of the CapEx per project has been extracted from analytical accounting. Based on these data and, following the criteria defined in Annex I and II, section 1.1 of the Delegated Regulation (EU) of the Commission, the types that must be included according to the regulatory mandate have been selected, i.e. those that have been registered in accordance with International Accounting Standards (hereinafter, “IAS”). The types defined for this purpose are: (a) Expansion – rebranding and pre-opening, (b) IT, (c) Business, (d) Operations, (e) Strategic Plan, and (f) Risks.

Additionally, capital expenditures made through joint operations have also been considered as CapEx.

The **denominator calculation** is based on a list of projects with consolidated information after adjustments, taking into account those that can be considered CapEx in accordance with article 8, and indicating whether the project should be chosen based on the accounting criteria established by the Regulation. The total sum of the amounts in these projects constitutes the denominator.

The **numerator calculation** uses the same list of projects, but this time only considering those projects that are eligible based on the criteria defined by the Taxonomy. For more information on the considerations taken into account to determine whether or not an activity is considered eligible, see sections 2.2.2 and 2.2.3 of this report.

OpEx

For the OpEx indicator, the company's consolidated income statements after adjustments have been used as the base information to avoid duplication.

In accordance with the regulations (Annex I, section 1.1 of the Delegated Regulation (EU) of the Commission; and "Final Report-Advice on article 8 of the Taxonomy Regulation" published by ESMA on February 26, 2021) the following accounts have been taken into account in the calculation. The OpEx calculation therefore will include only non-capitalised direct costs recorded in the income statement for the year relating to:

- Research and development expenses.
- Short-term lease expenses.
- Maintenance and repairs, as well as other direct related expenses that are required to guarantee the continued and efficient operation of said assets.
- Previous operating expenses made through joint operations will also form part of OpEx. However, the operating expenses of joint ventures will not be considered as such.

The **denominator calculation** is based on the Meliá income statement, including the accounts selected according to the previously defined criteria, which are the following: (a) Other Rentals, (b) Other IFRS16 Rentals, (c) High or low value short-term rentals , (d) Long-term rent under value, (e) Fees and others, (f) Off-Shore Rent, (g) Repairs and Conservation, (h) Hotel Rental, (i) Hotel Rental IFRS 16 . Meliá does not have an account related to R&D.

The OpEx denominator consists of the sum of all of these accounts for the companies in the consolidated Group.

The **numerator calculation** of the OpEx indicator is based on the calculation of the denominator, but including only those accounts and items that are considered eligible in accordance with the Taxonomy Regulation.

For more information on the considerations taken into account to determine whether or not an activity is considered eligible, see sections 2.2.2 and 2.2.3 of this report.

DOUBLE COUNTING

To **avoid double counting** the numbers for these activities, the company has defined the supervision and control measures required to ensure the consistency and reliability of the information extraction and transformation, thereby guaranteeing the integrity and traceability of the information from its origin to the report of the calculated indicators. The company has defined the appropriate responsibilities and mechanisms for segregating functions that allow the tasks in the process to be supervised, and also to ensure the standardisation of accounting criteria, the correct application of the premises, and the avoidance of any duplication in the assignment of activities. or inter-company relationships in the different indicators.

2.2.2. ASSESSMENT OF COMPLIANCE WITH REGULATION (EU) 2020/852

INFORMATION ON THE ASSESSMENT OF COMPLIANCE WITH REGULATION (EU) 2020/852

In accordance with point 1.2.2.2 of Annex I of the Commission Delegated Regulation supplementing Regulation (EU) 2020/852, Meliá has carried out an analysis to determine whether any of its activities are included in the activities described in Annexes I and II of the Delegated Regulation (EU) 2021/2139 of the Commission.

The main activities carried out by Meliá can be included within the NACE codes: I 55 “Accommodation services”; and I 56 “Food and beverage services”, within division I “Hospitality”. Neither of these two activities is recognised, in principle, as eligible within the EU taxonomy.

However, due to the nature of its corporate purpose, linked to the supply of accommodation services; and its business model, based on ownership, lease, management and franchising of hotels, Meliá has an undoubted real estate dimension in the purchase and sale of properties included in NACE L-68 “Real estate activities”.

This NACE L-68 code, according to the Taxonomy of the European Union, is linked to point 7.7. of the same: “Acquisition and ownership of buildings”.

Additionally, economic activities linked to eligible OpEx and CapEx have been identified in accordance with the following taxonomic activities of the Regulation indicated in the following section.

2.2.3. CONTEXTUAL INFORMATION ON ELIGIBILITY INDICATORS

In accordance with point 1.2.3 of Annex I of the Commission Delegated Regulation supplementing Regulation (EU) 2020/852, the results of the key indicators are reported in the "key results" section, and specifically the criteria applied and assumptions made:

TURNOVER

After an analysis of the activity of the companies included in the perimeter, only the account "'Real Estate Sales" has been considered eligible according to taxonomic activity 7.7 "Acquisition and ownership of buildings". This is because, in this case, Meliá behaves as a real estate company carrying out activities more typical of the NACE code L-68 “Real estate activities”.

Conservative criteria have been applied when evaluating the eligibility of Meliá's turnover, focusing on its real estate dimension.

CapEx

The CapEx eligibility analysis has been carried out in two stages:

ANALYSIS BY TYPE OF INVESTMENT

Firstly, the different types of investment have been analysed to identify the eligible and non-eligible projects. In this case, the types considered potentially eligible are: (a) Expansion, (b) Business, and (c) Risks.

ANALYSIS BY NATURE OF THE PROJECT

In a second stage, the nature of the projects and activity of the company associated with them have been analysed in greater detail for the potentially eligible types identified in the previous stage.

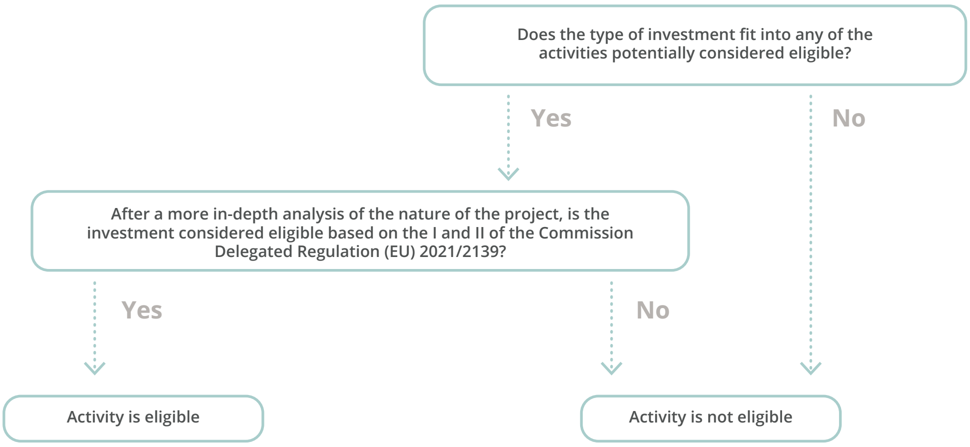
According to that analysis, eligibility or non-eligibility has been identified according to the nature of the projects. In some cases, several projects have been defined as eligible, but their nature is such that they can be applied to several points of the Regulation.

The different eligible activities assigned to CapEx projects are detailed below:

- 5.1. Construction, expansion and operation of water collection, purification and distribution systems.
- 5.2. Renovation of water collection, purification and distribution systems.
- 7.2. Renovation of existing buildings
- 7.3. Installation, maintenance and repair of energy efficient equipment
- 7.5. Installation, maintenance and repair of instruments and devices to measure, regulate and control the energy efficiency of buildings.
- 8.2. Data-driven solutions to reduce greenhouse gas emissions.
- 9.3. Professional services related to the energy efficiency of buildings.

The impact of Meliá in terms of investment projects is largely focused on actions that seek the efficiency of its facilities.

To determine whether an economic activity is considered eligible or not, the following process has been followed:



This work methodology has applied conservative criteria to determine eligibility. In a second stage, knowledge about the nature of the projects will continue to be extended, with the second of the previously described stages acquiring a greater importance.

OpEx

Finally, for the **numerator calculation** for OpEx, only three items are considered eligible within the "Repairs and conservation" account, in accordance with point 7.3 of the Taxonomy, "Installation, maintenance and repair of energy efficient equipment". This is due to the fact that these items include expenses for the repair and conservation of buildings, installations and machinery.

To reach this conclusion, we carried out an analysis of the items that make up 90% of the total balance of the “Repairs and conservation” account to get results with solid materiality.

Once again, this conservative interpretation, solidly supported by the Taxonomy criteria, determines the proportion of OpEx eligible for Meliá.

Non-financial and diversity information requirements (Law 11/2018)

NON-FINANCIAL INFORMATION STATEMENT

CONTENT	GRI RELATED	REPORT CHAPTERS	PAGES	REPORTING SCOPE	EXTERNAL VERIFICATION
Business Model					
Description of the group's business model, including the business environment, organisation and structure, markets in which it operates, objectives and strategies, and the main factors or trends that may affect its evolution	102-1	GRI Standards table of contents	200 - 204	Aggregated	✓
	102-16	Our essence	16		✓
	201-1	Business model	17		✓
	102-2; 102-6	Brand portfolio & positioning	18 - 34		✓
	102-15	Tourism industry vision	43 - 44		✓
	from 102-18 to 102-20; from 102-22 to 102-27	Good governance	62 - 67		✓
	102-4; 102-7; 102-10	Hotel locations	35 - 36		✓
	-	Strategic vision	45 - 47		✓
Environmental Issues					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	103-2	Environment and climate change	130 - 149	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31; 201-2	Risk management	71 - 76		✓
		Climate change	141 - 146		✓
Global Information					
Detailed information on the current and foreseeable effects of the company's activities on the environment, environmental assessment or certification procedures, resources dedicated to the prevention of environmental risks and the application of the precautionary principle	102-11; 102-29; 102-30; 307-1	Environment and climate change	130 - 149	Aggregated	✓
Pollution					
Measures to prevent, reduce or repair carbon emissions taking into account any form of atmospheric pollution specific to an activity	302-4;302-5; 305-1 a 305-5; 305-7	Environment and climate change	131 - 133; 146 - 149; 184; 186	Aggregated & Consolidated	✓
Circular economy					
Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	306-1; 306-2; 306-3;	Waste management	135-137	Aggregated & Consolidated	✓
Actions to combat food waste	103-2	Projects to combat food waste	136	Aggregated	✓
Sustainable use of resources					
Water use	303-5	Water management	132-133; 138; 185	Aggregated & Consolidated	✓
Consumption of raw materials and the measures taken to improve the efficiency of their use		This data is not reported as it is not a material issue for the company.		N/A	✓
Energy consumption and measures taken to improve energy efficiency and the use of renewable energy.	302-1; 302-3; 302-4; 302-5	Energy management	131 - 132; 183; 185	Aggregated & Consolidated	✓
Climate Change					
The important elements of greenhouse gas emissions produced as a result of company activities	201-2; 305-1 to 305-5; 305-7	Climate change	141 - 149	Aggregated & Consolidated	✓
Measures taken to adapt to the consequences of climate change	201-2; 305-5	Climate change	141 - 149		✓
The reduction targets defined voluntarily in the medium and long term to reduce greenhouse gas emissions	103-2; 305-5	Responsible business Climate change	49 - 50; 141 - 149		✓
Protection of biodiversity					
Measures taken to preserve or restore biodiversity and the impacts caused in protected areas	304-1; 304-2	Biodiversity management model	137 - 139	Aggregated & Consolidated	✓
Impacts caused by activities or operations in protected areas	304-1	Biodiversity management model	137 - 139		✓

CONTENT	GRI RELATED	REPORT CHAPTERS	PAGES	REPORTING SCOPE	EXTERNAL VERIFICATION
Social and Personnel Issues					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control.	103-2	People	114 - 123	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	43 - 44; 59 - 60; 71 - 76		✓
Employment					
Total number and distribution of employees by gender, age, country and professional classification	102-8; 405-1	HR indicators	169; 175	Aggregated & Consolidated	✓
Total number and distribution of employment contract types	102-8	HR indicators	171; 177		✓
Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category	102-8, 401-1	HR indicators	169 - 178		✓
Number of dismissals by gender, age and professional classification	401-1 (b)	HR indicators	172		✓
Average remuneration and its evolution by gender, age and professional classification or equal value	405-2	HR indicators	173 - 174	Consolidated	✓
Salary gap, remuneration for equal or average jobs in the company	405-2	HR indicators	173 - 174		✓
Compensation for equal or average jobs in the company	202-1	HR indicators	174		✓
The average remuneration of directors and executives	102-28; 102-35 to 102-39	Composition of the Board of Directors	62 - 67; 69 - 70	Aggregated	✓
Implementation of employee disconnection policies		Digital disconnection	121		✓
Employees with disabilities		Disability and universal accessibility	123; 179	Aggregated & Consolidated	✓
Organisation of work					
Organisation of working hours	102-8 (c)	Organisation of work hours and spaces	120	Aggregated	✓
Number of hours of absenteeism		S&SL indicators	180 - 181	Aggregated & Consolidated	✓
Measures designed to facilitate a work-life balance and encouraging joint responsibility for both parents	401-3 (b,c,e)	New ways of working	50; 120 - 121; 159		✓
Health and safety					
Health and safety conditions at work	403-1; 403-2	Occupational health and safety	124 - 129	Aggregated	✓
Work-related accidents, in particular their frequency and severity	403-9	S&SL indicators	180 - 181	Aggregated & Consolidated	✓
Occupational diseases by gender	403-10	S&SL indicators	180 - 181		✓
Social relationships					
Organisation of social dialogue	102-42; 102-43; 402-1	Stakeholders Table of contents GRI Standards	53 - 54; 200	Aggregated	✓
Percentage of employees covered by collective agreement	102-41	GRI Standards table of contents	200	Aggregated & Consolidated	✓
The balance of collective agreements, particularly in the area of health and safety at work	403-4	GRI Standards table of contents	202		✓
Training					
Policies implemented	103-2 ; 404-2	Training and Development	116 - 119	Aggregated	✓
Total number of hours of training by professional category	404-1	HR indicators	174; 178	Aggregated & Consolidated	✓
Universal accessibility					
Universal accessibility for people with disabilities	103-2	Disability and universal accessibility	123	Aggregated & Consolidated	✓
Equality					
Measures taken to promote equal treatment and opportunities between women and men; equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities; policy against all types of discrimination and, if necessary, management of diversity	103-2; 404-2; 405-1; 406-1	Equality, diversity and inclusion	121 - 123	Aggregated	✓

CONTENT	GRI RELATED	REPORT CHAPTERS	PAGES	REPORTING SCOPE	EXTERNAL VERIFICATION
Human Rights					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control.	103-2	Protection of human rights	156 - 160	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	71 - 76		✓
Human Rights					
Application of due diligence procedures in human rights Prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses	414-2	Protection of human rights	156 - 160	Aggregated	
Complaints about human rights violations	102-17; 411-1	Protection of human rights table of content GRI Standards	156 - 160; 203		
Support and compliance with the provisions of the fundamental conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining. The elimination of discrimination in employment and occupation. The elimination of forced or compulsory labour. The effective abolition of child labour	103-2; 406-1; 408-1; 409-1	Protection of human rights table of content GRI Standards	156; 204		
Corruption and Bribery					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	103-2	Ethics and integrity	77 - 84	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	71 - 74		✓
Corruption and Bribery					
Measures taken to prevent corruption and bribery	205-1; 205-3	Corruption and bribery	80	Aggregated	✓
Measures to combat money laundering	103-2	Money laundering	81		✓
Contributions to foundations and non-profit organisations	102-12; 102-13; 201-1; 415-1	Social indicators	154 - 155		✓
Society					
Policies & Risks					
A description of the policies applied by the group, including due diligence procedures for the assessment, prevention and mitigation of risks and impacts, as well as the procedures for verification and control	103-2	Social impact	154 - 155	Aggregated	✓
The main risks related to the group's activities, including how the group manages those risks and what procedures it uses to detect and evaluate them	102-15;102-29; 102-30; 102-31	Risk management	71 - 74		✓
Commitments of the company to sustainable development					
The impact of the company's activity on employment and local development	103-2; 413-1; 413-2	Social impact	154 - 155	Aggregated	✓
	202-2	People	114 - 123		✓
The impact of the company's activity on local populations and on the territory	204-1; 413-1; 413-2	Supply chain	150 - 152		✓
The relationships with people in the local communities and the channels for dialogue with them	102-43; 413-1	Stakeholders	53 - 58		✓
Partnership or sponsorship activities	102-13	Social indicators	182		✓
Subcontracting and Suppliers					
Inclusion in the purchasing policy of social, gender equality and environmental issues	102-9; 103-2	Supply chain	150 - 153	Aggregated	✓
Consideration given to suppliers and subcontractors regarding their social and environmental responsibility	308-1; from 407-1 to 409-1; 414-1	Selection of suppliers	150 - 153		✓
Supervision and audit systems and their results	308-2; 414-2	Selection of suppliers	150 - 153		✓

CONTENT	GRI RELATED	REPORT CHAPTERS	PAGES	REPORTING SCOPE	EXTERNAL VERIFICATION
Consumers					
Measures taken for the health and safety of consumers;	416-1	Stay Safe with Meliá	128 - 129	Aggregated	✓
Claims systems, complaints received and their resolution	416-2; 417-2; 417-3; 418-1	Customer experience	110 - 112		✓
Fiscal Information					
Profits obtained by country Taxes paid on profits	207-4 (v.2019)	Fiscal transparency	85	Aggregated	✓
Public grants received	201-4	GRI Standards table of contents	201		✓
Other significant information					
Other information about the company profile	102-1; 102-3; 102-5	GRI Standards table of contents	200 - 205	Aggregated	✓
Identification of material issues	102-21; 102-44	Materiality analysis	59 - 61		✓
About this report	102-14; 102-32; from 102-45 to 102-56	About this report	6 - 7		✓
Other information used in the preparation of the document	201-3; 206-1; 419-1	GRI Standards table of contents	200 - 211		✓

SASB Standards table of contents

SUSTAINABILITY DISCLOSURE ISSUES AND ACCOUNTING METRICS

SASB CODE	INDICATOR	UNIT	2020	2021
Energy management				
SV-HL-130a.1	Total energy consumed	GJ per stay	0.2331	0.1963
		GJ	1,943,499	2,194,614
	Grid electricity consumption (over total energy consumed)	%	73.4%	69.6%
	100% renewable energy consumption (over total energy consumed)	%	25.9%	29.7%
Water management				
SV-HL-140a.1	Total water withdrawn	M³ per stay	1.1381	0.9045
		M³	9,489,291	10,113,316
	Total water consumed	M³ per stay	0	0
		M³	0	0
	Portfolio located in regions with high or extremely high baseline water stress	# hotels	93	97
		%	34.4%	35.8%
Ecological Impacts				
SV-HL-160a.1	Portfolio located in or near areas of protected conservation status or endangered species habitat	# hotels	49	53
SV-HL-160a.2	Environmental policy and practices to preserve the ecosystem	Qualitative	Environment and climate change chapter	
Labor practices				
SV-HL-310a.1	Voluntary turnover rate	Rate	12.7%	6.8%
	Involuntary turnover rate	Rate	23.0%	25.5%
SV-HL-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	€	N/A	N/A
SV-HL-310a.3	Average hourly wage of minimum wage employees (by region)	€	N/A	N/A
	Percentage of employees earning minimum wage (by region)	%	N/A	N/A
SV-HL-310a.4	Policies and/or programmes to prevent workplace harassment	Qualitative		People Chapter
Adaptation to climate change				
SV-HL-450a.1	Number of lodging facilities located in 100-year flood zones	# hotels	41	39
		%	15.2%	14.4%

ACTIVITY METRICS

SASB CODE	INDICATOR	UNIT	2020	2021
SV-HL-000.A	Available rooms	Number	13,126,297	16,436,056
SV-HL-000.B	Occupied rooms	Number	4,585,827	6,015,596
	Average occupancy ratio	%	34.9%	36.6%
SV-HL-000.C	Total area of hotel facilities	m²	N/A	N/A
SV-HL-000.D	Owned Portfolio	# hotels	43	37
		%	14%	12%
	Leased Portfolio	# hotels	103	105
		%	32%	33%
	Managed Portfolio	# hotels	124	129
		%	39%	41%

GRI Standards table of contents

GRI CODE	GRI	PAGE	COMMENTS / OMISSIONS
GRI 102: General data			
Organisation profile			
102-1	Organisation name	200	Meliá Hotels International
102-2	Activities, brands, products and services	18-34	
102-3	Headquarters location	188	
102-4	Location of operations	35-36	
102-5	Ownership and legal entity	204	Note 1
102-6	Markets served	18-34	
102-7	Organisation size	35-36	
102-8	Information about employees and other workers	169-171; 175-177	
102-9	Supply chain	150	
102-10	Significant changes in the organisation and its supply chain	35-36	
102-11	Precautionary principle or approach	204	Note 2
102-12	External initiatives	154-155; 182	
102-13	Association membership	161-163	
Strategy			
102-14	Statement by senior executives responsible for decision making	3-4	
102-15	Main impacts, risks and opportunities	43-45; 72-76	
Ethics and transparency			
102-16	Values, principles, standards and rules of conduct	16	
102-17	Advisory mechanisms and ethical concerns	77-82	
Governance			
102-18	Governance structure	62-70	
102-19	Delegation of authority	62-70	
102-20	Executive-level responsibility for economic, environmental and social issues	67	
102-21	Consultation with stakeholders on economic, environmental and social issues	59-61	
102-22	Composition of the highest governance body and its committees	62;65;67;188	
102-23	Chair of the highest governance body	62	
102-24	Nomination and selection of the highest governance body	62; 204	Note 3
102-25	Conflicts of interest	204	Note 4
102-26	Role of the highest governance body in defining objectives, values and strategy	66	
102-27	Collective knowledge of the highest governance body	66	
102-28	Performance assessment of the highest governance body	66	
102-29	Identification and management of economic, environmental and social impacts	59-61	
102-30	Effectiveness of risk management processes	71-76	
102-31	Assessment of economic, environmental and social issues	59-61	
102-32	Role of the highest governance body in sustainability reporting	67	Preparation of the Integrated Report by the Board of Directors
102-35	Remuneration policies	69;120	
102-36	Process to determine remuneration	69;70	
102-38	Annual total compensation ratio	69	
Stakeholder inclusiveness			
102-40	List of stakeholders	53	
102-41	Collective bargaining agreements	200	At the consolidated level, 96.4% of our workers are subject to collective agreements. At the aggregated level, 65.8%
102-42	Identification and selection of stakeholders	53	
102-43	Approach to stakeholder engagement	53	

GRI CODE	GRI	PAGE	COMMENTS / OMISSIONS
102-44	Key issues and concerns raised	59-61	
Reporting practices			
102-45	Entities included in the consolidated financial statements	337	Consolidated Annual Accounts 2021
102-46	Definition of the report content and coverage of issues	59-61	
102-47	List of material issues	59-61	
102-48	Restatement of information	6-7	
102-49	Changes in reporting	6-7	
102-50	Reporting period	201	January 1, 2021 to December 31, 2021
102-51	Date of most recent report	201	Annual Report 2020
102-52	Reporting cycle	201	Annual
102-53	Point of contact for questions about the report	6-7	
102-54	Declaration of report preparation in accordance with GRI Standards	6-7	
102-55	Table of contents GRI	6-7	
102-56	External verification	6-7	
GRI 103: Management approach			
103-1	Explanation of the material issue and its coverage	59-61; 62-70; 71-76; 76-82; 86-103; 104-107; 114-123; 124-129; 130-149; 150-153; 154-155; 156-160; 161-165	
103-2	The management approach and its components		
103-3	Assessment of the management approach		
GRI 201: Financial Performance			
201-1	Direct economic value generated and distributed	155	
201-2	Financial implications and other risks and opportunities due to climate change	144-146	
201-3	Benefit plan obligations and other retirement plans	204	Note 4
201-4	Financial assistance received from the government	201	Subsidies for the year amounted to €35,843.531,35 at the consolidated level and €42,104,897.66 at the aggregate level. Additionally, as a result of employment assistance granted by different countries, exemptions from the payment of social security have amounted to €27,165,318.48 at the consolidated level and €29,115,649.66 at the aggregate level. Training grants of € 169,491.55 at the consolidated level and € 225,455.54 at the aggregate level were received during 2021. Governments are not part of the shareholding structure
GRI 202: Market presence			
202-1	Ratio of standard entry-level wage by gender compared to the local minimum wage	174	
GRI 203: Indirect economic impacts			
203-1	Investments in infrastructure and support services	37-41	
203-2	Significant indirect economic impacts	37-41	
GRI 204: Procurement practices			
204-1	Portion of spending on local suppliers	182	
GRI 205: Anti-corruption			
205-1	Operations assessed for corruption-related risks	80	
205-2	Communication and training on anti-corruption policies and procedures	80	
205-3	Confirmed cases of corruption and measures taken		During the year there were no cases of corruption
GRI 206: Anti-competitive behaviour			
206-1	Legal action related to unfair competition and monopolies and contrary to free competition	201	No new sanctions have been imposed or administrative files opened in this regard by public legal entities in 2021
GRI 207 (v.2019): Taxation			
207-1	Tax approach	83-85	
207-2	Tax governance, control and risk management	83-85	
207-4	Reporting by country	85	
GRI 302: Energy			
302-1	Energy consumption within the organisation	131-132; 183; 185;	
302-3	Energy intensity	131-132; 183; 185	
302-4	Reduction of energy consumption	131-132; 183; 185	
302-5	Reductions in the energy requirements of products and services	131-132	

GRI CODE	GRI	PAGE	COMMENTS / OMISSIONS
GRI 303: Water (v.2018)			
303-1	Interaction with water as a shared resource	132	
303-2	Management of impacts related to water discharges	133	
303-3	Water extraction	132-133; 183; 185	
303-4	Water spills	132-133; 183; 185	
303-5	Water use	132-133; 183; 185	
GRI 304: Biodiversity			
304-1	Operations centres in owned, leased or managed hotels within or next to protected areas or areas outside protected areas with high levels of biodiversity	140	
304-2	Significant impacts of activities, products and services on biodiversity	137-140	
GRI 305: Emissions			
305-1	Direct GHG emissions (Scope 1)	146-147; 184; 186; 208-211	
305-2	Indirect GHG emissions (Scope 2)	146-147; 184; 186; 208-211	
305-3	Other indirect GHG emissions (Scope 3)	148; 184; 186; 208-211	
305-5	Reduction of GHG emissions	146-148; 184; 186	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant atmospheric emissions	184; 186	
GRI 306: Waste (v.2020)			
306-1	Generation of waste and significant impacts related to waste	134-137; 184; 186	
306-2	Management of significant impacts related to waste	134-137; 184; 186	
306-3	Waste generated	135-136; 184; 186	The waste data has been calculated by extrapolation based on a sample of 126 hotels
306-4	Waste not destined for disposal	184; 186	
306-5	Waste destined for disposal	184; 186	
GRI 307: Environmental compliance			
307-1	Breach of environmental laws and regulations	202	There have been no breaches of environmental regulations
GRI 308: Supplier environmental assessment			
308-1	New suppliers screened under environmental criteria	151; 153; 182	
308-2	Negative environmental impacts on the supply chain and measures taken	150-153	
GRI 401: Employment			
401-1 (b)	New employee hires and employee turnover (partial)	172; 178	
GRI 402: Labour relations			
402-1	Minimum notice periods regarding operational changes	202	Depending on the country and hotel, the minimum notice periods are met as stipulated by the applicable collective agreements or, in their absence, as stipulated in the corresponding legislation
GRI 403: Health and Safety at Work (v.2018)			
403-1	Occupational health and safety management system	124-129	
403-2	Hazard identification, risk assessment and incident investigation	127-128	
403-3	Occupational health services	124-129	
403-4	Worker participation, consultation and communication on health and safety at work	204	Note 5
403-5	Training of workers in health and safety at work	117	
403-6	Promotion of worker health	124-129	
403-8	Coverage of the occupational health and safety management system	202	At a consolidated level, 41.05% of our workforce is represented by an occupational health and safety committee. At the aggregated level, 54.88%
403-9	Work-accident injuries	180-181	
403-10	Occupational illnesses	180-181	
GRI 404: Training and education			
404-1	Average hours of training per year per employee	116; 174; 178	
404-2	Programmes to improve employee skills and transition assistance programmes	116-119	
GRI 405: Diversity and equal opportunities			
405-1	Diversity in governance bodies and employees	65; 121; 169; 175	
405-2	Ratio of basic salary and remuneration of women compared to men	173	

GRI CODE	GRI	PAGE	COMMENTS / OMISSIONS
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	203	In 2021, no discrimination cases were detected.
GRI 407: Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	203	Meliá Hotels International has an agreement with UIFUITA that includes these aspects
GRI 408: Child labour			
408-1	Operations and suppliers with significant risk of incidents related to child labour	203	There is no risk within the company. Meliá Hotels International has an agreement with UIF-UITA that includes these aspects, as well as an agreement with UNICEF. In 2018, specific clauses were added to the code of ethics, supplier code of ethics and human rights policy
GRI 409: Forced or compulsory labour			
409-1	Operations and suppliers with significant risks related to forced or compulsory labour	203	There is no risk within the company. Meliá Hotels International has an agreement with UIF-UITA that includes these aspects, as well as an agreement with UNICEF. In 2018, specific clauses were added to the code of ethics, supplier code of ethics and human rights policy
GRI 411: Rights of indigenous peoples			
411-1	Cases of violations of the rights of indigenous peoples	203	No cases of violations of the rights of indigeneous peoples were detected
GRI 412: Human rights assessment			
412-3	Significant investment agreements and contracts that include human rights clauses or subject to human rights assessment	158	
GRI 413: Local communities			
413-1	Operations with local community engagement, impact assessments and development programmes	13-14; 154-155	
413-2	Operations with significant and potential negative impacts on local communities	203	No operations with a negative impact were detected in local communities
GRI 414: Supplier social assessment			
414-1	New suppliers screened using social criteria	151; 153; 158; 182	
GRI 415: Public policy			
415-1	Contributions to parties and/or political representatives	203	No political contribution was made during the year. Our code of ethics does not allow it
GRI 416: Customer health and safety Customer privacy			
416-1	Assessment of the health and safety impacts of products or services	128	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	203	There have been no incidents with regulatory non-compliance regarding health and safety in products and services
GRI 417: Marketing and labelling			
417-2	Incidents of non-compliance concerning product and service information and labelling	203	No regulations regarding information and labelling of products and services have been breached
417-3	Incidents of non-compliance related to marketing communications	203	No cases have been detected regarding non-compliance with regulations or voluntary codes on marketing communications
GRI 418-1: Customer privacy			
418-1	Substantiated claims regarding breaches of customer privacy and loss of customer data	203	During the year there were no complaints about violation of privacy or leakage of customer data
GRI 419-1: Socio-economic compliance (v.2016)			
419-1	Non-compliance with laws and regulations in the social and economic area	203	No significant fines (>30,000 euros) were received as a result of non-compliance with social and economic laws and regulations

GRI NOTES

NOTE 1

Meliá Hotels International, SA (the Company) is a company legally constituted in Madrid on June 24, 1986, under the name Investman, S.A. On June 1, 2011 the corporate name was changed to Meliá Hotels International, S.A. and the company moved its registered office in 1998 to 24 Calle Gremio Toneleros, Palma de Mallorca. Meliá Hotels International, S.A. (the Group) is the parent company of the Meliá Hotels International Group, which presents (in accordance with the requirements of the Commercial Code) consolidated annual accounts in order to show the Group's financial and asset-related position.

NOTE 2

In regard to the initiatives to mitigate the impact of our activity and taking into account the precautionary principle, the system of pre-openings includes a series of environmental criteria, which are reviewed before the opening of any hotel that is built or acquired from a third party.

The criteria reviewed are:

- Availability of the pertinent corporate environmental information
- Waste management
- Control of discharges to drains or direct discharges into the natural environment
- Energy and water efficiency
- Control of atmospheric emissions

NOTE 3

It is the obligation of the directors to inform the Company of any situation of direct or indirect conflict that they may have with the interest of the company, in accordance with the provisions in Article 28 of the Regulations of the Board of Directors. Likewise, the Nomination and Remuneration Committee, in accordance with the provisions in Article 15.2. of the Regulations of the Board of Directors, must inform the Board of Directors about transactions that involve or could involve conflicts of interest and proposing, where appropriate, the measures to be adopted.

NOTE 4

Post-employment benefits: the cost of defined benefit pension plans is determined by actuarial valuations. Actuarial valuations require the use of hypotheses about discount rates, the return on assets, salary increases, employee mortality and turnover tables, as well as the retirement age of employees entitled to these benefits. These estimates are subject to significant uncertainties due to the long term settlement of these plans.

The valuation of these obligations has been carried out by independent experts of recognised prestige, using actuarial valuation techniques.

Defined benefit pension plans: Pension plans that do not have the nature of defined contribution are considered defined benefit plans. Generally, defined benefit plans set out the amount of the benefits the employee will receive at the time of retirement, usually based on one or more factors, such as age, years of service and compensation.

The Group recognises on the balance sheet a provision with respect to the defined benefit premiums established in the collective agreements for the difference between the present value of the compensations paid and the fair value of the possible assets subject to the commitments with which the obligations will be settled, reduced, if applicable, by the amount of the costs for past services not yet recognised. If an asset arises from the previous difference, its valuation cannot exceed the current value of the economic benefits available in the form of reimbursements from the plan or reductions in future contributions to the same.

The costs for past services are recognised immediately in the profit and loss account, except in the case of revocable rights, in which case they are charged to the profit and loss account on a straight-line basis in the remaining period until the rights for past services are irrevocable. The present value of the obligation is determined by actuarial calculation methods and financial and actuarial assumptions that are unbiased and compatible with each other. The Company recognises directly in the statement of comprehensive income, the gains and losses arising from the variation in the present value and, where applicable, the assets affected by changes in actuarial assumptions or adjustments due to experience.
Certain collective agreements in force and applicable to some group companies establish that permanent staff who choose to terminate their contract with the Company after a certain number of years linked to it shall receive a cash award equivalent to a number of monthly payments proportional to the years worked. During the year, an assessment of said agreements was carried out using the actuarial assumptions of the Group's own employee turnover model, applying the calculation method known as Projected Unit Credit and demographic hypotheses corresponding to the PER2000P tables. The balance of provisions, as well as the activation of payments for future services, cover these commitments acquired, according to an actuarial study carried out by an independent expert. More details on this valuation are provided in Note 17.2 of the Consolidated Annual Accounts.
With regard to pension commitments and obligations stipulated in collective agreements affected by the Ministerial Order of 2 November 2006, the Group has made the corresponding outsourcing. The assets affected by these outsourcing operations are presented by reducing the balance of the commitments acquired.

NOTE 5

Meliá does not maintain specific agreements with trade unions regarding safety and health beyond those included in collective agreements. These agreements include, where applicable, aspects such as health and safety training, insurance and safety equipment, among others. If these agreements do not include specific aspects on Health and Safety, ultimately, they shall meet at least the stipulations regarding health and safety legislation applicable in each country. In 2021, there were no negotiations within collective agreements.

Global Compact table of contents

Since 2013, Meliá has been a member of the Spanish Global Compact Network, and since 2018 a signatory partner of the same. The integration of these guiding principles in the 2021 Integrated Annual Report can be seen in the following table.

Scope & Principles		Objectives	Human Rights Management Systems			Annual report
			Governance	Regulatory system	Management tools	
General	1 & 2	Support and respect the protection of internationally declared human rights and ensure that they are not participants in human rights violations	Remuneration, Appointments & Sustainability Committee Ethics Committee Code of Ethics Office	Code of Ethics Supplier Code of Ethics Human Rights Policy Purchasing & Service Contracting Policy Sustainability Policy	Complaints Channel Risk Map (Global & ESG) Accountability Principles AA1000SES (2011) Supplier Evaluation System Country-Risk Fact Sheets	P.53-54 P.76-78; 80; 120 P.149-152 P.155-159
Employment	3	Defend freedom of association and the effective recognition of the right to collective bargaining	Equality Committee Company Committees Health & Safety Committees	Human Resources Policy Occupational Health & Safety Policy Privacy Policy Equality Plan (Spain) Equality Decalogue (international) Dhaka Principles	Health and Safety Management System Healthy Work Environment Programme Sexual Abuse Identification Protocol (hotels) Plan to combat sexual exploitation in work environments Employability and labour inclusion programmes	P.113-124 P.123-128 P.155-159
	4	Support the elimination of all forms of forced or compulsory labour.				
	5	Defend the effective abolition of child labour				
	6	Defend the elimination of discrimination with respect to employment and occupation				
Environmental	7	Support a preventative approach to environmental challenges	Remuneration, Appointments & Sustainability Committee Sustainability Committee	Climate Change & Environment Policy	Energy Management System Environmental Management System Investment with efficiency and sustainability criteria Waste management and reduction systems Biodiversity management system	P.129-148
	8	Implement activities to encourage greater environmental responsibility				
	9	Promote the development and use of environmentally friendly technologies				
Anti-corruption	10	Fight corruption in all its forms, such as extortion and bribery	Audit & Compliance Committee Sustainability Committee Compliance Office	Anticorruption Policy Regulatory Compliance Policy Corporate Governance Policy Fiscal Strategy Policy	Crime Prevention & Detection Model Criminal Compliance Management System Financial Information Internal Control System (SCIIF) Criminal Risk Map Crime Prevention Protocol Internal audits Philanthropy & Social Action Management System	P.79-84

Meliá Hotels International is a signatory member of the Spanish Network of the Global Compact. This 2021 Consolidated Management Report responds to the Global Compact criteria in its CoP (Communication on Progress), through which Meliá, as an associated company, reports on actions carried out in relation to the 10 Principles in the Global Compact and communicated to its stakeholders following the Global Compact reporting policy. This document reaches an advanced reporting level following the Global Compact guidelines.

Glossary

2021o	2021 Objective
Asset light	Hotel portfolio growth category based on operational management models.
ARR - Average Room Rate	Average price per every occupied room
B2B - Business to Business	Transactions involving products and services between two companies
B2C - Business to Consumer	Sales of products and services to end consumers
Bleisure - Business + leisure	The combination of business and leisure travel
Business development	Department dedicated to brand positioning and value creation for customers
CBG/GGC	Good Governance Code
CDP - Carbon Disclosure Project	Organisation that evaluates the positioning of companies in climate change
CNMV	Spanish Securities Market Commission.
COSO - Committee of Sponsoring Organizations of the Treadway Commission	Framework for the implementation of risk management and internal control systems
CSA - Corporate Sustainability Assessment	Annual evaluation of companies with regard to sustainability carried out by S&P Global
CUBG	Unified good governance code
Customer Journey	Contact points with customers during their trip or stay at the hotel (before the stay, during the stay and after their departure)
EBIT - Earnings Before Interest and Taxes	Results before interest and taxes
EBITDA - Earnings before Interest, Taxes, Depreciation and Amortization	Gross operating profit before interest, taxes, depreciation and amortization
EBITDAR - Earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs	Gross operating profit without considering the expenses derived from leases or rentals
E-commerce - Electronic commerce	Distribution, purchase or sale of products and services over the Internet
EMEA - Europe, Middle East and Africa	Europe, Middle East and Africa
ESG - Environmental, Social & Governance	Environment, social and governance
Eessential brands	Hotel category for a customer segment that appreciates high-quality standards, but with greater price sensitivity
F&B - Food & Beverage	Food and Beverage
GDPR - General Data Protection Regulation	General Data Protection Regulation of the European Union for the protection of personal data
GRI - Global Reporting Initiative	Global standard for the preparation of sustainability reports that evaluates the economic, environmental and social performance of companies
GSS - Guest Satisfaction Score	Indicator that measures customer satisfaction
GSTC - Global Sustainable Tourism Council	Manages global standards for sustainability in travel and tourism
High-end	A segment characterised by high purchasing power and demanding exclusivity, luxury, authenticity and excellence.
Aggregate Information	Includes information on owned, leased and managed hotels
Consolidated Information	Includes information on owned and leased hotels (consolidation perimeter)
JV - Joint ventures	Joint investment company that acquires the ownership of a hotel
Lifestyle hotel	A type of hotels that have their own identity and personality.
Meeting & Events	Meetings and Events Segment
NPS - Net Promoter Score	Indicator that measures the level of recommendation from customers with regard to the hotel
SDG	Sustainable Development Goals, part of the United Nations 2030 Agenda
OTA - Online Travel Agency	Online travel agencies mainly dedicated to the sale of travel services or products on the Internet
PCI - Security Standards Council	System that ensures the data security in credit card payments

Phishing	A method used by cybercriminals to deceive, defraud or obtain personal or professional data
Pipeline	Portfolio of hotels signed and pending opening
PMS -Property Management System	Technology used for hotel operations
Premium brands	Segment of hotels offering high-quality products and services and luxury experiences
Proxy advisers	Entities that provide advisory services to investors, mainly institutional, in relation to the exercise of voting rights derived from the ownership of shares in listed companies
Q	Quarter
QPI - Quality Penetration Index	Quality index providing a comparison with competitors. Provides a reputation indicator compared to competitors
Luxury brands	Brands providing maximum luxury and quality for the most discerning customers
Revenue Management	The management and improvement of hotel revenue and sales
ReviewPRO	Satisfaction surveys for a specific customer segment (agencies)
RevPAR - Revenue Per Available Room	Indicator that measures the revenue generated by room sales divided by the total number of rooms available over a given period of time
CSR	Corporate Social Responsibility

SBTI - Science Based Targets initiative	An initiative that aims to help define science-based strategies to combat climate change and reduce greenhouse gas emissions
ICFR	An internal control system for financial information that defines a series of processes to provide reasonable assurance regarding the reliability of financial information published in the markets.
SET - Senior Executive Team	Management Committee made up of the senior management of the company
Stay safe	Program designed to ensure the health and safety of our customers and employees during COVID-19
Sustainability Yearbook	Published by S&P Global and evaluating companies based on their performance in sustainability and environmental, social and governance criteria
Tour Operators Tour Operators	Companies that offer package-travel products to consumers
Upgrade	An offer to a customer to enjoy a service or product of a higher category than the one they originally booked
Upscale	Segment of hotels with the highest product and service standards or of a superior category
VP	Vice President
VUCA (Volatility, Uncertainty, Complexity & Ambiguity)	Acronym that defines the business context in a volatile, uncertain, complex and ambiguous environment

Carbon footprint methodology

The calculation and reporting of our carbon footprint includes all the facilities where we have operational control, i.e. 100% of the owned, leased and managed hotels.

The methodology used to calculate the carbon footprint follows the procedure in the internationally accepted GHG Protocol.

We have defined highly ambitious emission-reduction targets to assist in keeping the planet's average temperature increase below 1.5 ºC. The targets have been validated by the Science-based Target Initiative (SBTi) up to 2030 and in the three different scopes.

The following scopes are considered in the footprint calculation:

SCOPE 1

Scope 1 greenhouse gas emissions are those derived from using fuels for heating and/or DHW or from leaks of fluorinated gases in our own facilities.

SCOPE 2

Scope 2 greenhouse gas emissions are indirect emissions caused by the generation of energy the company then consumes and not generated in our own facilities. Included in this category is the purchase of electricity, district heating and district cooling.

SCOPE 3

Given the nature of our business model, Scope 3 emissions are very significant in our activity. Therefore, following recommendations and best practices, we continue to make progress in measuring our Scope 3 footprint, which includes all the following categories in our value chain.

CATEGORY 1 PURCHASED GOODS AND SERVICES

Indirect emissions in this category are estimated through an input/output economic analysis, using a proprietary tool and the emission factors from the database for CEDA 5 calculations (Complete environmental data sheet v5.0. CEDA provides information on emissions in the life cycle per monetary unit spent on goods and services).

The methodology for calculating emissions first breaks down the annual expense for each group of items purchased in the year, taking into account the company code assigned to each group, and making it possible to differentiate between OPEX and/or CAPEX. Secondly, the cost of each group of articles is multiplied by the emission factor that best fits its denomination in the CEDA data set.

The following are the key data used for the calculation of category 1:

- This category includes all upstream emissions from the production of all goods or services purchased or acquired in the reporting year (2021).
- It includes materials (tangible products) and services (intangible products).
- Source: Database of purchasing companies.
- The emission factors used from CEDA 5 (Complete environmental data file v 5.0.

CATEGORY 2 CAPITAL GOODS

Indirect emissions in this category are estimated through an input/output economic analysis, using a proprietary tool and the emission factors from the database for CEDA 5 calculations (Complete environmental data sheet 5.0. CEDA provides information on emissions in the life cycle per monetary unit spent on goods and services).

The methodology for calculating emissions first breaks down the annual expense for each group of items to identify the capital goods purchased or acquired in the year of the report. Secondly, the cost of each group of articles is multiplied by the emission factor that best fits its denomination in the CEDA data set.

The following are the key data used for the calculation of category 2, equipment and/or capital goods acquired:

- This category includes all upstream emissions caused by equipment and/or capital goods acquired in the reporting year (2021)
- Source: Database of purchasing companies.
- The emission factors used from CEDA 5 (Complete environmental data file v 5.0.

CATEGORY 3 FUEL AND ENERGY CONSUMED BY THE COMPANY (NOT INCLUDED IN SCOPE 1 AND 2)

These emissions are those associated with fuel and energy consumed, but not included in scopes 1 and 2. We calculate these emissions due to the fact that our fuel and energy consumption is a significant part of scope 3 emissions.

We used the AEI database (2018 version) and followed the updated Standard to use electricity emission factors and grid loss data from global emission data sources (IEA, DEFRA and individual countries) to calculate transmission and distribution losses and emissions associated with the extraction, production and transportation of fuel.

CATEGORY 4 TRANSPORTATION AND DISTRIBUTION (UPSTREAM)

This category is currently not calculated as it is considered to be of little relevance in the services industry and is associated with categories 1 and 2, which are calculated.

We are currently integrating this data into a new procurement tool which will allow us to include the definition of the data collection processes and the data provided by suppliers into the calculation. Suppliers will be required to provide information related to sustainability vehicles and action plans to reduce emissions.

CATEGORY 5 WASTE

The emissions associated with the management of waste generated on site are calculated taking into account the emissions derived from its treatment by third parties (recycling, composting, dumping and incineration).

The emissions associated with the management of waste generated on site are calculated based on the treatment alternative: recycling (19.7%), composting (10.3%), landfill disposal (60.2%) and incineration (9.7%); and the emission factors for each of them provided by UNEP (United Nations Environment Program).

CATEGORY 6 BUSINESS TRAVEL

The following calculations have been made to obtain scope 3 emissions associated with business travel:

- Emissions associated with flights based on the number of kilometres travelled and the emission factor provided by the UK National Energy Foundation.
- Emissions associated with train travel based on the number of kilometres travelled and the emission factor provided by the UK National Energy Foundation.
- Emission derived from car rentals calculated using the carbon calculator of the UK National Energy Foundation.
- The emissions offset by our partners (Cabify and JoinUp) have been discounted from the total calculation of emissions in this category.

CATEGORY 7 COMMUTE TO WORK (EMPLOYEES)

In order to be able to calculate the emissions associated with the commute of our employees worldwide, we have created a survey to collect data on the distance each of them travels every day from their home to their workplace, the means of transport they use and the number of trips they make every day.

Using this information and the emission factors in the GHG Protocol, we have calculated total emissions for 2021.

We have made a huge effort to calculate the emissions caused by the commute of employees. In the 2019 survey update, the level of participation was higher than in 2018, with an increase of more than 270% in the number of employees who participated.

CATEGORY 8 LEASED ASSETS (UPSTREAM)

Upstream leased assets are assets leased by the company whose impact is not included in Scope 1 and 2 inventories. They are not covered by our calculation of scope 3 emissions as they are considered insignificant compared to our scope 1 and 2 emissions.

CATEGORY 9 TRANSPORTATION AND DISTRIBUTION (DOWNSTREAM)

Downstream transport and distribution refers to the emissions associated with the distribution of products and services sold. Although we provide transportation services through rented vehicles, the emissions associated with this service are considered insignificant compared to our gross emissions.

CATEGORY 10 PROCESSING OF SOLD PRODUCTS

No processing of sold products is included in our operations. Meliá provides hospitality services, so this category is not considered relevant in our report.

CATEGORY 11 USE OF SOLD PRODUCTS

The emissions related to the products sold are considered in Scope 1 and 2 and categories 1 and 2 of scope 3, where the resources required for the hotel services provided by the company are taken into account. This category is therefore not considered relevant in our report.

CATEGORY 12 END OF LIFE TREATMENT OF SOLD PRODUCTS

Our operations do not include the processing of sold products nor the treatment at the end of the useful life of the sold products. Meliá provides hospitality services, so this category is not considered relevant in our report.

CATEGORY 13 LEASED ASSETS (DOWNSTREAM)

Downstream leased assets are assets owned by the company and leased to other entities. We lease some assets such as premises within our hotels, but usually the emissions associated with these uses are considered our own and included within our scope 1 and 2 emissions. Therefore, we do not consider this category relevant in our report.

CATEGORY 14 FRANCHISES

Franchised hotels are outside the scope of the carbon emissions calculations since the information related to fuel and electricity consumption is not reported by these hotels. However, the Meliá Energy Department carries out internal verifications of the energy consumption in an insignificant number of franchises, as this information is not available in the Meliá SAP platform and in our current Energy Management platform. This category is therefore not considered relevant.

CATEGORY 15 INVESTMENTS

The calculation of this category is not included as it is considered that investments are already considered within the calculation of scope 1, 2 and 3 emissions (Categories 1 and 2).

Annual Corporate Governance Report

Year 2021

IDENTIFICATION DETAILS OF ISSUER

Ending date of reference period: 31/12/2021

Tax ID: A78304516

Company Name: MELIA HOTELS INTERNATIONAL S.A.

Registered Office: GREMIO DE TONELEROS, 24, POL. IND. SON CASTELLÓ (PALMA DE MALLORCA) BALEARIC ISLANDS

A. Ownership Structure

A.1 Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether Company Bylaws contain the provision of double loyalty voting:

NO ☒

YES ☐ Date of approval by the Meeting: N/A

Minimum period of uninterrupted ownership required by the Bylaws: N/A

Indicate whether the Company has granted votes for loyalty:

YES ☐ NO ☒

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
01/09/2020	44,080,000	220,400,000	220,400,000	N/A	220,400,000

Number of shares registered in the special registry book pending the expiry of the loyalty period: N/A

Remarks

Indicate whether there are different classes of shares with different rights attaching thereto:

YES ☐ **NO ☒**

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

Remarks

A.2 List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attributed to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Global Alpha Capital Management Ltd.		5.118%			5.118%		
Hoteles Mallorquines Asociados, S.L.	13.763%				13.763%		
Hoteles Mallorquines Agrupados S.L.	10.826%				10.826%		
Mr. Gabriel Escarrer Juliá		5.388%			5.388%		
Hoteles Mallorquines Consolidados, S.L.	24.365%				24.365%		

Remarks

Breakdown of the indirect shareholding:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% of voting rights attributed to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote
Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018, S.A.	5.388%		5.388%	

Remarks
Global Alpha Capital Management Ltd. is a discretionary asset manager based in Canada, which submitted the notification on behalf of various pooled funds and customer accounts of which Global Alpha Capital Management Ltd. has discretionary control of the voting rights. The shares of the pooled funds are held by several customers. Global Alpha Capital Management Ltd. does not hold shares on its own behalf.

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements
The shareholding of Global Alpha Capital Management Ltd., increased from 3.15% in 2020 to 5.118% in 2021.

A.3 Give details of the participation at the close of the financial year of the members of the Board of Directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A.2 above:

Name or company name of the director	% of voting rights attributed to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to shares with a loyalty vote	
	Direct	**Indirect**	**Direct**	**Indirect**		**Direct**	**Indirect**
Mr. Gabriel Escarrer Jaume	0.076%				0.076%		
Mr. Luis María Díaz de Bustamante y Terminel	0.00013%				0.00013%		
Mr. Jose María Vázquez Pena Pérez (Hoteles Mallorquines Agrupados S.L.)	0.019%				0.019%		
Mr. Alfredo Pastor Bodmer (Hoteles Mallorquines		0.0026%			0.0026%		

Asociados, S.L.)							
Total	0.0951%	0.0026%	-	-	0.0977%	-	-

Total percentage of voting rights held by the members of the Board of Directors
30.075%
Remarks
According to the instructions, the voting rights held by the company Hoteles Mallorquines Consolidados, S.L., represented on the Board by Ms María Antonia Escarrer Jaume, have not been included. The shareholding indicated in this section for Hoteles Mallorquines Asociados, S.L., relates to the indirect shareholding of its natural person representative Mr. Alfredo Pastor Bodmer through his spouse. The shareholding indicated in this section for Hoteles Mallorquines Agrupados, S.L. relates to the direct shareholding of its natural person representative Mr. José María Vázquez-Pena Pérez.

Breakdown of the indirect shareholding:

Name or corporate name of director	Name or company name of direct shareholder	% of voting rights attributed to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares indicate, where appropriate, the % of additional votes attributed corresponding to shares with a loyalty vote

Remarks

List the total percentage of voting rights represented on the Board:

total percentage of voting rights represented on the Board of Directors	54.44%

Remarks
Ms María Antonia Escarrer Jaume is an External Proprietary Director appointed to represent the significant shareholder Hoteles Mallorquines Consolidados, S.L. This company is a significant shareholder of the Company and owns 24.365% of the share capital of Meliá Hotels International, S.A., as mentioned in section A.2 of this report.

A.4 If applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the Company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in Section A.6:

Name or company name of related party	Type of relationship	Brief description
Hoteles Mallorquines Agrupados S.L.	Corporate	As indicated in the Significant Event dated October 11, 2018 (registered with number 270438), the company Hoteles Mallorquines Agrupados, S.L., together with Hoteles Mallorquines Consolidados, S.L. and Hoteles Mallorquines Asociados, S.L., for the sole purpose of meeting its obligation to notify significant shareholding, notified the percentage of voting rights in Meliá Hotels International, i.e. 10.388%, resulting from its direct shareholding. In such notice it was indicated that the shareholders owning 100% of the share capital in the mentioned companies continue to be members of the Escarrer Family (Mr. Escarrer Juliá, his wife and their 6 children) and that there is no controlling shareholder in any of these companies, although, they have the same shareholders. Following the capital reduction agreed by the General Shareholders' Meeting on July 10, 2020, its total percentage of voting rights in Meliá's capital is 10.826%.
Hoteles Mallorquines Asociados, S.L.	Corporate	As indicated in the Significant Event dated October 11, 2018 (registered with number 270438), the company Hoteles Mallorquines Asociados, S.L., together with Hoteles Mallorquines Consolidados, S.L. and Hoteles Mallorquines Agrupados, S.L., for the sole purpose of meeting its obligation to notify significant shareholding, notified the percentage of voting rights in Meliá Hotels International, i.e. 13.206%, resulting from its direct shareholding. In such notice it was indicated that the shareholders owning 100% of the share capital in the mentioned companies continue to be members of the Escarrer Family (Mr. Escarrer Juliá, his wife and their 6 children) and that there is no controlling shareholder in any of these companies, although, they have the same shareholders. Following the capital reduction agreed by the General Shareholders' Meeting on July 10, 2020, its total percentage of voting rights in Meliá's capital is 13.763%.

Hoteles Mallorquines Consolidados, S.L.	Corporate	As indicated in the Significant Event dated October 11, 2018 (registered with number 270438), the company Hoteles Mallorquines Consolidados, S.L., together with Hoteles Mallorquines Asociados, S.L. and Hoteles Mallorquines Agrupados, S.L., for the sole purpose of meeting its obligation to notify significant shareholding, notified the percentage of voting rights in Meliá Hotels International, i.e. 23.379%, resulting from its direct shareholding. In such notice it was indicated that the shareholders owning 100% of the share capital in the mentioned companies continue to be members of the Escarrer Family (Mr. Escarrer Juliá, his wife and their 6 children) and that there is no controlling shareholder in any of these companies, although, they have the same shareholders. Following the capital reduction agreed by the General Shareholders' Meeting on July 10, 2020, its total percentage of voting rights in Meliá's capital is 24.365%.

A.5 If applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the Company and/or its group, unless they are insignificant or arise in the ordinary course of business:

Name or company name of related party	Type of relationship	Brief description

A.6 Unless insignificant for both parties, describe the relationships that exist between significant shareholders or shareholders represented on the Board and directors or their representatives in the case of directors that are legal persons.

Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship / post
Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018, S.A.	N/A	Mr. Gabriel Escarrer Juliá is the Founder of Meliá Group and also holds control of the company Tulipa Inversiones 2018, S.A.

Ms María Antonia Escarrer Jaume	Hoteles Mallorquines Consolidados, S.L.	N/A	Ms María Antonia Escarrer Jaume is the daughter of Mr. Gabriel Escarrer Juliá, and shareholder (without holding control) of the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Asociados, S.L. and Hoteles Mallorquines Agrupados, S.L.
Mr. Alfredo Pastor Bodmer	Hoteles Mallorquines Asociados, S.L.	N/A	Prior to his appointment as natural person representative, Mr. Alfredo Pastor Bodmer was External Independent Director and, subsequently, after 12 years, "Other" External Director.
Mr. Jose María Vázquez-Pena Pérez	Hoteles Mallorquines Agrupados S.L.	N/A	Mr. Jose María Vázquez- Pena is natural person representative of the proprietary director Hoteles Mallorquines Agrupados, S.L.

Remarks

A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

YES ☐ NO ☒

Parties to the shareholders' agreement	% of share capital concerned	Brief description of the agreement	Expiry date of the agreement, if any

Remarks
As described in the Significant Event dated October 11, 2018, Mr. Gabriel Escarrer Juliá, his wife and their 6 children, in their capacity as direct or indirect shareholders of the companies through which they hold interest in the share capital of Meliá, notified the CNMV and the Company that a shareholders' agreement was entered into, the purpose of which was to reinforce, on a temporary basis, the majority system to adopt certain resolutions by the General Shareholders' Meeting and the Board of Directors in commercial companies and which affect certain exceptional issues, with each of their signatories maintaining free vote and, therefore, without concertation on the management of the commercial companies or Meliá. The signatories consider that the Shareholders' Agreement does not have the status of an 'agreement subject to disclosure' pursuant to the Spanish Corporate Enterprises Act, and its registration with the Commercial Registry is not required, although, to ensure transparency, the signatories sent an extract of the Agreement to both Meliá and the CNMW.

Indicate whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

YES ☐ NO ☒

Parties to the concerted action	% of share capital concerned	Brief description of the concerted action	Expiry date of the concert, if any

Remarks
As described in the Significant Event dated October 11, 2018 (registration number 270439) and in the above remarks section, after the signing of the mentioned Shareholders' Agreement, there is no concertation on the management of the Commercial Companies or Meliá Hotels International.

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

YES ☐ **NO ☒**

Name or company name

Remarks

A.9 Complete the following tables with details of the Company's treasury shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
277,014		0.126%

Remarks

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
Total:	

Remarks

Explain any significant changes during the year:

Explain significant changes

A.10 Provide a detailed description of the conditions and terms of the authority given by the General Shareholders' Meeting to the Board of Directors to issue, repurchase, or dispose of treasury shares.

The General Shareholders' Meeting held on July 10, 2020, adopted, inter alia, the following resolution:

"To expressly authorise the Board of Directors for the derivative acquisition and disposal of shares of the Company under the following terms and conditions:

- The acquisition and disposal may be carried out through sale and purchase transactions, swap or any other transaction permitted by law, on one or more occasions, directly or through subsidiaries.

- The acquisitions must be carried out at a price or consideration value not less than 90% and not exceeding 110% of the closing price of the shares at the previous day's meeting.

- This authorisation is granted for a term of five (5) years from the adoption of this resolution.

- The acquisitions may be made, at any time, up to the maximum amount permitted by law, and shall be subject to the provisions from time to time of the Treasury Stock Policy and other applicable regulations, as well as the limitations established for the acquisition of treasury stock by the regulatory authorities of the markets where the Company's shares are admitted to trading.

- For the purposes of the provisions of Article 146 of the Spanish Corporate Enterprises Act, the shares acquired pursuant to this authorisation, as well as those previously held by the Company, may be delivered, in whole or in part, directly or through the exercise of option rights, to the employees or directors of the Company and/or its Group.

By means of this resolution and according to Article 249a section l) of the Spanish Corporate Enterprises Act, the Board of Directors is expressly authorised so that, in turn, it may delegate to the CEO the powers referred to in this resolution.

This authorisation revokes the authorisation granted to the Board of Directors at the General Shareholders' Meeting, dated June 4, 2015, without this affecting the acquisitions carried out thereunder."

A.11 Estimated floating capital:

	%
Estimated floating capital	40.32%

Remarks

A.12 Indicate whether there are any restrictions (bylaws, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

YES ☐ **NO ☒**

Description of restrictions

A.13 Indicate whether the General Shareholders' Meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.

YES ☐ **NO ☒**

If so, explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations would cease to apply

A.14 Indicate whether the company has issued shares that are not traded on a regulated EU market.

YES ☐ **NO ☒**

If so, indicate each share class and the rights and obligations conferred.

Indicate the various share classes

B. General Shareholders' Meeting

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act (CEA) for General Shareholders' Meetings and the quorum set by the Company, and if so give details:

YES ☐ **NO ☒**

	% quorum different from that established in Art. 193 of CEA for general matters	% quorum different from that established in Art. 194 of CEA for the special matters provided for in Art. 194 CEA
Quorum required at 1st call	-	-
Quorum required at 2nd call	-	-

Description of differences

B.2 Indicate whether there are any differences between the Company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act (CEA) and, if so, give details:

YES ☒ NO ☐

Describe how it is different from the regime provided in the CEA.

	Qualified majority other than that set forth in Article 201.2 of CEA for matters referred to in Article 194.1 of CEA.	Other matters requiring a qualified majority
% established by the Company for the adoption of resolutions	0.00%	60.00%

Description of differences
According to Article 28.2 of the Company Bylaws, in order that the General Shareholders' Meeting may validly approve the change of the Company's corporate purpose, the request for delisting of the Company's shares, or the transformation or winding up of the Company, the vote in favour of SIXTY PERCENT (60%) of the share capital present or represented at the General Shareholders' Meeting will be required, both at first and second call.

Nevertheless, when there are present at second call shareholders representing less than FIFTY PERCENT (50%) of the share capital with voting rights, the resolutions mentioned in this section may only be passed with the vote in favour of TWO THIRDS (2/3) of the share capital present or represented at the General Shareholders' Meeting.

The merger, as well as the demerger, either total or partial, segregation and global assignment of assets and liabilities of the Company will also require the vote in favour of the qualified majority mentioned in the previous paragraph of this section, except when said merger or demerger involves companies that, either directly or indirectly, are majority owned by the Company, in which case the general system provided for in Section 28.1 (simple majority of votes of shareholders present or represented at the meeting, except in those cases where the Law or the Company Bylaws require a higher majority) shall apply.

Article 28.3 of the Company Bylaws states that resolutions to change Articles 3 (Registered address), 7 (Accounting Register of Shares and Register of Shareholders), 8 (Legitimation of Shareholders), 24.3 (Quorum), 24.4 (Special quorum), 28 (Majorities for the approval of resolutions), 33 (Appointments to the Board of Directors) and 38 (Delegation of powers) of the Company Bylaws will require the vote in favour of at least SIXTY PERCENT (60%) of the share capital present or represented at the General Shareholders' Meeting, both at first and second call.

B.3 Indicate the rules for amending the Company Bylaws. In particular, indicate the majorities required for amendment of the Company Bylaws and any provisions in place to protect shareholders' rights in the event of amendments to the Company Bylaws.

Article 30.1.h) of the Company Bylaws establishes that the General Shareholders' Meeting has the power to approve any modification of the Company Bylaws.

Pursuant to Article 24 of the Company Bylaws, the Ordinary or Extraordinary General Shareholders' Meeting shall be constituted at first or second call whenever the shareholders in attendance or represented meet the legal and statutory minimum quorums regarding the percentage of share capital for the different matters on the Agenda according to current legislation.

Notwithstanding the foregoing, in order that the General Shareholders' Meeting may validly approve the change of the Company's corporate purpose, the request for delisting of the Company's shares, or the transformation or winding up of the Company, shareholders representing fifty percent (50%) of the share capital with voting rights must be in attendance at first call. At second call, the attendance of shareholders representing twenty-five percent (25%) of share capital with voting rights will suffice.

According to Article 28 of the Company Bylaws, the resolutions of the General Shareholders' Meeting will be passed by a simple majority of the votes of shareholders present or represented at the Meeting, except in the circumstances where the Law or Bylaws provide for a higher majority. Thus, in order that the General Shareholders' Meeting may validly approve the change of the Company's corporate purpose, the request for delisting of the Company's shares, or the transformation or winding up of the Company, the vote in favour of SIXTY PERCENT (60%) of the share capital present or represented at the General Shareholders' Meeting will be required, both at first and second call. Nevertheless, when, at second call, shareholders representing less than fifty percent (50%) of the share capital with voting rights are in attendance, the resolutions mentioned in this section may only be passed with the vote in favour of two thirds (2/3) of the share capital present or represented at the General Shareholders' Meeting.

B.4. Give details of attendance at General Shareholders' Meetings held during the reporting year and the two previous years:

	Attendance data					Of which, floating capital				
Date of General Meeting	% physical presence	% present by proxy	% distance voting		Total	% physical presence	% present by proxy	% distance voting		Total
			Electronic voting	Other				Electronic voting	Other	
10/06/2021	54.48%	14.89%	0.01%	5.51%	74.89%	0.02%	14.89%	0.01%	5.51%	20.43%
10/07/2020	54.292%	6.757%	0.004%	10.124 %	71.178 %	0.005%	6.757%	0.004%	10.124 %	16.890 %
18/06/2019	52.43%	10.37%	0.00%	14.03%	76.83%	0.02%	10.37%	0.00%	14.03%	24.42%

Remarks
Given the restrictions on attendance at the meetings due to health and social distance measures required by the health authorities, and following the recommendations of the new Good Governance Code of Listed Companies, the Company continued to opt for the implementation of telematic attendance and voting measures, thus allowing shareholders and investors to actively and informedly participate in the 2021 Ordinary General Meeting by means of a digital platform for telematic attendance designed to that end.

B.5. Indicate whether any item on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.

YES ☐ **NO ☒**

Items on the agenda not approved	% votes against (*)

(*) If the non-approval of the item was for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

B.6. Indicate whether the Company Bylaws contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:

YES ☒ NO ☐

Number of shares required to attend General Meetings	300
Number of shares required for voting remotely	1

Remarks

B.7 Indicate whether it has been established that certain decisions, other than those established by Law, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Shareholders' Meeting.

YES ☐ **NO ☒**

Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by Law

B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the Company's website.

The address for accessing the company's website is: www.meliahotelsinternational.com, and documents relating to the Company's corporate governance and General Shareholders' Meetings are displayed by clicking on Shareholders and Investors' section: https://www.meliahotelsinternational.com/es/accionistas-e-inversores/gobierno-corporativo/junta-general-de-accionistas Likewise, the Company makes available to shareholders and their representatives its Platform for Telematic Attendance at the General Shareholders' Meeting and the Electronic Forum.

C. Structure of the Company's Administration

C.1 Board of Directors:

C.1.1. Maximum and minimum number of directors established in the Company Bylaws and the number set by the General Meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the General Meeting	11

Remarks

C.1.2 Complete the following table on Board members:

Name or company name of director	Representative	Category of director	Position on the Board	Date first appointed	Date of last appointment	Election procedure	Date of birth
Mr. Gabriel Escarrer Juliá		Proprietary	Chairman	07/02/1996	18/06/2019	Resolution of the General Shareholders' Meeting	02/03/1935
Mr. Gabriel Escarrer Jaume		Executive	Vice Chairman - Chief Executive Officer	07/04/1999	10/06/2021	Resolution of the General Shareholders' Meeting	28/01/1971
Ms María Antonia Escarrer Jaume		Proprietary	Director	10/06/2001	10/06/2021	Resolution of the General Shareholders' Meeting	05/01/1963
Mr. Luis Mª Diaz de Bustamante Terminel		Independent	Secretary Director	30/11/2010	10/06/2021	Resolution of the General Shareholders' Meeting	25/08/1952
Mr. Fernando D'Ornellas Silva		Independent	Coordinating Director	13/06/2012	10/06/2021	Resolution of the General Shareholders' Meeting	29/10/1957
Mr. Francisco Javier Campo García		Independent	Director	13/06/2012	10/06/2021	Resolution of the General Shareholders' Meeting	01/05/1955
Ms Carina Szpilka Lázaro		Independent	Director	25/02/2016	10/07/2020	Resolution of the General Shareholders' Meeting	13/12/1968
Hoteles Mallorquines Asociados, S.L.	Mr. Alfredo Pastor Bodmer	Proprietary	Director	18/06/2019	18/06/2019	Resolution of the General Shareholders' Meeting	30/09/1944
Ms María Cristina Henríquez de Luna Basagoiti		Independent	Director	18/06/2019	18/06/2019	Resolution of the General Shareholders' Meeting	15/09/1966
Hoteles Mallorquines Agrupados S.L.	Mr. José María Vázquez-Pena Pérez	Proprietary	Director	10/07/2020	10/07/2020	Resolution of the General Shareholders' Meeting	01/03/1948
Ms Cristina Aldámiz-Echevarría González de Durana		Independent	Director	28/07/2021	28/07/2021	Co-option	22/03/1970
Total number of directors				11			

Indicate any cessations, whether through resignation or by resolution of the General Meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
Mr. Juan Arena de la Mora	Other External Director	06/06/2018	28/07/2021	Auditing and Compliance Committee	YES

Reason for cessation when this occurs before the end of the term of office and other remarks; information on whether the director has sent a letter to the remaining members of the Board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the General Meeting
Mr. Juan Arena de la Mora ceased to be an Other External Director on 28 July 2021 through voluntary resignation. Mr. Juan Arena de la Mora informed of his resignation at the meeting of the Board held on 28 July 2021, stating that his resignation was a result of having lost his status as an External Independent Director, a position that he held for over 12 years. Likewise, Mr. Juan Arena de la Mora previously (25 March 2021) resigned as a member of the Auditing and Compliance Committee.

C.1.3 Complete the following tables on the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organisation chart of the company
Mr. Gabriel Escarrer Jaume	Executive Vice Chairman and Chief Executive Officer

Profile

Gabriel Escarrer represents the second generation of the founding family of what is today Meliá Hotels International, a multinational company with presence in more than 40 countries and part of Ibex 35 index, with more than 390 hotels in 4 continents.

After graduating from Wharton School, Gabriel Escarrer Jaume worked at the investment bank Salomon Brothers in New York, from which he took part in the successful initial public offering of Meliá Hotels International, a company founded by his father, Gabriel Escarrer Juliá, in 1956. Escarrer combines a strong strategic vision and a financing approach, with a purely hotelier vocation, and after he joined the company, he led a strong advance in the Company's expansion and diversification of the business model, providing Meliá with greater financial strength in an increasingly complex environment in the international tourism sector, as well as a strong competitive position.

Since he was appointed Vice Chairman and Chief Executive Officer of the Group, Escarrer also fostered an unprecedented cultural and organisational transformation, with a clear focus on corporate responsibility, sustainability and talent and people management. In 2016, after the Founder's renunciation of his executive powers, he became the top executive, leading since then an intense process of digital and cultural transformation, which has positioned the company at the leading edge of digitalisation and which, together with the financial consolidation process and the evolution of the business model, has allowed Meliá Hotels International to be better prepared to face the major disruption caused by the COVID-19 pandemic in the whole tourism industry during 2020 and 2021.

He is considered one of the 10 best business managers in Spain and one of the most influential Chief Executive Officers in Spain, according to Forbes magazine. In 2019, he was appointed Chairman of Exceltur, the Spanish Alliance for Excellency in Tourism, assuming a strong leadership in heading the sector most affected by the pandemic. A staunch defender of the values underpinning the family business, under his management, Meliá Hotels International was recognised in 2019 and 2020 as the most sustainable hotel chain in the world, obtaining the second position in 2021, according to the Corporate Sustainability Assessment carried out by Standard & Poors Global, and the seventh company with more sustainable management at an international level, according to the Wall Street Journal.

Total number of executive directors	1
Percentage of Board	9.09

EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director
Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018, S.A.
Profile	
In 1956 Gabriel Escarrer Juliá was only 21 years old when he founded what is now called the Meliá Hotels International group, with a 60-room hotel on the island of Majorca, where he was born, and where he still maintains the headquarters of what has now become one of the most successful hotel companies in the world. Over his six decades as Executive Chairman, the Group consolidated its leadership in Spain, hub of the vacation travel in Europe, which later was extended to the American Caribbean and Southeast Asia, and expanded its strategy to urban hotels in Spain, Europe, Asia and Americas in the 90's, an approach that has led him to be considered one of the drivers of the internationalisation of the Spanish enterprise and one of the most important figures in the tourism at an international level. The company was growing also through acquisition of other hotel chains, representing the acquisition by the Group founded by Escarrer in 1984 of two of the most important hotel chains at that time in Europe, Hotasa and Meliá, a significant step in the history of the Group. His focus on customers and his vision led him to early implement a broad portfolio of hotel brands differentiated for the various traveller profiles, which today represents one of the great strengths of Meliá. In 1996, the Company's IPO marked a new stage of growth which was strengthened by the Group's strategic plans, and the debut of the second generation of family members in management, marking the beginning of a deep cultural transformation in the Group to address the challenges of the new business environment in the 21st century. After emerging stronger from the financial crisis that shook the sector between 2008 and 2013, and after making sure that the Company was in safe hands, Gabriel Escarrer Juliá resigned his executive powers in December 2016, which were transferred to his son Gabriel Escarrer Jaume as Vice Chairman and Chief Executive Officer, with the founder becoming Non-Executive Chairman of the Board of Directors and the General Shareholders' Meeting of the Group. After maintaining for more than six decades the strong founding values, the Group founded by Gabriel Escarrer was recognised by Standard & Poor Global, in the Corporate Sustainability Assessment, as the most sustainable hotel chain in the world in 2019 and 2020, obtaining the second position in 2021, thanks to its ethical, social and environmental commitment. Escarrer has received numerous awards for his contribution to the international hotel sector, including the "Personalidad Turística del Siglo" (Tourism Personality of the Century) award in 1998, "Hotelero del año" (Hotelier of the year) award by the magazine HotelsMag, and several lifetime achievement awards, such as those granted by the International Investment Forum, the World Tourism Organisation or the European Hospitality Awards. He is a member of the exclusive "Hall of Fame" of the British Travel Industry and of the "Hall of Honor" of the Conrad N. Hilton of the Houston University and in 2016 he was appointed as Honorary Ambassador of Brand Spain by the King of Spain. In 2021 he published his memoirs "My Life", a book that narrates his entire career and details the significant aspects that comprise the legacy he hopes to leave to the present and future generations of tourism professionals.	

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director
Hoteles Mallorquines Asociados, S.L. - natural person representative Mr. Alfredo Pastor Bodmer	Hoteles Mallorquines Asociados, S.L.
Profile	
Mr. Pastor Bodmer is Graduate in Economics , Ph D in Economics, Massachusetts Institute of Technology and Doctor in Economics. Professor of Economic Theory since 1976, he has held different positions since 1980, such as Professor of Economics, Boston University (1980-1981), Country Economist, World Bank (1981-1983), Manager of Planning, INI (1983 – 84), Managing Director, INI (1984 – 85), Chairman, ENHER (1985 – 90), Counsellor of the Bank of Spain (1990 – 93), Manager of the Instituto de la Empresa Familiar (1992-93), Secretary of State for the Economy (1993 - 95), Instituto de Estudios Superiores de la Empresa (IESE): Extraordinary Professor (1996-97) and Ordinary Professor (1997 - 2015); Chair of Spain, CEIBS (since 2000), Dean of CEIBS (China Europe International Business School), Shanghai, China (2001-2004), Chair of Emerging Economies, Banco Sabadell, 2009. He is currently a member of the Board of Directors of Meliá Hoteles International and Copcisa, having previously been a member of other Boards such as the Board of Miquel y Costas, Bansabadell Inversión and Hidroeléctrica del Cantábrico, among others. Author of multiple publications, in 2011 he received the Conde de Godó Award.	

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director
Ms María Antonia Escarrer Jaume	Hoteles Mallorquines Consolidados, S.L.
Profile	
Ms María Antonia Escarrer Jaume was trained mainly in Marketing and Human Resources in prestigious schools such as ESADE, EADA and Cornell University, NYC. She specialised in the development of leadership and managerial skills, promoting programmes of Executive Development, Leadership, Marketing and Negotiation. Trained as an executive coach by IE Business School and as a Senior Ontological Coach by Newfield Consulting, she is ACC accredited by ICF (International Coaching Federation). Maria Antonia Escarrer held various positions at Melia, innovating policies and business processes. From 1991 to 1994 she joined the General Directorate of Marketing, period in which she implemented the Communication, Loyalty and Market Research policy, as well as the inclusion of Marketing plans in the business units. From 1996 to April 2000 in the General Directorate of Human Resources, she was involved in the implementation of performance management and competency-based management as well as the definition, implementation and development of the different aspects of the Company's remuneration policies. She participated in the design of training and professional career plans and the implementation and coordination of all aspects related to the organisational structure. Between 2005 and 2011, she was head of the General Directorate of Sustainability, turning the social action department into a General Directorate of Sustainability and making sustainability a strategic line within the Company. Since October 2000 she is a member of the Board of Directors of Meliá Hotels International and of the Appointments and Remuneration Committee. She is also a Transpersonal Mindfulness Expert by the Escuela Transpersonal. Since 2012, she works as a coach at an executive and personal level specialised in supporting professionals in times of career change as well as in the development of managerial skills.	

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director
Hoteles Mallorquines Agrupados S.L., natural person representative Mr. José María Vázquez-Pena Pérez	Hoteles Mallorquines Agrupados S.L.
Profile	
Law degree from the University of Santiago de Compostela. General Management Programme (PDG) from IESE. He began his professional career as a lawyer at the Ministry of Labour. Two years later, he joined the energy company Fenosa (later renamed Unión Fenosa), where he developed his career for 31 years. In 2000, he led the launching of the Corporate University, a pioneer in Spain. He was a member of the Management Committee of Unión Fenosa and of various Boards of Directors of the Group and Secretary of the Appointments and Remuneration Committee. In 2009 he left the company after its acquisition by Gas Natural, being at that time Managing Director of Resources and responsible for the areas of Organisation, HR, Corporate University, Procurement and Logistics, Real Estate Management, Corporate Works, Security and General Services. Since 2010, he has focused his activity on advising and counselling individuals and companies in matters related to his professional experience. He currently participates in the renewable energy company Smartener, is a member of the Board of Directors of Luckia and Torres & Sáez and advisor to the Board of the Escarrer family.	

Total number of proprietary directors	4
Percentage of Board	36.36
Remarks	

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director
Ms Carina Szpilka Lázaro
Profile
Ms Szpilka Lázaro is Graduate in Economics and Business Sciences from ICADE E-2 and Executive MBA from Instituto de Empresa in Madrid. She has held positions at Santander Investment, Argentaria (currently, BBVA) and ING Direct between 1991 and 2013, where she was VP (Vice President) of the Customer Service, Sales and Internet department, as well as Executive VP of the Mortgages Business Line, and for the last five years, CEO of ING Direct in France and then in Spain. She has also performed voluntary work as Vice Chairwoman of Unicef Spain for four years and as a member of the Board of Trustees of Fundación Create. She is currently an Independent Director of ABANCA, where she chairs the Remunerations Committee, of Grifols where she also chairs the Auditing Committee and of Meliá Hotels International, a company in which she is a member of the Auditing and Compliance Committee and the Appointments, Remuneration and Corporate Social Responsibility Committee. She is also a founding member and Chairwoman of K Fund Venture Capital, from where she promotes digital citizen programmes aimed at reducing the digital gap of digital competences. As a founder of K Fund, a fund of Venture Capital, since 2016, the director Szpilka is continuously exploring and analysing new technologies and innovative business models, particularly in the development of digital companies in the tourism, education, health, artificial intelligence or security sectors. She has received numerous awards, including: “Mujer Directiva del Año” (Female Director of the Year) award, Fedepe (2011), “Premio a la carrera fulgurante” (The Brilliant Career Award), ICADE (2012), “Medalla de oro del forum alta dirección” (Gold Medal of Senior Management Forum) (2012), “Premio Emprendedores al Mejor Directivo del año” (Entrepreneurs Award to the Best Director of the Year) (2013), “Premio #ElTalento Cinco Días al Talento Ejecutivo” (Cinco Días #TheTalent Award for Executive Talent) (2014), “Premio a la Excelencia Profesional” (Award for Professional Excellence), ADigital (2014) and “Eisenhower Innovation Fellow” (2014).

Name or company name of director
Mr. Fernando D'Ornellas Silva
Profile
Degree in Law and Economics from ICADE-E3 and MBA from IESE in Barcelona (International Section), from 1983 to 1985 he worked as Deputy Financial Director at Johnson & Johnson Spain. He has also held several positions within the Bergé Group since 1985, Chief Financial Officer of Toyota Spain until 1992, Chief Executive Officer of Chrysler Spain from 1992 to 2004, Chairman of Chrysler Portugal from 1997 to 2012, Chairman of Chrysler Colombia from 2010 to 2012, Chairman of KIA for Argentina, Peru and Portugal from 2004 to 2012, Chairman of Mitsubishi Motor Peru from 2010 to 2012, Vice Chairman of Mitsubishi Motors Chile from 2001 to 2012, Vice Chairman of SKBergé Latin America from 2001 to 2012, Chairman of Bergé Automoción from 2004 to 2012 and Chief Executive Officer of Bergé Group from 2007 to 2012. Since 2004 he has held, among others, the following positions: member of the Board of Directors, Chairman of the Remuneration Committee between 2007 and 2009, and Chairman of the Auditing Committee in 2009 of ENDESA S.A. Member of the Board of Directors and Chairman of the Auditing Committee between 2007 and 2009 and Director in charge of supervising the activities of subsidiaries in Peru, Colombia, Argentina and Brazil for ENDESA CHILE. Member of the Board of Directors (2013-2015) and Chairman of the Auditing Committee (2014-2015) of DINAMIA. Vice Chairman of the Asociación de Nacional de Importadores de Automóviles, Camiones, Autobuses y Motocicletas from 2004 to 2012. Founding member of the Fundación España-Chile and Fundación España-Perú in 2011 and 2012. Member of the Fundación Consejo España-China and Fundación Consejo España-Japón; Adviser for Mitsubishi Corporation in the acquisition of shares in Acciona Termosolar, S.A. in 2010 and 2011, and Vice Chairman of the Real Club de la Puerta de Hierro between 2006 and 2010. He was a member of the Advisory Board of WILLIS IBERIA from March 2013 to December 2017 and a member of the Board of Directors of GPIAC (GP Investments Acquisition Corp.) from June 2015 to October 2017. Currently, he is a member of the Board of Directors since June 2012, Coordinating Director, Chairman of the Auditing and Compliance Committee and Chairman of the Appointments, Remuneration and Corporate Social Responsibility Committee of Meliá Hotels International S.A. He is a member of the Board of Directors of PROSEGUR since April 2016, a member of the Auditing and Compliance Committee (since April 2017) and a member of the Appointments and Remuneration Committee. Senior Advisor Spain and LATAM for MITSUBISHI CORPORATION since March 2013; Senior Advisor for Spain and Latam for Lazard Asesores Financieros S.A. since June 2013 and a member of the Advisory Board of FERTIBERIA, since March 2020. He is also a member of the International Advisory Board of Hispanic Society of America and its representative in Spain; Member of the Board of the Real Club de la Puerta de Hierro since 2010, Vice Chairman of the International Board of the Teatro Real in Madrid since 2015; Member of the Fundación España-Estados Unidos since 2016 and a Member of the Fundación Consejo España-Japón since 2017.

Name or company name of director
Mr. Francisco Javier Campo García
Profile
Industrial Engineer from the Universidad Politécnica de Madrid, he began his career in 1980 at Arthur Andersen. Later, in 1985 he joined Día, where for 24 years he held the position of World Chairman of the Dia International Group, and he was also a member of the Carrefour Group's Global Executive Committee for 15 years. From 2009 to 2014, he was Chairman of the Zena group, the leading multi-brand restaurant chain company in Spain. The group comprises five brands: Foster's Hollywood, La Vaca Argentina, Cañas y Tapas, Domino's Pizza and Burger King. He has also been Chairman of the Cortefiel Group (Cortefiel, Springfield, Women-Secret) from 2014 to 2016 and a member of the Board of Directors of Bankia, Chairman of the Risk Advisory Committee, Chairman of the Auditing and Compliance Committee, a member of the Appointments and Responsible Management Committee and a member of the Technology and Innovation Committee of the bank between 2012 and 2021. He is currently Chairman of AECOC (Association of Large Consumption Companies) which represents more than 20% of the Spanish GDP and has more than 30,000 associated companies, where he has participated in projects of environmental and social sustainability (lean&green, Smart distribution, food waste, deforestation, etc.). He is a member of the Board of Directors of Caixabank, a member of the Appointments Committee and a member of the Auditing and Control Committee of such entity, a member of Board of Directors of Meliá Hotels International, Chairman of its Auditing and Compliance Committee and a member of the Appointments, Remuneration and Corporate Social Responsibility Committee; a member of the Advisory Board of the Grupo de Alimentación Palacios, a member of the Advisory Board of AT Kearney and a member of the Advisory Board of Pastas Gallo. He is also a member of the Board of Trustees of Fundación ITER, a member of merit of Fundación Carlos III, a board member of the Fundación Caixabank and a board member of A.P.D. (Association for the Progress of Management). He was awarded the Order of Merit of the French Republic.

Name or company name of director
Mr. Luis Mª Díaz de Bustamante Terminel
Profile
Born in Torrelavega (Cantabria, Spain) on 25 August 1952. Graduated in Law from the Universidad Complutense de Madrid. Practising lawyer since 1975. Partner of the law firm Isidro D. Bustamante (1942-1980/2018). His professional career has been mainly focused on the areas and practice of civil, trade and civil procedural and international law, as well as on consultancy services for entrepreneurs and corporations. Mr. Luis Mª is a member of the Board of Directors of Meliá Hotels International and a member of the Appointments, Remuneration and Corporate Social Responsibility.

Name or company name of director
Ms María Cristina Henríquez de Luna Basagoiti
Profile
Ms María Cristina Henríquez de Luna Basagoiti has a Degree in Business Management and Administration from the Universidad Pontificia de Comillas de Madrid (ICADE-E2). Since 2014, she is Chairwoman and General Manager in Spain and Responsible for Iberia and Israel at GlaxoSmithKline (GSK), where she leads the strategic, business and organisational planning and general operations. As Chairwoman, she is in charge of the company's corporate governance and risk management, in a highly regulated environment, as well as of the communication with external relations and institutions. In recent years, she has led significant changes in the Company, including corporate transactions, acquisitions and divestments and an important restructuring of business transactions to adapt them to the new digital environment and the use of new technologies in the health sector, successfully launching new respiratory and oncological medications and vaccines. Prior to her current position, she was European Vice Chairwoman of Finance at GSK and finance manager of New Global Franchises at the headquarters of the company in the UK. Before joining GSK, she worked at Procter & Gamble, where she held the position of Vice Chairwoman for Finance and Accounting for Western Europe (from 2006 to 2010) in Switzerland, being responsible for financial planning, controls and organisation of 17 countries and various categories of mass consumption, luxury and health care products. Previously and since 1989, year in which she joined as a financial analyst, she has had extensive experience in other financial positions in Europe and Latin America, such as Treasury Manager for Latin America (2001-2004) and Finance Manager for Latin America (North Region) headquartered in Mexico, where she acquired a wealth of experience in the management of organisational changes, acquisition of new businesses, sovereign risks and crisis in highly volatile environments. Cristina is an independent director at Applus Services since July 2016, and a member of the Auditing Committee of this company. Vice Chairwoman of Fundación Ciencias de la Salud and Vice Chairwoman and a member of the Governance Board and the Management Board of Farmaindustria. She is a member of the Board and actively collaborates with other institutions that are aligned with the strategy of sustainability and responsible innovation of GSK, including, but not limited to, SERES, COTEC, España Salud, the British Chamber of Commerce and Forética. She has collaborated with various institutions for the advancement of women and the protection of children. Cristina received the "Premio Impulso a la Promoción de la Mujer" (Drive for the Advancement of Women Award) (Fedepe, 2020) and "Mejor CEO del año" (Best CEO of the year) (Expansión, 2021). Her efforts as the leader of GSK have been successful since the company was recognised as the Best company to work for in Spain of all the sectors by Forbes (2020) and by Actualidad Económica (2021), as well as by Fundamed, with "Mejor Compañía Farmacéutica" (Best Pharmaceutical Company) (2016) and "Impulso al Talento Femenino" (Promotion of Female Talent) (2018) awards.

Name or company name of director
Ms Cristina Aldámiz-Echevarría González de Durana
Profile
She has a Degree in Economics and Business Sciences from the Universidad Comercial de Deusto, with majors in Finance. She developed her professional activity as an analyst at the Departamento de Desarrollo de la Bolsa de Valores de Lima (Perú) between 1993 and 1994, and subsequently as CFO at ONA electroerosión, S.A. (Durango) between 1994 and 2000 and as an associate at Merrill Lynch Europe, Investment Banking, telecommunications in London, in 2001. Since 2002 she has held different positions at ACS (Actividades de Construcción y Servicios S.A.) within the corporate directorate with seat in Madrid: initially as Head of Corporate Development (2002-2016) and since 2016 as Head of Finance and Corporate Development. She has been a member of several Boards of Directors: Másmóvil Ibercom S.A. (2016-2020), Bow Power, S.L. (2015-2019), Saeta Yield S.A. (2015-2018), Clece S.A. (2012-2014) and TBI Ltd. (2007-2012).

Total number of independent directors	6
Percentage of Board	54.54

Remarks

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
Mr. Juan Arena de la Mora	30/03/2021	Independent Director	Other External Director

Remarks
Mr. Juan Arena de la Mora is no longer a director of the Company.

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of total directors for each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Proprietary	1	1	1	1	25.00%	25.00%	25.00%	25.00%
Independent	3	2	2	1	50.00%	33.33%	33.33%	20.00%
Other external	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	4	3	3	2	36.36%	27.27%	27.27%	18.18%
Remarks								

C.1.5. Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

YES ☒ NO☐ PARTIAL POLICIES ☐

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the appointments and remunerations committee to achieve a balanced and diverse presence of directors.

If the Company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved
The Company has a Director Selection and Diversity Policy that sets the diversity objectives for both the Board and Senior Management of the Company. In particular, the objective is to have 40% of women on the Board by 2023. As mentioned in other sections of the ACGR, the current percentage of women on the Board is 36.36% which represents an important increase in the last year which started with 27.27%, i.e. 3 women out of a total of 11 directors. During the reporting year, the number of women increased from 3 to 4 out of a total of 11 directors. The Appointments, Remuneration and CSR Committee and the Board itself will continue to follow the Policy for the selection (and re-election) processes.

C.1.6 Describe the measures, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

Explanation of measures
The Company acknowledges full equality of opportunities in all of its actions; a criterion that is applied by the Appointments, Remuneration and Corporate Social Responsibility Committee in the selection process of new Directors, ensuring that there are no hidden biases which impede the selection of female directors. During the procedures for selection of Directors, the Appointments, Remuneration and Corporate Social Responsibility Committee assesses the skills and experience of candidates based on criteria of objectivity, among other parameters, evaluating the profile of candidates and promoting equal opportunities between women and men, ensuring that there is no discrimination based on gender and making sure transparency exists throughout all processes. Likewise, in the processes for selection of independent directors, internationally renowned firms are relied on to search for potential candidates who have the profile sought by the Committee. Also, the competency matrix prepared by the Appointments, Remuneration and CSR Committee in 2019 (and updated in 2020 and 2021) is considered to adapt potential candidates to the structure and competencies of the Board. This matrix identifies the skills, experience and training of all the members of the Board of Directors:

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/Documents/Matriz%20de%20competencias/mhi_matriz_competencias_feb22_es.pdf

In particular, the Company's Director Selection and Diversity Policy includes as a guiding principle to be observed in the processes "The assessment of all potential candidates under equal opportunities and objectivity criteria to avoid any type of implicit bias that may imply any type of discrimination."

As for the measures applicable to senior management, it should be noted that the scope of the Director Selection and Diversity Policy includes the senior management, establishing to that effect that "diversity of nationality, gender, knowledge and expertise in the Company's senior management shall be also promoted, encouraging, as far as possible, the presence of a significant number of women in the Company's senior management".

If in spite of any measures adopted there are few or no female directors or senior executives, explain the reasons for this:

Explanation of reasons

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

Explanation of conclusions
During 2021 and regarding the proposals for new appointments or re-election of Directors submitted to the General Shareholders' Meeting for approval, the Appointments, Remuneration and Corporate Social Responsibility Committee assessed compliance with the Director Selection and Diversity Policy in force at that time when preparing the legally applicable Reports and Proposals, which were made available to the shareholders through the Company's website, and, in summary, established that "...the Board of Directors must include and maintain among its members Directors with extensive professional background and wide experience in different sectors, with a perfect knowledge of the operations of the Company and commitment to its values, and with ability to understand and adapt in a constantly-changing industry growing both geographically and technologically. To achieve this, the competencies, skills, and expertise of the directors have been assessed according to the competency matrix recently reviewed by the Committee." With regard to the recommendations of the Good Governance Code of Listed Companies in force at the time of preparation of the relevant reports and proposals, the recommendations relating to the percentage of proprietary and independent directors, and in particular, the following: "the percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital ". In this sense, the Board of Directors, with a total of ELEVEN (11) members, is made up of SIX (6) external independent directors, FOUR (4) external proprietary directors, and ONE (1) executive director. After the appointments and re-elections carried out during this year, the existing proportion between external proprietary and independent directors has been maintained (36% vs. 54%) and, although the right of proportional representation of significant shareholders has been respected, a relatively low percentage of proprietary directors compared to independent directors is maintained. Likewise, the Director Selection and Diversity Policy is framed in accordance with the provisions of Recommendations 14 and 15 of the Good Governance Code of Listed Companies of the CNMV and specifically its principles are aimed at facilitating an appropriate composition of the Board of Directors, as detailed in section C.1.5 of this report.

C.1.8 If applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or company name of shareholder	Reason

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

YES ☐ **NO☒**

Name or company name of shareholder	Explanation

C.1.9 Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees, including the power to issue or buy back shares:

Name or company name of director or committee
Mr. Gabriel Escarrer Jaume
Brief description
As the Chief Executive Officer, he has been delegated by the Board of Directors all delegable powers pursuant to the Law and the provisions of Article 34 of the Company's Bylaws. To this end and in this field, the acts and legal businesses that are responsibility of the Board of Directors include, without limitation, the following: (a) To represent the Company before all types of people, organisations, authorities, public administration, banks and other entities, both private and official, both judicial and extrajudicial, absolving positions, compromising and desisting from all types of actions and procedures, and even ratifying said acts before the courts. (b) To pay debts and receive payments due of all types, including those with origin in the national authority, regional authority, provincial authority or municipal authority. (c) To prepare and grant all types of contracts, deeds and documents, public or private, of any type, in relation to capital assets, livestock, merchandise, insurance policies, transport and real estate, including the purchase, subscription, sale or exchange of all types of capital assets, both public and private, both Spanish and international. (d) To request, obtain, acquire, grant and exploit patents, brands, privileges, licences and administrative concessions, as well as performing any transactions in regard to industrial property. (e) To convene the General Shareholders' Meeting and execute and ensure compliance with resolutions adopted by the meeting. (f) To intervene in tenders and auctions, both judicial and extrajudicial. (g) To establish, monitor, liquidate, settle, and cancel current accounts, savings accounts and credit accounts with the Bank of Spain, and with any other banking organisation, savings bank, companies or other entities both in Spain and abroad. (h) To draw, endorse, accept, take, discount, negotiate and protest bills of exchange, financial and credit bills, cheques, promissory notes and money orders.

(i) To request and obtain from banking, credit and financial organisations all types of credits, including mortgages, subscribing the appropriate policies and documents and employing and repaying the funds obtained.

(j) To grant guarantees and deposits by any means for the obligations of third parties.

(k) To provisionally approve inventories, balances and the Annual Report due for presentation to the General Shareholders Meeting and in the public offices required by tax laws, as well as the distribution of profits.

(l) To appoint and remove executives, employees and dependents of the Company, and establish categories, salaries and other remuneration that they must receive within applicable market or labour regulations.

(m) To make and liquidate deposits of all kinds, including with banking or credit organisations, even the Bank of Spain and the General Deposit Bank.

(n) To confer and revoke powers for court lawyers and attorneys and of any third parties so that they may represent the Company in all types of cases and, in particular, so that they may intervene in civil, criminal, administrate, economic administrative, litigious-administrative, governmental and labour jurisdictions.

(o) To appoint one or more proxies, that may also be called Director, Manager or similar, if so authorised, to exercise the powers defined in each case, individually or jointly, and which may be delegated.

(p) To decide the creation of subsidiaries, agencies, deposits, delegations, and representations.

(q) To accept, when appropriate, the resignation of the members that form part of the Board.

(r) To form, modify and wind-up all types of civil and business organisations, to intervene and vote in their General Shareholders' Meetings and accept or designate positions in the management and administrative bodies.

Regarding the power to issue or buy back shares, it is only foreseen the delegation by the General Shareholders' Meeting indicated in section A.10 of this Report, in which the Board of Directors was expressly authorised to delegate to the Chief Executive Officer the power to buy back and issue shares. In this sense, at the date of preparation of this report, such power was not exercised.

Mr. Gabriel Escarrer Jaume has been delegated the abovementioned powers pursuant to the resolution of the Board dated June 10, 2021, which was executed in a public deed on 14 June 2021 with protocol number 1908, duly registered with the Commercial Registry of Mallorca.

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group company	Position	Does the director have executive powers?
Gabriel Escarrer Jaume	Sol Melia Hotel Management (Shanghai) Co. Ltd.	*Manager*	No
Gabriel Escarrer Jaume	PT Sol Melia Indonesia	*Manager*	Yes, he has executive powers as the other *managers*, with the following exceptions: (a) that the signature of the manager involves assuming an obligation exceeding USD 50,000; (b) tax returns; or (c) execution of employment contracts.
Gabriel Escarrer Jaume	Melia Vietnam Company Limited	N/A	Yes, he has the following executive powers: (a) to act on behalf of the investor (Meliá Hotels International, S.A.); and (b) to decide on all matters and carry out any acts related to registration and implementation of investment projects, registration of the establishment of Melia Vietnam, including without limitation, to sign dossiers and documents on behalf of Melia Hotels International, S.A. and to authorise other individuals or organisations to carry out the actions and procedures related to the above.
Gabriel Escarrer Jaume	Adprotel Strand, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Altavista Hotelera, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Ayosa Hoteles, S.L.	Director and Co-Chief Executive Officer	No

Gabriel Escarrer Jaume	Evertmel, S.L.	Director and Co-Chief Executive Officer	No
Gabriel Escarrer Jaume	Gestión Hotelera Turística Mesol, S.A.	Sole Administrator	Yes
Gabriel Escarrer Jaume	Kimel MCA, S.L.	Director and Co-Chief Executive Officer	No
Gabriel Escarrer Jaume	Mongamenda, S.L.	Director and Co-Chief Executive Officer	No
Gabriel Escarrer Jaume	Prodigios Interactivos, S.A.	Director (Chairman of the Board of Directors) and Chief Executive Officer	Yes
Gabriel Escarrer Jaume	Tenerife Sol, S.A.	Director (Chairman of the Board of Directors) and Chief Executive Officer	Yes
Gabriel Escarrer Jaume	Desarrollos Hoteleros San Juan Exhold, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Markserv, B.V.	Director	No
Gabriel Escarrer Jaume	MIA Exhol, S.A.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	San Juan Investments Exhold, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Sol Maninvest, B.V.	Director	No
Gabriel Escarrer Jaume	Sol Melia Europe, B.V.	Director and Co-Chief Executive Officer	No

Gabriel Escarrer Jaume	SM Investment Exhol, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Farandole, B.V.	Co-manager	No
Gabriel Escarrer Jaume	Colón Verona, S.A.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Melcom Joint Venture, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Proyectos Financieros Hayman, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Realizaciones Turísticas, S.A.	CEO	Yes
Gabriel Escarrer Jaume	Inversiones y Explotaciones Turísticas, S.A.	CEO	Yes
Gabriel Escarrer Jaume	Apartotel, S.A.	CEO	Yes
Gabriel Escarrer Jaume	Sol Melia Greece, S.A.	Director	Yes
Gabriel Escarrer Jaume	Sol Melia Italia, S.R.L.	Sole Administrator	Yes
Gabriel Escarrer Jaume	Sol Melia Balkans, E.A.D.	Manager, Member of the Board of Directors	No
Gabriel Escarrer Jaume	Casino Tamarindos, S.A.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Inversiones Hoteleras La Jaquita, S.A.	Director (Chairman of the Board of Directors)	No

Gabriel Escarrer Jaume	Dorpan, S.L.U.	Director (Chairman of the Board of Directors) and general attorney-in-fact	Yes
Gabriel Escarrer Jaume	Hotelpoint, S.L.	Director (Chairman of the Board of Directors)	No
Gabriel Escarrer Jaume	Cadstar France, S.A.S.	Chairman	Yes
Gabriel Escarrer Jaume	Hotel Alexander, S.A.S.	Chairman	Yes
Gabriel Escarrer Jaume	Hotel Colbert, S.A.S.	Chairman	Yes
Gabriel Escarrer Jaume	Hotel François, S.A.S.	Chairman	Yes
Gabriel Escarrer Jaume	Hotel Metropolitain, S.A.S.	Chairman	Yes
Gabriel Escarrer Jaume	Hotel Royal Alma, S.A.S.	Chairman	Yes
Gabriel Escarrer Jaume	Lomondo Limited	Manager	Yes
Gabriel Escarrer Jaume	London XXI Limited	Manager	Yes
Gabriel Escarrer Jaume	Madeleine Palace, S.A.S.	Chairman	Yes
Gabriel Escarrer Jaume	Meliá Hotels International UK Limited	Manager	Yes
Gabriel Escarrer Jaume	Sol Meliá Deutschland GmbH	Joint and several administrator	Yes
Gabriel Escarrer Jaume	Sol Meliá France, S.A.S.	Chairman	Yes

Gabriel Escarrer Jaume	Sol Meliá Luxembourg	Director	No
Gabriel Escarrer Jaume	Hoteles Sol Melia, S.L.	Director (Chairman of the Board of Directors) - CEO	Yes
Gabriel Escarrer Jaume	Securi Sol, S.A.	General attorney-in-fact. Director (Chairman of the Board of Directors)	Yes
Gabriel Escarrer Jaume	Sol Meliá Vacation Club España, S.L.	Director (Chairman of the Board of Directors) Joint and Several CEO	Yes
Gabriel Escarrer Jaume	Hogares Batle, S.A.	Director (Chairman of the Board of Directors)	Yes
Gabriel Escarrer Jaume	Desarrollos Sol, S.A.	Director (Chairman of the Board of Directors) General attorney-in-fact	Yes
Gabriel Escarrer Jaume	Inversiones Areito, S.A.	Director (Chairman of the Board of Directors)	Yes
Gabriel Escarrer Jaume	Inversiones Turísticas del Caribe, S.A.	Director (Chairman of the Board of Directors)	Yes
Gabriel Escarrer Jaume	Melia Hotels USA, LLC	Manager	No
Gabriel Escarrer Jaume	Bisol Vallarta, S.A. de C.V.	Proprietary Director - Chairman	No

Gabriel Escarrer Jaume	Cala Formentor S.A. de C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Caribotels de Mexico, S.A. de C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Corporación Hotelera Hispano Mexicana S.A. de C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Operadora Mesol, S.A. DE C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Detur Panamá, S.A.	Treasurer and Manager	No
Gabriel Escarrer Jaume	Corporación Hotelera Metor, S.A.	Member of the Governing Body	No
Gabriel Escarrer Julia	Corporación Hotelera Metor, S.A.	Chairman	No
Gabriel Escarrer Jaume	Sol Melia Peru, S.A.C	Chairman	No
Gabriel Escarrer Jaume	El Recreo Plaza, C.A.	Manager	No
Gabriel Escarrer Jaume	Inmobiliaria Distrito Comercial	Statutory Administrator - Chairman	No
Gabriel Escarrer Jaume	Inversiones Inmobiliarias I.A.R.1997 C.A.	Non-single Statutory Administrator	No
Gabriel Escarrer Jaume	Servicios Pleyes, S.A. DE C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Servicios Artemisa, S.A. DE C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Servicios Piteo, S.A. DE C.V.	Proprietary Director - Chairman	No

Gabriel Escarrer Jaume	Servicios Personales Orfeo, S.A. DE C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Servicios Integrales De Personal Iris, S.A. DE C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Baja Servicios Administrativos, S.A. DE C.V.	Proprietary Director - Chairman	No
Gabriel Escarrer Jaume	Cibanco S.A. Ibm Fideicomiso CIB/2950 EL MEDANO	Proprietary member - Technical Committee	No
Gabriel Escarrer Jaume	Sol Group, B.V.	Director	No

Remarks
The company Sol Group, B.V is being moved to Spain as at the date of submission of this report.

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's Board of Directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Francisco Javier Campo García	Caixabank S.A.	Director Chairman of the Auditing and Compliance Committee Member of the Appointments and Responsible Management Committee
Fernando d'Ornellas Silva	Prosegur S.A.	External Independent Director
María Cristina Henríquez de Luna Basagoiti	Applus Services, S.A.	Independent Director Member of the Auditing and Compliance Committee
María Cristina Henríquez de Luna Basagoiti	GlaxoSmithKLine, S.A.	Chairwoman, Chief Executive Director
María Cristina Henríquez de Luna Basagoiti	Glaxo, S.A.	Chairwoman, Chief Executive Director

María Cristina Henríquez de Luna Basagoiti	SmithKline Beecham Farma, S.A.	Chairwoman, Chief Executive Director
María Cristina Henríquez de Luna Basagoiti	Allen Farmacéutica, S.A.	Chairwoman, Chief Executive Director
María Cristina Henríquez de Luna Basagoiti	Stiefel Farma, S.A.	Chairwoman, Chief Executive Director
María Cristina Henríquez de Luna Basagoiti	Desarrollo Energía Solar Alternativa, S.L.	Joint and Several Administrator
Alfredo Pastor Bodmer	Copcisa Corp, S.L.	Director
Jose María Vázquez-Pena Pérez	Tierras de Curtis, S.L.	Administrator
Jose María Vázquez-Pena Pérez	Almacenes Torres y Sáez, S.A.	Director
Jose María Vázquez-Pena Pérez	Luckia Gaming Group, S.A.	Director
Maria Antonia Escarrer Jaume	Inmobiliaria Son Quint, S.A.	Director
Maria Antonia Escarrer Jaume	Hoteles Mallorquines Asociados, S.L.	Director
Maria Antonia Escarrer Jaume	Tatry Inversiones 2018, S.L.	Director
Maria Antonia Escarrer Jaume	Hoteles Mallorquines, S.L.	Director
Maria Antonia Escarrer Jaume	Hoteles Mallorquines Agrupados, S.L.	Director
Maria Antonia Escarrer Jaume	Hoteles Mallorquines Consolidados, S.L.	Director
Maria Antonia Escarrer Jaume	Tulipa Inversiones 2018, S.A.	Director
Maria Antonia Escarrer Jaume	Allau Inversiones 2018, S.L.	Director
Maria Antonia Escarrer Jaume	Warta Inversiones 2018, S.L.	Director
Maria Antonia Escarrer Jaume	Morela Inversiones 2018, S.L.	Director
Maria Antonia Escarrer Jaume	Malina Inversiones 2018, S.L.	Director

Maria Antonia Escarrer Jaume	Inmobiliaria Bibiloni, S.A.	Director
Carina Szpilka Lázaro	Abanca Corporación Bancaria, S.A.	Independent Director
Carina Szpilka Lázaro	Grifols, S.A.	Independent Director
Carina Szpilka Lázaro	Kanoar Ventures SGEIC, S.A.	Proprietary Director and Chairwoman
Carina Szpilka Lázaro	Karvela Holdk S.L.	Director and Chairwoman
Carina Szpilka Lázaro	Ananda Ventures, S.L.	Sole Administrator
Gabriel Escarrer Juliá	Inmobiliaria Bibiloni, S.A.	Director
Gabriel Escarrer Juliá	Inmobiliaria Son Quint, S.A.	Director
Gabriel Escarrer Juliá	Cadena Hotelera Sol, S.A.	Director
Gabriel Escarrer Jaume	Inmobiliaria Son Quint, S.A.	Director
Gabriel Escarrer Jaume	Hoteles Mallorquines Asociados, S.L.	Director
Gabriel Escarrer Jaume	Tatry Inversiones 2018, S.L.	Director
Gabriel Escarrer Jaume	Hoteles Mallorquines, S.L.	Director
Gabriel Escarrer Jaume	Hoteles Mallorquines Agrupados, S.L.	Director
Gabriel Escarrer Jaume	Hoteles Mallorquines Consolidados, S.L.	Director
Gabriel Escarrer Jaume	Tulipa Inversiones 2018, S.A.	Director
Gabriel Escarrer Jaume	Allau Inversiones 2018, S.L.	Director
Gabriel Escarrer Jaume	Warta Inversiones 2018, S.L.	Director
Gabriel Escarrer Jaume	Morela Inversiones 2018, S.L.	Director
Gabriel Escarrer Jaume	Malina Inversiones 2018, S.L.	Director
Gabriel Escarrer Jaume	Inmobiliaria Bibiloni, S.A.	Director
Gabriel Escarrer Jaume	Consultora Insular MCA, S.L.	Sole Administrator

Remarks
The following positions are remunerated: - The position of Fernando d'Ornellas in the company Prosegur. - The position of Francisco Javier Campo in the company Caixabank.

- The position of director of Gabriel Escarrer Jaume in the companies: Hoteles Mallorquines Asociados, S.L.; Tatry Inversiones 2018, S.L.; Hoteles Mallorquines, S.L.; Hoteles Mallorquines Agrupados, S.L.; Hoteles Mallorquines Consolidados, S.L.; Tulipa Inversiones 2018, S.A.; Allau Inversiones 2018, S.L.; Warta Inversiones 2018, S.L.; Morela Inversiones 2018, S.L. and Malina Inversiones 2018, S.L. - The position of director of Maria Antonia Escarrer Jaume in the companies: Hoteles Mallorquines Asociados, S.L.; Tatry Inversiones 2018, S.L.; Hoteles Mallorquines, S.L.; Hoteles Mallorquines Agrupados, S.L.; Hoteles Mallorquines Consolidados, S.L.; Tulipa Inversiones 2018, S.A.; Allau Inversiones 2018, S.L.; Warta Inversiones 2018, S.L.; Morela Inversiones 2018, S.L. and Malina Inversiones 2018, S.L. - The positions of Maria Cristina Henríquez de Luna Basogoiti in the companies: Applus Services, S.A. and GlaxoSmithKLine, S.A. - The positions of Carina Szpilka Lázaro in the companies Abanca Corporación Bancaria, S.A., Grifols, S.A., and Kanoar Ventures SGEIC, S.A. - The positions of Jose María Vázquez Pena Pérez in the companies Almacenes Torres y Sáez, S.A. and Luckia Gaming Group, S.A.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identification of director or representative	Other remunerated activities
Luis María Díaz de Bustamante y Terminel	Practising lawyer
Fernando d'Ornellas Silva	Senior Advisor at Lazard
Fernando d'Ornellas Silva	Senior Advisor at Mitsubishi España
Cristina Aldámiz-Echevarría González de Durana	Manager of Finance and Corporate Development at Grupo ACS (Actividades de Construcción y Servicios, S.A.)
Alfredo Pastor Bodmer	Economist
Francisco Javier Campo García	Senior Advisor at Grupo de Alimentación Palacios
Francisco Javier Campo García	Senior Advisor at Pastas Gallo
Francisco Javier Campo García	Senior Advisor at Kearney

Remarks

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

YES ☒ NO ☐

Explanation of the rules and identification of the document where this is regulated
In the last amendment to the Regulations of the Board the following limitation was included in Article 6 (Qualitative Composition): "Any persons who hold the office of director simultaneously in more than four (4) listed companies whose shares are admitted to trading on domestic or foreign markets cannot be Directors."

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	2173
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	0
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	228
Funds accumulated by former directors for long-term savings systems (thousands of euros)	0

Remarks

C.1.14 Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position/s
Mr. Gabriel Cánaves Picornell	Chief Human Resources Officer
Mr. Jose Luis Alcina Jaume	Internal Audit VP
Ms Pilar Dols Company	Chief Financial Officer
Mr. Juan Ignacio Pardo García	Chief Legal & Compliance Officer
Mr. André Philippe Gerondeau	Chief Operating Officer
Mr. Mark Maurice Hoddinott	Chief Real Estate Officer

Number of women in senior management	1
Percentage of total senior management	16.70%

Total remuneration of senior management (thousands of euros)	2,599

Remarks

C.1.15 Indicate whether the Regulations of the Board were amended during the year:

YES☒ NO ☐

Description of amendment(s)
In 2021, the Board of Directors of the Company, in accordance with article 528 of CEA and articles 3 and 4 of the Regulations of the Board of Directors, has amended Articles 1, 3, 4, 5, 7, 13, 14, 15, 17, 24, 31, 37 and 38 of the Regulations of the Board of Directors in order to introduce some of the new recommendations of the Good Governance Code of Listed Companies of the CNMV and other recommendations on corporate good governance. This amendment was approved by the Board of Directors at its meeting held on 10 June 2021, and was registered with the Commercial Registry of Mallorca on 26 August 2021. The new wording of the Regulations of the Board of Directors is as follows: https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/Documents/Reglamento_Consejo/Reglamento%20del%20Consejo_TEXTO%20REFUNDIDO%202021.pdf

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

Pursuant to Article 15 of the Regulations of the Board of Directors, the Appointments, Remuneration and Corporate Social Responsibility Committee must define and review the criteria to be followed for the composition of the Board of Directors and the selection of candidates, proposing to the Board, as appropriate, the appointment of independent directors as well as reporting proposals for other directors so that the Board may proceed with the appointment (in case of co-option) or submit the proposals to the General Shareholders' Meeting for decision.

Directors are appointed for a period of four years and may be re-elected once or several times for periods of the same duration.

In case of removal of directors, the procedures provided for in current legislation as well as in the Company Bylaws, are followed.

The criteria applied by the Company in each procedure are described in the Director Selection and Diversity Policy approved by the Board of Directors on 26 November 2020, and which is available on the company's website through the following link: https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/LegalDocs/Policies/Pol%C3%ADtica%20selecci%C3%B3n%20Consejeros_ESP.pdf

C.1.17 Explain to what extent the annual assessment of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

Description of change(s)
As a result of the self-assessment process of the Board carried out in 2021, the result of which was very positive, no significant changes occurred in the internal organisation or in the procedures of the Company.

Describe the assessment process and the areas assessed by the Board of Directors with the help, if any, of an external advisor, regarding the operation and composition of the Board and its committees and any other area or aspect that has been assessed.

Description of the assessment process and the assessed areas

The assessment for 2021 was conducted by completion of the relevant assessment questionnaires by the Directors.

Regarding the recommendation number 36 of the Good Governance Code of Listed Companies, which states that an external advisor should be engaged at least every three years to aid in the assessment process and, due to the cost containment policy as a consequence of the economic situation, the Committee again decided not to engage the mentioned external advisor in 2021.

However, and given the situation, the Committee has received support from the Company's Human Resources and Corporate Governance departments in the review and update of the assessment forms, in which certain improvements have been introduced in line with the applicable recommendations and the best market practices in this field.

The changes below were introduced in the 2021 Questionnaire:

- Inclusion of new questions: self-criticism, diversity, selection processes, internal audit function, etc.
- Inclusion of two questions regarding the satisfaction level of each Director regarding his/her interaction with the Chairman and the other Directors.

The structure of the questionnaire, which was amended in 2020, comprises the following sections:

- Section I: Quality and efficiency of the functioning of the Board
- Section II: Size, composition and remuneration of the Board and the Committees.
- Section III: Performance of the Chairman and the Top Executive
- Section IV: Performance of the Coordinating Director and the Chairmen of the Committees
- Section V: Organisation
- Section VI: Training
- Section VII: Committees of the Board
- Section VIII: Final assessment and remarks

C.1.18 Provide details, for years in which the assessment was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

N/A

C.1.19 Indicate the cases in which directors are obliged to resign.

Chapter VIII of the Regulations of the Board of Directors regulates the duties of Directors, which include the obligation to act with the diligence of an organised businessperson and a loyal representative, and in accordance with any other legally required standard of diligence.

In particular, Article 29 of the Regulations of the Board establishes that Directors must observe all regulations on behaviour established in stock market legislation and, particularly, those contained in the Internal Code of Conduct.

Therefore, failure to comply with any of these duties and obligations would be grounds for resignation or removal, as the case may be, of a Director.

Likewise, Article 31.2 of the Regulations of the Board expressly states that: "*Directors must also inform the Company about all of the positions held and activities carried out in other companies or entities that may be relevant to their performance as Directors of the Company. In particular, they should inform and, if appropriate, resign in those cases which may damage the credit and reputation of the Company and shall in any event inform the criminal cases in which they appear as being investigated, and their subsequent trial.*

The Board of Directors, after being informed or otherwise knowing the situations mentioned in the above paragraph, shall examine as soon as possible and, depending on the circumstances, shall decide, prior report of the Appointments, Remuneration and Corporate Social Responsibility Committee, whether or not to adopt any measures, including but not limited to the opening of an internal investigation, requesting the resignation of the Director or proposing his/her dismissal to the General Shareholders' Meeting. This shall be reported on the Annual Corporate Governance Report, unless there are exceptional circumstances to justify this, which must be recorded. This is without prejudice to the information to be disseminated by the Company, if appropriate, at the time of adoption of the relevant measures."

C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

YES ☐ **NO ☒**

If so, describe the differences.

Description of differences

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

YES ☒ NO ☐

Description of requirements
Pursuant to Article 33.2 of the Company Bylaws, in order for a Director to be appointed as Chairman or Vice Chairman of the Board of Directors, at least one of the following conditions must be met: (a) to have formed part of the Board of Directors during at least the THREE (3) years prior to said designation; or, (b) to have previously occupied the position of Chairman of the Board of Directors, regardless of the period of time spent as a Director. Neither of the previous conditions will be required to be met whenever the designated Director is supported by SEVENTY-FIVE PERCENT (75%) or more of the members of the Board of Directors.

Likewise, re-election as a Director of members of the Board that are currently Chairman and Vice Chairman and, if appropriate, Coordinating Director if he meets the legal requirements, will imply their automatic continuity in those positions.

C.1.22 Indicate whether the Bylaws or Regulations of the Board establish any limit as to the age of directors:

YES ☐ NO ☒

	Age limit
Chairman	
Chief Executive Officer	
Director	

Remarks
The Company's Director Selection and Diversity Policy establishes as an objective criterion to be considered in the event of a new appointment or re-election, the need for a progressive renewal of the Board, assessing the average age and seniority within the Board.

C.1.23 Indicate whether the Bylaws or the Regulations of the Board establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

YES ☐ NO ☒

Additional requirements and/or maximum number of years of office

C.1.24 Indicate whether the Bylaws or the Regulations of the Board establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Remarks
According to Article 18.3 of the Regulations of the Board, representation by proxy must be conferred in writing and specifically for each meeting by means of a letter addressed to the Chairman, including the appropriate instructions, and must be granted to another member of the Board. External Independent Directors may only be represented by another External Independent Director. There is no fixed maximum number of proxies.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of Board meetings	6
Number of Board meetings held without the chairman's presence	0

Remarks
During 2021, a total of 6 meetings of the Board of Directors were held. Given the situation caused by the COVD-19 crisis, attendances by telematic means and in-person attendances were alternated to ensure the attendance of the directors at the meetings.

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings
0

Remarks
The Coordinating Director (Mr. Fernando D'Ornellas) is also Chairman of the Appointments, Remuneration and Corporate Social Responsibility Committee, and a member of the Auditing and Compliance Committee. The only Executive Director of the Company (Mr. Gabriel Escarrer Jaume) is not a member of these committees, although he regularly attends the Auditing and Compliance Committee as a guest. Therefore, the Coordinating Director meets with some external directors without the attendance of the Executive Director, although these meetings occur in the context of the meetings of the Committees.

Indicate the number of meetings held by each Board committee during the year:

Committee	No. of meetings
Number of meetings held by the Auditing and Compliance Committee	11
Number of meetings held by the Appointments and Remuneration Committee	8

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data

Number of meetings at which at least 80% of the directors were present in person	6
Attendance in person as a % of total votes during the year	95%
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	6
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100%

Remarks
The Chairman of the Board (Mr. Gabriel Escarrer Juliá) did not attend two meetings of the Board of Directors, previously having granted the relevant proxy and instructions. Likewise, Ms María Antonia Escarrer Jaume (External Proprietary Director) did not attend one meeting

of the Board of Directors, also previously having granted the relevant proxy with voting instructions.

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance.

YES ☒ NO ☐

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

Name	Position
Ms Pilar Dols Company	Chief Financial Officer
Mr. Gabriel Escarrer Jaume	Vice Chairman and CEO

Remarks

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

According to the provisions of Article 14 of the Regulations of the Board, the Auditing and Compliance Committee is responsible for:

(c) Supervision of financial and non-financial information:

• To supervise and assess the preparation and presentation of the financial and non-financial mandatory information process and submit to the Board of Directors recommendations or proposals aimed at safeguarding its integrity.

• To review the appointment or replacement of those responsible for the financial and non-financial reporting processes, internal control systems of the company and risk management.

• To ensure that the financial and non-financial information provided to the markets is produced in line with the same principles, criteria and professional practises used to produce the Annual Accounts.

• To review the Company's annual accounts (including Corporate Governance Annual Report) and oversee compliance with legal requirements and the appropriate application of generally accepted accounting principles, receiving the direct cooperation of both internal and external auditors.

• To inform the Board of Directors about the related financial and non-financial information that the Company must periodically make public, ensuring the clarity, veracity and integrity thereof.

• To verify and coordinate the process of reporting non-financial information, in accordance with the applicable regulations and international reference standards, without prejudice to the specifically entrusted functions and the work to be carried out in this regard by the Appointments, Remuneration and Corporate Social Responsibility Committee on this matter.

In the performance of the said function, the Committee holds several meetings with the auditors throughout the year in order to analyse the performance of their work and to detect and resolve any incidents affecting the annual accounts.

Likewise, Article 35.3 of the Board Regulations establishes that "*The Board of Directors shall take the necessary measures to ensure that the six-monthly, quarterly and any other financial information to be communicated to the markets is prepared according to the same principles,* *criteria and professional practices with which the Annual Accounts are prepared, and that they are as reliable as the latter."*

It is worth mentioning that the annual accounts (individual and consolidated) for 2021 have been prepared without exceptions.

C.1.29 Is the secretary of the Board also a director?

YES ☒ NO ☐

If the Secretary is not a director, complete the following table:

Name or company name of the secretary	Representative

Remarks
Without prejudice to that indicated in this question, the Company also has a Non-Director Vice Secretary.

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms, if any, to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

The functions and responsibilities of the Auditing and Compliance Committee include liaising with the external auditors in order to be informed of any issues that may jeopardize their independence. In fact, there is a direct relationship between the members of the Committee and the external auditors, with the latter attending in person the meetings held by this Committee. In general, the Directors meet with the external auditors without the presence of executives at each meeting of the Auditing and Compliance Committee. The functions entrusted to the Auditing Committee include "Issuing annually, prior to the issuance of the Auditors' Report, a report expressing an opinion on the independence of the Auditors, in accordance with the Law". Regarding mechanisms to ensure the independence of financial analysts, investment banks and rating agencies, it should be noted that, in accordance with the provisions of the Policy for Communication and Relationship with Shareholders, Investors and Proxy Advisors and Corporate Communication, the company provides information to any analyst that may request it, without discrimination and offering maximum transparency. In the information exchange process, influencing the opinions or views of analysts is avoided at all times. In particular, it is established that the Company may exchange information on an individual basis with the institutional investors that are part of the shareholding, without in any case entailing the delivery to them of any information that could provide them with a privileged or advantageous situation with respect to the other shareholders. Likewise, Article 34.4 of the Regulations of the Board of Directors also establishes that under no circumstances shall any information that could provide them with a privileged or advantageous situation with respect to the other shareholders, be delivered to the financial analysts.

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

YES ☐ **NO ☒**

Outgoing auditor	Incoming auditor

Remarks

If there were any disagreements with the outgoing auditor, explain their content:

YES ☐ **NO ☒**

Explanation of disagreements

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

YES ☒ NO ☐

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousands of euros)	210.91	37.05	247.96
Amount invoiced for non-audit work/Amount for audit work (in %)	59.80%	4.78%	18.04%

Remarks

C.1.33 Indicate whether the auditors' report on the annual accounts for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the General Meeting by the chairman of the auditing committee to explain the content and extent of the qualified opinion or reservations.

YES ☐ **NO ☒**

Explanation of the reasons and direct link to the document made available to the shareholders at the time that the General Meeting was called in relation to this matter

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of consecutive years	3	3

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	12%	12%

Remarks

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

YES ☒ NO ☐

Details of the procedure
Although Article 17 of the Regulations of the Board provides that meetings shall be convened at least five (5) days before they are held and the call to the meeting shall include the agenda for the session along with a summary of all relevant information duly prepared, unless there are exceptional circumstances, the information is made available to Directors eight (8) days before the meeting is held. The Company has implemented a digital tool by means of which Directors are provided with all the support information of the meetings of the Board and the Committees. Additionally, Article 22 of the Regulations of the Board establishes that Directors have the broadest powers to have access to information on any aspect of the Company, to examine its books, records and documents and other evidence of the company's transactions and to inspect all its facilities. Exercise of the rights to access such information shall be channelled through the Chairman or the Secretary of the Board of Directors, who will respond to the requests of the director by providing him/her with the information directly, offering appropriate interlocutors at the appropriate level in the organisation or establishing such measures so as to enable him/her to conduct the planned examinations in situ.

C.1.36 Indicate whether the company has established rules obliging directors to inform of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

YES ☒ NO ☐

Explain the rules
Article 31.2 of the Regulations of the Board expressly establishes that directors should inform and, if appropriate, resign in those cases which may damage the credit and reputation of the company and shall in any event inform the criminal cases in which they appear as being investigated, and their subsequent trial, and the Board of Directors must examine the case as soon as possible and decide, in consideration of the specific circumstances, (prior report of the Appointments, Remuneration and Corporate Social Responsibility Committee) whether or not to adopt any measure such as, inter alia, the opening of an internal enquiry, requesting

the resignation of the Director or proposing his/her dismissal to the General Shareholders' Meeting. This shall be reported on the Annual Corporate Governance Report, unless there are exceptional circumstances to justify this, which must be recorded. This is without prejudice to the information to be disseminated by the Company, if appropriate, at the time of adoption of the relevant measures.

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

YES ☐ **NO ☒**

Director's name	Nature of the situation	Remarks

In the aforementioned circumstances, indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the appointments committee.

YES ☐ **NO ☒**

Decision/action taken	Reasoned explanation

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

N/A

C.1.39 Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Beneficiary: Chief Executive Officer

Description of the agreement:

In 2015, the Chief Executive Officer signed a Services Agreement with the Company pursuant to article 249 of the Spanish Corporate Enterprises Act, which has been recently amended to adapt it to the new recommendations of the Good Governance Code of Listed Companies of the

CNMV. In particular, on 25 November 2021 the clause regarding compensations was amended in order to adapt it to the recommendation number 64 of the Good Governance Code.

In this sense, the agreement establishes as follows:

- Non-competition after termination covenant applicable for one year, whereby the Company agrees to compensate the Director with one year's total remuneration based on the remuneration received by the Executive Director in his capacity as such at the time of termination.

  Should the Director breach his non-competition after termination covenant, he will reimburse to the Company all the amounts received in relation thereto and compensate the Company in an amount equivalent to 150% of the same amount.

- Termination of the agreement: The cases provided for by the Corporate Enterprises Act shall be cause for dismissal of the Executive Director, in which case he must relinquish his seat on the Board and, if appropriate, formalise his immediate dismissal from office.

- Compensations: Director must be compensated with an amount equivalent to:

  - One year's annual fixed remuneration for the current year.

  - Short-term variable remuneration - the amount to be included will be that corresponding to the percentage of the fixed remuneration established for the current year, over the amount effectively accrued at the time of termination.

  This compensation will accrue in the following cases:

  - Unilateral termination by the Executive Director: due to (material and negligent) breach by the Company of its obligations under the agreement, or by reason of a material modification in the functions, powers, or terms and conditions of the services provided by the Executive Director due to causes not attributable to the Executive Director.

  - Unilateral termination by the Company: other than as a result of a material and negligent breach by the Executive Director of his obligation to perform his duties with loyalty, diligence, good faith or any other legally binding requirement applicable to the exercise of his duties.

Likewise, in observance of the recommendations of the Good Governance Code of Listed Companies of the CNMV, in 2019 the aforementioned Services Agreement was amended to include a clawback clause, and on 25 November 2021, a malus clause was also included as a mechanism for monitoring variable remuneration.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	Yes	No

	YES	NO
Are these clauses notified to the General Shareholders' Meeting?	X	

Remarks
The amendment of clauses is notified through the relevant Directors' Remuneration Report which is submitted to the General Shareholders' Meeting for approval.

C.2 Committees of the Board of Directors:

C.2.1. Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

AUDITING AND COMPLIANCE COMMITTEE

Name	Position	Category
Mr. Francisco Javier Campo García	Chairman	External Independent Director
Ms Carina Szpilka Lázaro	Member	External Independent Director
Mr. Fernando d'Ornellas Silva	Member	External Independent Director
Ms María Cristina Henríquez de Luna Basagoiti	Member	External Independent Director

% of proprietary directors	0
% of independent directors	100%
% of other external directors	0

Remarks
Mr. Juan Arena de la Mora was a member of the Auditing and Compliance Committee until 25 March 2021.

Explain the functions delegated or assigned to this committee, including where applicable those that are additional to those prescribed by law, if any, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the Company Bylaws or in other corporate resolutions.

The functions assigned to the Auditing and Compliance Committee are regulated in Article 14 of the Regulations of the Board of Directors:

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/Documents/Reglamento_Consejo/Art.%2014.pdf

The procedures and rules for organisation and functioning of the Committee are regulated in Article 39a of the Company Bylaws and in the aforementioned Article 14 of the Regulations of the Board of Directors.

The activities carried out by the Auditing and Compliance Committee in 2021 are detailed in the Committee's activity report, published on the corporate website of Meliá Hotels International:

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/ManagersCommisions/CAyC_Memoria%20ejercicio%202021_vf.pdf

As for the important actions during the year in relation to the functions assigned to the Committee, it is worth mentioning the involvement and dedication of the Auditing and Compliance Committee in the supervision and monitoring of the financial measures adopted by the Company in the management of the social and economic situation caused by the COVID-19 pandemic, as well as the Committee's focus on the transformation of the internal audit function and follow-up of the audit plan for this year, which is adapted to the particularities of the Company as for the closing of hotel establishments, and on the support in the digital transformation of cross-functional processes of the Group.

Regarding the other the functions assigned to the Committee, the most important ones are indicated below, following the classification established in Article 14 of the Regulations of the Board:

Relationship with the external auditor: In 2021, the process for approval of audit and non-audit services has been updated to adapt it to the new Regulations on Account Auditing.

Monitoring of the effectiveness of the Company's internal control and risk management systems: The Committee has been informed of, inter alia, the result of the updating of the company's Risk Map, and of the Prevention of Criminal Offences Protocol (result of the assessment of the effectiveness of the related controls).

Monitoring of financial and non-financial information: The process for preparing and submitting the mandatory financial and non-financial information to the Board of Directors, the recommendations and proposals aimed at safeguarding its integrity and review of the company annual accounts (including the Corporate Governance Annual Report) and the monitoring of compliance with legal requirements and the appropriate application of generally accepted accounting principles have been monitored and assessed.

General Shareholders' Meeting: During the General Shareholders' Meeting for 2021, the Chairman of the Auditing Committee, Mr. Francisco Javier Campo, informed the shareholders of the audit results, as well as of the main functions and progress made by the Committee during the year.

Identify the directors who are members of the auditing committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairman of this committee was appointed.

Names of the directors with experience	Mr. Francisco Javier Campo García Ms Carina Szpilka Lázaro, Mr. Fernando d'Ornellas Silva; and Ms María Cristina Henríquez de Luna Basagoiti
Date of appointment of the chairman	26 February 2020

Remarks
According to the recommendations of the Good Governance Code of Listed Companies, as well as the Technical Guide 3/2017 of the CNMV, all members of the Auditing and Compliance Committee have been appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial, as indicated in the Board's competency matrix.

APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name	Position	Category
Mr. Fernando d'Ornellas Silva	Chairman	External Independent Director
Mr. Luis María Díaz de Bustamante y Terminel	Member	External Independent Director
Mr. Francisco Javier Campo García	Member	External Independent Director
Ms Carina Szpilka Lázaro	Member	External Independent Director
Ms Maria Antonia Escarrer Jaume	Member	External Proprietary Director

% of proprietary directors	20%
% of independent directors	80%
% of other external directors	0%

Remarks

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, by the Company Bylaws or by other corporate resolutions.

The functions attributed to the Appointments, Remuneration and Corporate Social Responsibility Committee are regulated in Article 15 of the Regulations of the Board of Directors:

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/Documents/Reglamento_Consejo/Art.%2015.pdf

The procedures and rules for organisation and functioning of the Committee are regulated in Article 39b of the Company Bylaws and in the aforementioned Article 15 of the Regulations of the Board of Directors.

The activities carried out by the Appointments, Remuneration and Corporate Social Responsibility Committee in 2021 are detailed in the Committee's activities report, published on the corporate website of Meliá Hotels International.

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/ManagersCommisions/CNR_Memoria%20ejercicio%202021_vf.pdf

As for the most important actions during the year in relation to the functions assigned to the Committee, it is worth mentioning the involvement and dedication of this Committee in the supervision and monitoring of the labour and occupational safety measures adopted by the Company in the management of the social and economic situation caused by the COVID-19 pandemic. Additionally, it is worth mentioning that the Committee's activities have been also focused on remunerations, regularly monitoring the measures adopted regarding the CEO's remuneration (reductions in fixed remuneration, analysis and determination of variable remuneration), and the preparation of the 2022-2024 Director's Remuneration Policy, which was submitted to the 2021 General Shareholders' Meeting for approval.

Also, the increasing commitment of the Committee in terms of sustainability stands out.

Regarding the other functions assigned to the Committee, the most important ones are indicated below, following the classification established in Article 15 of the Board Regulations:

Assessment and selection of directors and senior executives: In addition to the preparation of the proposals for the re-election and appointment of directors to be submitted to the vote of the General Meeting or the proposal for appointment by co-option of the new director Ms Cristina Aldámiz-Echevarría González de Durana, it is worth mentioning the review by the Committee of the Board's competency matrix.

Remuneration policy: In 2021, the Committee prepared the proposal for the new Directors' Remuneration Policy for 2022-2024, which was submitted to the General Shareholders' Meeting for approval in June 2021 and which includes the developments in remuneration provided for in the new Corporate Enterprises Act.

Assessment of the Board of Directors and its specialised committees: The Committee has reviewed and updated the annual self-assessment questionnaire of the Board and the Chief Executive Officer incorporating certain improvements in line with the applicable recommendations and the best market practices in this area.

Sustainability: In addition to the review of certain issues of the non-financial information statement and approving the new Sustainability Policy of the Group, it is worth mentioning the recent change of name of the Committee, which will be formally named as "Appointments, Remuneration and Sustainability Committee", to adapt it to the new regulatory environment of the EU and the Good Governance Code of the CNMV.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors			
	Year 2021	Year 2020	Year 2019	Year 2018
Auditing and Compliance Committee	2 (50%)	2 (40%)	1 (20%)	1 (20%)
Appointments, Remuneration and CSR Committee	2 (40%)	2 (40%)	1 (25%)	1 (25%)

Remarks

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

Auditing and Compliance Committee

The composition, functions and rules indicating how the Auditing and Compliance Committee of Meliá Hotels International, S.A. is to act, are regulated in article 39a of the Company Bylaws and article 14 of the Regulations of the Board of Directors. All this without prejudice to the provisions of the Corporate Enterprises Act and other applicable regulations.

The Auditing and Compliance Committee annually prepares its activity report, which is published on the corporate website.

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/ManagersCommisions/CAyC_Memoria%20ejercicio%202021_vf.pdf

Appointments, Remuneration and Corporate Social Responsibility Committee

The composition, functions and rules indicating how the Appointments, Remuneration and Corporate Social Responsibility of Meliá Hotels International, S.A. is to act, are regulated in Articles 39b of the Company Bylaws and article 15 of the Regulations of the Board of Directors. All this without prejudice to the provisions of the Corporate Enterprises Act and other applicable regulations.

The Appointments, Remuneration and Corporate Social Responsibility Committee annually prepares its activity report, which is published on the corporate website.

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/ManagersCommisions/CNR_Memoria%20ejercicio%202021_vf.pdf

Both the Company Bylaws and the Regulations of the Board of Directors are available on the corporate website of Meliá Hotels International, S.A.

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/LegalDocs/Estatutos%20Sociales%20MHI%202020_Esp_5.pdf

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/Documents/Reglamento_Consejo/Reglamento%20del%20Consejo_TEXTO%20REFUNDIDO%202021.pdf

At the meeting of the Board of Directors held on 10 June 2021, at the proposal of the Auditing and Compliance Committee, it was unanimously approved to amend the Regulations of the Board of Directors in order to include some of the new recommendations of the Good Governance Code of Listed Companies of the CNMV and other recommendations on corporate good governance. In particular, articles 14 and 15 were amended and included the following changes:

- **Recommendation number 39**: “That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.”

  Although the Company was de facto complying with this recommendation, article 14 of the Regulations of the Board was amended to include this new requirement applicable to the qualitative composition of the Auditing and Compliance Committee.

- **Recommendation number 47**: “That in designating the members of the appointments and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors."

As in the case of the previous recommendation, article 15 of the Regulations of the Board was amended to include this new requirement applicable to the qualitative composition of the Appointments, Remuneration and Corporate Social Responsibility Committee.

- **Recommendations numbers 53 and 54**: "That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and internal rules of conduct, should be assigned to one board committee or split between several, which could be the audit committee, the appointment committee, a committee specialised in sustainability or corporate social responsibility, or a dedicated committee established by the board under its powers of self-organisation. And that such a committee should be made up solely of non-executive directors, the majority being independent and specifically assigned the minimum functions set forth in the following recommendation".

  "The minimum functions referred to in the previous recommendation are as follows:

  a) To monitor compliance with the company's internal codes of conduct and corporate governance rules, and ensure that the corporate culture is aligned with its purpose and values.

  b) To monitor the implementation of the general policy regarding the disclosure of economic and financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.

  c) To periodically evaluate the effectiveness of the company's corporate governance system and environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders.

  d) To ensure the company's environmental and social practices are in accordance with the established strategy and policy.

  e) To monitor and evaluate the company's interaction with its stakeholder groups.

  Within the framework of the mentioned recommendations, articles 14 and 15 of the Regulations were amended in order to include certain functions and/or competences not expressly provided for therein, but which both Committees were carrying out.

  In particular, functions in terms of sustainability and non-financial information were amended.

D. Related Party and Intragroup Transactions

D.1 Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the Company in relation to those related-party transactions whose approval has been delegated by the Board of Directors.

In general, the Regulations of the Board of Directors establish that the Board must be aware of and authorise any transaction made by the Company with its significant shareholders and Directors and Executives, and that under no circumstances must any transaction be authorised unless a report has been received from the Auditing and Compliance Committee evaluating the transaction in terms of equality in the treatment of shareholders and of market conditions.

The Board shall also ensure compliance with legal and information requirements and transparency that the Company must observe regarding the communication of such transactions. Said regime is complemented with the provisions of the Spanish Corporate Enterprises Act.

The Company and, in particular, the Auditing and Compliance Committee, have reviewed the implications regarding related party transactions pursuant to the Law amending the Corporate Enterprises Act, assessing the formalisation and implementation of an internal procedure for reporting and periodic control by the Auditing and Compliance Committee. In this sense, in 2022, the Regulations of the Board and the Company Bylaws will be amended in order to include the corresponding powers delegated by the Board to the Auditing and Compliance Committee.

D.2 Give individual details of transactions that are significant due to their amount or of importance due to their subject matter carried out between the Company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the Board of Directors of the Company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the competent body was the General Shareholders' Meeting, indicate if the proposed resolution has been approved by the Board without the vote against of the majority of the independent directors:

Name or company name of shareholder or any of its subsidiaries	% Shareholding	Name or company name of the company or the subsidiary	Nature of the relationship	Type of transaction and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who abstained	The proposal to the General Shareholders' Meeting, if applicable, has been approved by the Board without a vote against of the majority of the independent directors
Tulipa Inversiones 2018, S.A.	5.388%	Meliá Hotels International, S.A.	Contractual	Receipt of services	25	Auditing and Compliance Committee	N/A	N/A
Tulipa Inversiones 2018, S.A.	5.388%	Cala Formentor, S. A. de C. V.	Contractual	Receipt of services	39	Auditing and Compliance Committee	N/A	N/A
Tulipa Inversiones 2018, S.A.	5.388%	Cibanco, S.A. IBM Fideicomiso el Medano	Contractual	Receipt of services	148	Auditing and Compliance Committee	N/A	N/A
Tulipa Inversiones 2018, S.A.	5.388%	Desarrollos Sol, S.A.S.	Contractual	Operating lease contracts	139	Auditing and Compliance Committee	N/A	N/A

Remarks

D.3. Give individual details of the transactions that are significant due to their amount or relevant due to their subject matter carried out by the Company or its subsidiaries with the administrators or managers of the Company, including those transactions carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the competent body was the General Shareholders' Meeting, indicate if the proposed resolution has been approved by the Board without the vote against of the majority of the independent directors:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or the subsidiary	Relationship	Nature of the transaction and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identification of the shareholder or director who abstained	The proposal to the General Shareholders' Meeting, if applicable, has been approved by the Board without a vote against of the majority of the independent directors

Remarks

D.4 Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the Company with its parent company or with other entities belonging to the parent's Group, including subsidiaries of the listed Company, except where no other related party of the listed Company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed Company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the Group	Brief description of the transaction and other information necessary for its evaluation	Amount (thousands of euros)
Sol Meliá Funding	Transfer of the customer portfolio of the American companies within the vacation club segment to Sol Meliá Funding for their management.	36
Sol Meliá Funding	Amendment to the inter-group loan with the parent company, in accordance with the centralised treasury management policy.	-727

Remarks
The above amount is negative as it represents a reduction of the debt that Sol Meliá Funding owes to the Group.

D.5 Give individual details of the transactions that are significant due to their amount or relevant due to their subject matter carried out by the Company or its subsidiaries with other related parties pursuant to the International Accounting Standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the transaction and other information necessary for its evaluation	Amount (thousands of euros)

Remarks

D.6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other related parties.

Pursuant to Article 28 of the Regulations of the Board, Directors must inform the Company of any direct or indirect potential conflict of interest that they could have with the Company.

Likewise, the Appointments, Remuneration and CSR Committee, pursuant to the provisions of Article 15.2. of the Regulations of the Board of Directors, must inform the Board of Directors of transactions that involve or may involve conflicts of interest, proposing, where appropriate, the measures to be adopted.

In addition, the Internal Code of Conduct in the Securities Market also regulates certain aspects regarding conflicts of interest, establishing the following principles of action:

*Independence: They must act at all times with freedom of opinion, loyalty to the Company and its Group, regardless of their own or others' interests. In consequence, they may not favour their own interests over those of the Company or its Group.

*Abstention: They must abstain from interfering in or influencing decisions on matters affected by the conflict of interest.

*Confidentiality: They must refrain from accessing confidential information that affects said conflict.

All of the above without prejudice to the provisions of the Corporate Enterprises Act.

D.7. Indicate whether the Company is controlled by another entity in the meaning of Article 42 of the Code of Commerce, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

YES ☐ **NO ☒**

N/A

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

YES ☐ **NO ☒**

Report covering the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported
N/A

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest
N/A

E. Risk Management and Control Systems

E.1 Explain the scope of the company's financial and non-financial Risk Management and Control System, including tax risk.

The Meliá's Risk Management model has not changed compared to previous years and is based on the integrated framework of Enterprise Risk Management COSO II (Committee of Sponsoring Organizations of the Treadway Commission). It is a continuous improvement model throughout the entire Company, whose main stages are as follows:

1. Identification of Risks, including tax risks, through the collection and analysis of internal and external information.
2. Risk assessment in each of the business areas as well as in the different support units, prioritising the most relevant risks and obtaining the different maps.
3. Responses to the risks by assigning responsibilities for the most relevant Risks and defining the actions that allow their management in an effective manner.
4. Monitoring and control through the indicators defined in this regard of the most relevant risks, the annual update of the Risk Maps, and the monitoring of the initiatives established for their mitigation.
5. Periodic and transparent communication of the results obtained to the Senior Management, the Auditing and Compliance Committee and the Board of Directors, which serves as feedback to the system so that continuous improvement in the process is obtained.

This model operates in a comprehensive and continuous manner, and allows to obtain the Group's Risk Map through the consolidation of Individual Risk Maps of the various Departments and Business Areas, through periodic identification by the Management Team of risks that affect the Group's objectives and strategy (Stage 1), and assessment of risks based on variables of occurrence probability and impact in the event of materialisation (Stage 2), according to standardised quantitative and qualitative scales.

Additionally, and as part of the model, the Group's Tax Risk Map is obtained and updated annually through the system.

The risk management and control governance model is based on the Risk Control Policy and the Regulation implementing it. Both documents were updated in 2020 and approved by the Board of Directors (the Policy) and by the Auditing and Compliance Committee (the Regulation).

The Policy is applied globally and establishes the basic principles governing risk management, as well as the general framework of action for the control, analysis and assessment of risks, including tax risks. These basic principles are as follows:

a. To promote an appropriate internal environment and risk awareness culture.
b. To adapt the strategy to the risks that have been identified.
c. To ensure an appropriate degree of independence between the areas responsible for risk management (and their elimination or mitigation), and the area responsible for risk control and analysis.
d. To identify and assess the diversity of risks affecting the Group, ensuring their correct allocation.
e. To ensure adequate management of the most relevant risks.
f. To improve risk response processes and decisions.
g. To facilitate comprehensive responses to multiple risks.
h. To inform and communicate transparently and consistently to the Organisation the risks the Group faces.

i. To promote the Group's actions in line with the legislation in force, the Group's internal regulations and the Code of Ethics.

The Risk Control and Management Regulation implements the Policy, and aims at ensuring the correct and efficient operation of the Risk Control System by establishing the rules, guidelines and criteria to be observed in the process of updating the Risk Map within the Group. This internal Regulation also defines the basic responsibilities in terms of risk management of the governing bodies and the different areas of the organisation.

With regard to tax risks, Meliá Hotels International has a Tax Strategy Policy approved by the Board of Directors. The Tax Strategy is governed by the following principles:

- Regulatory compliance and responsible tax management.
- Cooperative relations with the administrations and risk control and management system.
- Tax efficiency, efficient defence of our tax positions and transparency.

This Tax Strategy is in turn developed by an Internal Tax Risk Control and Management Regulation.

E.2 Identify the bodies within the company responsible for preparing and executing the financial and non-financial Risk Management and Control System, including tax risk.

The ultimate responsibility for the Risk Management and Control System lies with the Board of Directors, which has the non-delegable power, inter alia, to identify the Company's main risks, especially, tax risks and those arising from derivative transactions, and to implement and monitor the internal control and information systems (Art. 5 of the Regulations of the Board).

In addition, the Auditing and Compliance Committee is entrusted with, among others, the monitoring of (Art. 14.2 of the Board Regulations):

- The effectiveness of the Company's Internal Control and Risk Management Systems.
- Financial and non-financial information.
- The Internal Audit, Risk and Compliance functions.
- The existence of a Crime Prevention and Detection Model.

There exists a segregation and independence of functions in terms of risk control and management, which is based on the 3 Lines of Defence Model. Thus, and under the authority of the Governance Bodies (Board of Directors, Auditing and Compliance Committee, and Executive Committee), there are as follows:

- Business and Organisation Units as First Line of Defence.
- Risk Control & Compliance Department as Second Line of Defence.
- Internal Audit Department as Third Line of Defence.

The first line of defence, in addition to identifying and assessing the risks, is responsible for defining and implementing the measures that are necessary to manage the risks.

As a second line of defence, the Risk Control & Compliance Department is assigned control and analysis functions, including responsibility for risk management in the first line of defence, i.e. directly in each of the different Departments and Business Areas that make up the Group.

The Risk Control & Compliance Department, which reports directly to the Auditing Committee (although it is integrated in the Legal & Compliance Department), is responsible for ensuring compliance with both the Policy and the Internal Regulations related to Risk Management and Compliance, therefore, it ensures the operation and development of the Group's risk management models and the Crime Prevention and Detection Protocol. It also coordinates the investment prioritisation process based on risk criteria.

The third line of defence is integrated by the Internal Audit Department, which ensures the proper functioning of the Risk Management System through the monitoring of the first and the second line of defence. This Department also reports directly to the Auditing and Compliance Committee.

Both departments, Risk Control & Compliance and Internal Audit, report to the Auditing and Compliance Committee on a recurring basis at each of its meetings, and present an Annual Report on their activities.

Other bodies/departments with responsibilities and/or functions related to risk management:

- **Committees:**

Name	Specific function in the area of Risk
Executive Committee	It is responsible for developing and promoting control to improve the quality of corporate governance and risk management in the Group.
Strategic Plan Monitoring Committee	As part of its mission, this committee monitors the results and degree of compliance with the strategic plan and the alignment with the Risk Map.
Growth Committee	It is responsible for the preparation and approval of the risk analysis files for growth projects.
Investment Committee	It ensures that part of the group's annual resources is allocated to execute investments catalogued and prioritised based on risk criteria.

- **Departments:**

Name	Specific function in the area of Risk
Corporate Governance	It prepares and updates the Group's internal policies and regulations.
Tax	It coordinates and centralises the actions of control and management of tax risks. It reports periodically to the Executive Committee, Auditing and Compliance Committee and Risk Control regarding the assessment of tax risks and the validity of the controls established in this regard.
Credit and Insurance Management	It manages the credit risk and the contracting of insurance policies at corporate level to cover certain risks, always under the guidelines set forth in the Internal Insurance Regulations.
Occupational Health	It has responsibilities in the area of occupational risk prevention.

Global Technical Services and Works	They identify and classify risks in the facilities based on criteria that subsequently and centrally allow the prioritisation of certain investments.

The company also has a Code of Ethics, Whistleblowing and Complaints channels (an internal one for employees and an external one for Stakeholders), and a set of internal Policies and Regulations as key tools in risk management. (Further information on the Code of Ethics and Whistleblowing and Complaints Channels is included in the Ethics and Integrity section of the Annual Report).

E.3 Indicate the main financial and non-financial risks, including tax risks, as well as those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant and may affect the achievement of business objectives.

Meliá Hotels International has a catalogue of identified risks, which is updated annually and adapted to the needs and different contexts, environments and regulatory frameworks in which the company operates.

The risks identified are classified in categories, which remain unchanged compared to previous years, and are the following:

Category	Definition
Global Risks	They go beyond the capacity for action of the Company itself and economic agents. Some examples are: - Geopolitical Risks - Natural disasters or catastrophes - Pandemics or health crisis - Climate change
Financial Risks	Risks that make it difficult for the company to meet its financial commitments or make its assets liquid. For instance: - Liquidity - Credit - Exchange rate - Investment
Business Risks	They arise from changes in the variables inherent to the business, such as: - Strategy - Reputation - Market - Competition
Operational Risks	The result of possible deficiencies in internal processes. These are related to: - Operations - Customers - Human Resources - Equipment - Internal control and processes
Compliance Risks	Risks derived from changes to external and internal regulations, and/or from possible non-compliance therewith. They include among others: - Legal risks - Tax risks - Regulatory compliance risks (internal and external)

Information Risks	They are mainly caused by the inappropriate use, generation and disclosure of information. They are mainly related to: - Reporting - Internal and external communication

As for the risks identified, it should be pointed out that the Company has the relevant insurance coverage, where appropriate, and has the necessary action protocols in place, aimed at protecting the safety and health of customers and employees, and ensuring the normal functioning of operations, as well as, if necessary, their protection and restarting.

Likewise, the Company has a set of internal policies and rules, and a Code of Ethics and a Whistleblowing and Complaints Channels as part of the tools to mitigate these risks. In particular, the Compliance Policy, approved by the Board of Directors and updated in 2021 (available on the corporate website), through which Meliá assumes the following commitments:

- To comply with national and international legislation and regulatory obligations, as well as its internal regulations.

- To ensure that internal regulations and actions by its executives and managers are based on ethical criteria in line with the Company's principles and values and its Code of Ethics.

Tax risks and those arising from corruption are included within some of the categories indicated in the table above, mainly within Operational or Compliance Risks. Regarding these risks, one of Meliá Hotels International's global commitments established in its Code of Ethics is to act with the greatest rigour and full force when faced with any situations involving corruption, fraud or bribery.

To this end, the Group has available an Anti-corruption Policy approved by the Board of Directors and updated in 2021 (available on the corporate website) the objective of which is to define the principles that must govern our actions as a Company, in order to prevent, detect, report and remedy any actions which, according to the applicable regulations, may be considered as corruption or bribery, both active and passive, always upholding the principle of "zero tolerance" towards these practices.

In addition, the company has implemented a Crime Prevention and Detection Model which is certified by an external company in accordance with the UNE 19601:2017 standard (certification for 2021 has already been renewed). Tax risk and corruption, among others, are part of this Model and, therefore, the company has implemented a series of controls regarding these risks, which are evaluated on a yearly basis.

The Internal Control over Financial Reporting (ICFR) System, extensively developed in section F of this report, deserves special attention.

(For more information on the main risks and the Compliance model, see Risk and Ethics Management and Integrity section of the Annual Report).

E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.

The tolerance levels according to the various risk categories are established in the risk control Policy, which was updated in 2020.

Risks are assessed (Stage 2 of the model) based on probability and impact variables, by using to do so a uniform scale that includes quantitative and qualitative criteria (financial, operational, regulatory, reputational, strategic, etc.), and different risk ranges or levels, which serves to prioritise the risks and establish the acceptable risk level.

As part of the Risk Annual Report submitted to the Auditing Committee and the Board of Directors, an analysis of risk profile by type of risk is made at a Group level.

In addition, the Risk Map is aligned with the Strategic Plan, therefore, most of the strategic initiatives are designed to mitigate the main risks and they are also linked to the objectives of the teams in charge. Therefore, the monitoring of the Strategic Plan and the initiatives linked to the risks, as well as the levels of achievement of annual objectives also indicate the risk tolerance levels.

E.5. Indicate which financial and non-financial risks, including tax risks, have materialised during the year.

Global Risks: Pandemics or health crisis

Pandemic caused by Covid-19:

It becomes clearer every day that tourism is the sector most affected by this crisis. During 2021, Covid-19 has continued to have a significant impact on the tourism industry, affecting the entire value chain of the sector, including the hotel industry.

The different criteria followed by the countries in which restrictions to mobility were imposed, as well as the successive waves of Covid-19, contributed to the existence of low visibility significantly affecting the market structure, and maintaining market volatility.

The gradual recovery that has been observed since mid-summer, after the lifting of the restrictions to mobility, was held back due to the sixth wave and the Omicron variant, returning to a context of cancellations in reservations and brake on demand.

Given this situation marked by the pandemic, in 2021 our Resilience Plan (named The Day After) was kept active, and we strived to analyse and manage a double vision: on the one hand, to promote the tactical management of a limited hotel operation that was influenced by the pandemic; and, on the other hand, to foster resources for the future such as a comprehensive digital transformation, sustainability and evolution of our organisational model towards a more digital and efficient model.

These measures are being regarded as essential to face the new post-Covid tourism environment, which is more digital, more responsible and more aware of the environment focusing on experiences and safety and, of course, has become much more competitive.

Operational Risks: Emerging Technological Risks

Cyberattack:

In October 2021, our Company was affected by a security incident caused by a ransomware. After activation of all the response protocols and defence actions and thanks to the prompt and diligent action of the teams involved, both internal and external, it was possible to respond to the attack promptly and efficiently, and to stop the transmission.

Our digital systems and services related to online market were not affected by the incident and remained fully operational, except for certain unavailability caused, controlled and managed to verify and prevent an impact on such systems and services. Likewise, the incident finally did not affect the personal data of the Meliá Hotels International S.A.'s hotels.

E.6. Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.

Business and Organisational Units, as the first line of defence, are responsible for defining and implementing the measures that are necessary to manage the risks. Therefore, this management is fully integrated in the daily operations of the different areas which, in turn, are completely aligned with the strategy.

The Group's Risk Map is analysed by the Executive Committee, which assigns responsibilities and ensures that the areas in charge subsequently define action plans or initiatives to mitigate the main risks (Stage 3 of the model).

The Risk Control & Compliance Department, in cooperation with the affected managers, define KRI's (Key Risk Indicators) in relation to the main risks identified, which allow them to be monitored and controlled (Stage 4 of the model).

The Board of Directors and the Auditing and Compliance Committee are regularly informed of the Company's risk management, including the results of the Risk Map, report with different types of analysis in respect of the main risks (comparative, evolutionary, risk profile, cause-effect analyses, etc.), action plans and monitoring and control mechanisms and other possible resulting actions.

As a common practice, the Auditing and Compliance Committee regularly receives in-depth reports on the main risks identified (Stage 5 of the model). These reports include:

- A brief analysis of the context and evolution of the risks.
- The indicators defined for control and monitoring.
- The action plans carried out or planned for risk mitigation.

The above allows the Board of Directors and the Auditing and Compliance Committee to know and respond to the challenges faced by the Company.

The Risk Control & Compliance Department is in charge of coordinating, supporting, controlling and following up all stages of the model and, due to its direct dependence on the Auditing and Compliance Committee, reports to it on a recurring basis.

F. Internal Risk Management and Control Systems Relating to the Process of Publishing of Financial Information (ICFR)

Describe the mechanisms forming your Company's internal risk management and control systems relating to the process of publishing of financial information (ICFR).

F.1 The entity's control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Internal Control over Financial Reporting System (hereinafter "ICFR system") of Melia Hotels International Group is part of its general internal control system and is configured as the set of processes that the Board of Directors, the Auditing and Compliance Committee, the Senior Management and the Group's personnel, carry out to provide reasonable assurance regarding the reliability of the financial information published in the markets.

The functions and responsibilities attributed to these bodies are the following:

Board of Directors

According to the provisions of article 529b of the Corporate Enterprises Act, the Board of Directors is directly responsible for determining the risk control and management policy, including tax risks, and for monitoring internal reporting and control systems. In this sense, Article 5 of the Regulations of the Board of Directors assigns the Board the responsibility, among others, for "establishing the risk control and management policy, including tax risks, and the monitoring of the internal reporting and control systems. "

Auditing and Compliance Committee

According to Article 14 of the Regulations of the Board of Directors, the Auditing and Compliance Committee is assigned, among others, the responsibility for "monitoring the effectiveness of the Group's internal control, the internal audit services and risk management systems, including tax risks, and discussing with the auditor any significant internal control weaknesses detected during the audit, all this without breaking their independence, being able to present to the Board of Directors recommendations or proposals and the corresponding deadline for compliance"; "supervising and evaluating non-financial risks: operational, technological, legal, social, environmental, political and reputational, without prejudice to the functions entrusted and the tasks to be carried out by the Appointments, Remuneration and Corporate Social Responsibility Committee in this matter" and "supervising the preparation and presentation of the financial and non-financial mandatory information process and submitting to the Board of Directors recommendations or proposals aimed at safeguarding its integrity."

The duties of the Auditing and Compliance Committee, which affect the Internal Audit and Risk Control and Compliance Department, include: (i) To ensure the independence and effectiveness of these two departments, (ii) To monitor and assess their performance to which end an activity report will be submitted at the end of each year, (iii) To review the annual work plan of such areas in order to keep track thereof, iv) To approve the annual budget of both functions, and (v) To monitor the selection, appointment and resignation of the heads of these two functions.

Senior Management

The Meliá Hotels International Group assigns the Senior Management the responsibility for designing, implementing and maintaining the ICFR system, with each Region or Department being responsible in its area of influence. Therefore, this responsibility affects the entire organisation insofar as the financial information is fed from the activity and the information generated by the business areas and the other support areas.

Internal Audit Department

The Group has an Internal Audit Department that depends hierarchically on the Auditing and Compliance Committee and functionally on the Chief Legal & Compliance Officer, who in turn reports to the Group's Vice Chairman and CEO. The responsibilities of the Internal Audit Department include to verify the proper functioning of the ICFR system, keeping the Board of Directors, through the Auditing and Compliance Committee and the Senior Management, informed on whether the enabled mechanisms effectively mitigate the risk of errors with material impact on the financial information.

For the purposes of ensuring the independence of the Internal Audit Department with respect to the operations or areas that it audits and over which it has no authority or responsibility, the internal auditors are not assigned other powers and functions other than those of internal audit (assurance and consulting functions) designed to add value and improve the processes and controls of the Group, by giving a systematic and disciplined approach to assess and improve risk management, control and governance of the Group.

F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:

Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The definition and review process of the organisational structure is regulated by the Group's Human Resources Regulations, which is applied to all the Group companies and is available on the Employee Portal (MeliaHome). According to the provisions of such Regulations, the Human Resources Department is responsible for ensuring equity, balance and the optimisation of the Group's organisational structure and its periodic review. The heads of the different areas within the Group must ensure that the size of their staff is appropriate and optimal to address the department and business unit operations.

Any change in the organisational structure, as well as the appointment and removal of senior executives and their remuneration, must be proposed by the Appointments, Remuneration and CSR Committee and approved by the Board of Directors.

Likewise, the Organisation area, which reports to the Human Resources Department, is responsible, in cooperation with the different areas within the Group, for the analysis and definition of processes, as well as the description of job positions, including functions and responsibilities, and the positions related to the preparation of financial reporting. Currently, the Group's organisational chart, which is available on the Employee Portal (MeliaHome), is being restructured due to the development and implementation of the new organisational model.

With regard to the process of preparing financial information, in addition to detailed organisational charts, there are rules and instructions that establish the specific guidelines and responsibilities of each closure in which the main tasks are explained, both at corporate and branch levels.

Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

The Meliá Hotels International Group has several documents relating to conduct of its employees, suppliers and other stakeholders:

Code of Ethics

The Meliá Hotels International Group has a Code of Ethics that was initially approved by the Board of Directors in 2012 and then reviewed and updated in 2018.

The Code of Ethics is a set of principles of action that organise and give meaning to the values of the Group, and is the summit of the entire internal regulatory framework, establishing the fundamentals from which policies, regulations, processes and internal procedures arise.

This Code of Ethics and all the information necessary for a proper understanding thereof, is available to the Group's employees through the Employee Portal, as well as to any stakeholder through the company's corporate website (www.meliahotelsinternational.com).

In particular, the Code of Ethics includes a section regulating the principles applicable to the relationship with shareholders and investors, where the following commitments are expressly mentioned: (i) to ensure maximum reliability and accuracy in accounting and financial records, (ii) to comply with the obligations on transparency in the securities markets, (iii) to be proactive in identifying, preventing and mitigating financial and non-financial risks, and (iv) to make transparent, sufficient, truthful, timely and clear financial and non-financial information available to shareholders and investors.

The Group has a mandatory internal training course consisting of three modules, one of which relates to the Code of Ethics. This training is accessible to all corporate staff worldwide including Directors, Deputy Directors and Managers in the various hotels through the Group's e-learning platform (E-Melia).

Code of Ethics for Suppliers

The Code of Ethics for Suppliers sets out the principles and commitments that the Group expects to be observed by all its suppliers. This document reinforces the management and relationship model that the Group wants to promote worldwide, integrating the principles and commitments of the Group's Code of Ethics, giving greater coherence to its procurement model and conveying the public commitments made to the supply chain.

Similarly to the Group's Code of Ethics, the Code of Ethics for Suppliers is available on the Group's corporate website. Periodically, campaigns are carried out to disseminate the Code of Ethics for Suppliers, whether through specific announcements or through adherence clauses in contracts.

Currently, the Group is developing a new Supplier Portal, a private area for the Group's suppliers, where the Code of Ethics for Suppliers, inter alia, is available.

Internal Code of Conduct in the Securities Market

The Internal Code of Conduct in the Securities Market is applied to all members of the Board of Directors and to the addressees defined in its subjective scope of application. Its content establishes, inter alia, the procedures relating to the processing of inside information.

This Code is communicated and delivered in writing to the persons to whom it applies when they are contracted and/or when they are declared as Affected Individuals in accordance with the provisions of the code, and it must be signed and accepted by these persons. The Chief Legal & Compliance Officer is in charge of monitoring and controlling compliance with the said code, reporting to the Auditing and Compliance Committee any issues relating to this field.

The Internal Code of Conduct in the Securities Market was updated in 2020 and is available on the corporate website.

Executive Behaviour Regulations and Human Resources Regulations

In addition, the Group has an Executive Behaviour Regulation and a Human Resources Regulation, which regulate the conduct of its executives (in the first case) and of all the Group's employees (in the second case), in relation to certain matters.

The Executive Behaviour Regulations were updated in 2021 and are available on the Employee Portal. These Regulations are communicated when updated to all Executives individually and with acknowledgment of receipt, and are also signed by the Group's Executives every two years.

Whistleblowing channels allowing notifications to the auditing committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential, and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

Whistleblowing Channel for Employees

Since 2012, Meliá Hotels International Group has a Whistleblowing Channel for Employees, a system by means of which any complaints related to non-compliance with the contents of the Code of Ethics may be submitted. The procedure guarantees, in all cases, an independent and confidential analysis.

The channels available for submitting complaints are: Intranet (Employee Portal), Internet (corporate website) and regular mail addressed to the Ethics Committee. Likewise, in relation to the confidentiality and in compliance with the provisions of the Law on Data Protection and Digital Rights, in the Whistleblowing Channel all the complaints are processed in a confidential way.

The Ethics Committee is the independent body responsible for receiving, managing and coordinating the complaints and investigation procedure, and is the only body which has access to the complaints received, thus guaranteeing their confidentiality. The ultimate responsibility lies with the Board of Directors itself, which through the Auditing and Compliance Committee assumes the obligation to implement it.

The operation of the Whistleblowing Channel for Employees is described in the Regulations of the Whistleblowing Channel for Employees, published on the Employee Portal. A training module on the Whistleblowing Channel is available at MeliaHome. Additionally, campaigns to disseminate the Whistleblowing Channel for Employees are regularly made.

Complaints Channel for Third Parties

Following the approval of the Code of Ethics for Suppliers in 2018, a Whistleblowing Channel for Suppliers was created through which any behaviours contrary to the aforementioned Code of Ethics for Suppliers can be communicated or reported.

In 2021, following the recommendations of the Good Governance Code of Listed Companies as well as the European directive for the protection of whistleblowers, the Group decided to extend the scope of the Whistleblowing Channel for Suppliers to any third parties (shareholders, directors, customers, suppliers, etc.).

The Complaints Channel for Third Parties is also managed by the Ethics Committee of the Group and can be accessed through the corporate website (www.meliahotelsinternational.com) or through regular mail addressed to the Ethics Committee.

The operation of the Complaints Channel for Third Parties is described in the Regulations of the Complaints Channel, accessible through the platform for accessing the complaints channel.

Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

The heads of the departments responsible for preparing financial information must ensure that employees working in these areas have access to updated information and appropriate training.

Corporate team members involved in the preparation and review of financial information receive annual specific training to update their knowledge in various matters related to their functions. During 2021, they have participated in training sessions concerning the implementation of new international accounting standards, new requirements for the breakdown of non-financial information and alternative performance measures, workshops for the prevention, detection and investigation of fraud and on business process evaluation.

Likewise, in 2021, a new training regarding ICFR system for collaborators and teams involved in the preparation and review of financial information was implemented. The training has been carried out by a total of 64 collaborators, with an average duration of 0.5 hours per employee.

Internal Audit, Tax Services, Management Control, Risk Control and Compliance and Global Administration have been the departments involved in the training programmes.

In particular, during 2021, the following training activities, among others, have been carried out (the most relevant ones for the purposes of this report are indicated):

Training	Duration (hours)	Date	Provider	Department
Accounting Risks and Finance for auditors - internal	8	September 2021	Instituto de Auditores Internos de España	Internal Audit
Amendment to the GAP and new Audit Regulations	1	February 2021	IEB Instituto Estudios Bursátiles	Internal Audit
International Financial Reporting Standards - IFRS/IAS	24	From October 2021 to March 2022	Centro de Estudios Financieros (CEF)	Internal Audit
Postgraduate course in Controlling	250	From October to December 2021	Universitat Pompeu Fabra / Barcelona School of Management	Internal Audit
Webinar - Sustainable Finance - new ESG requirements for 2021 reporting	1.5	June 2021	KPMG	Internal Audit
Outsourcing Risk. Cloud & on premises models	6	November 2021	Instituto de Auditores Internos de España	Internal Audit
Internal Control and Risks	96	From September to November 2021	IMAI (Instituto Mexicano de Auditores Internos)	Internal Audit
Interpretation of Financial Statements	5	June 2021	Capacitación y Desarrollo Fiscal - CADEFI	Internal Audit
Specialisation in Financial Management	120	From November 2021 to February 2022	Instituto Tecnológico de Monterrey (ITESM)	Internal Audit

Taxes in Mexico, an approach with a Financial and Tax View	104	From June 2021 to February 2022	Instituto Tecnológico de Monterrey (ITESM)	Internal Audit
New GAP regarding Financial instruments	3	December 2021	EY	Global Administration
IFRS Meetings	2	December 2021	EY	Global Administration
IFRS Meetings / Taxonomy	2	October 2021	EY	Global Administration
FEUE: best practices learned to be prepared in 2022	1	October 2021	Workiva+DTT	Global Administration
Impacts of the implementation of new requirements in terms of taxonomy in the business activity	2	June 2021	KPMG	Global Administration
Changes introduced by the General Accounting Plan in terms of revenues for sales and financial instruments	1.5	June 2021	DTT	Global Administration
Amendment to the General Accounting Plan RD 1/2021 and Law 11/2018 on non-financial information and diversity	1.5	April 2021	PwC	Global Administration
IFRS Meetings	2	March 2021	EY	Global Administration
International Compliance Week	27	November 2021	IOC+WCA+CUMPLEN	Risk Control & Compliance
International Compliance Congress	7.5	July 2021	IOC	Risk Control & Compliance
Webinar: Fraud Risk Assessment -	2	April 2021	WCA	Risk Control & Compliance

Continuous improvement of the fraud risk assessment in practice				
Webinar: Risk Management of AML/TF according to FATF recommendations	2	May 2021	WCA	Risk Control & Compliance
Internal Control Financial Reporting system (ICFRS)	1	March 2021	eMelia	Risk Control & Compliance

The Group has external advice to support the development of knowledge of the personnel involved, and participates as corporate partner of IAI (Institute of Internal Auditors) and AECA (Spanish Association of Accounting and Business Administration).

Likewise, the Group also subscribes to the following publications:

Subscription:	Frequency	Provider
Spanish Association of Accounting and Business Administration	Weekly	Spanish Association of Accounting and Business Administration (AECA)
Institute of Internal Auditors - IAI Magazine	Monthly	Institute of Internal Auditors (IAI)
Breaking News	Weekly	KPMG
EY CFO Newsletter	Monthly	EY

F2 Assessment of Risks in Financial Reporting.

Report on at least the following:

F.2.1 The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- Whether the process exists and is documented.

The Meliá Hotels International Group has a global and permanent risk control, analysis and assessment model. This model is formalised in the following documents available for all employees through the Employee Portal (MeliaHome):

- The Risk Control and Management Policy establishes the basic principles governing Risk Management and the general framework of action for the control, analysis and assessment of the risks faced by the Group. The policy was updated in 2020 in order to be adapted to the update of the Good Governance Code for Listed Companies, in particular, recommendation 45. Such update was approved by the Board of Directors.
- Risk Control and Management Regulation, which develops the policy above and establishes the rules, guidelines or criteria to be followed in the process of updating

the Group's Risk Maps, as well as the operation of other mechanisms or tools used for risk prevention and management. The Regulation was updated in 2020. Such update was approved by the Auditing and Compliance Committee.

- Control and Analysis of Tax Risk Regulations, which aims at developing the Risk Control and Management Policy in the tax area.
- Risk Map preparation process that defines the process flow chart of tasks for the design of the Group's Risk Map.

The Risk Control Department leads the periodic review process of the Group's Risk Map and ensures the definition of actions and assignment of responsibilities to mitigate the main risks. In this process, the heads of all the Group's departments and areas participate, identifying and assessing the different risks that affect them, including those related to financial information. Therefore, in addition to the Group's Consolidated Risk Map, Risk Maps for each of the different departments and areas that make up the organisation are also obtained.

• Whether the process covers all the objectives of financial reporting (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so, how often.

Every year and in cooperation with the Internal Audit Department, the Risk Inventory is reviewed to detect which of the identified risks may affect the financial reporting objectives defined by the CNMV: existence and occurrence, completeness, valuation, presentation, disclosure and comparability and rights and obligations.

Each of the risks identified in the process of preparing the consolidated financial statements is associated with the processes and the different financial lines considered as significant.

• The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

In order to be able to identify the scope of consolidation at all times, the Annual Accounts and Consolidation Department maintains an up-to-date corporate register that includes all of the Group's interests, whatever their nature.

The procedures for updating the scope of consolidation are defined in a manual which complements the provisions of the Company and Joint Venture Regulations. The scope of consolidation is updated and reviewed regularly according to the provisions of the International Accounting Standards and other local accounting regulations, and as long as a change in the corporate register occurs.

Regarding the possible existence of complex corporate structures or special purpose vehicles, the creation of this type of structures, since it is a non-delegable power, requires the prior approval of the Board of Directors.

Likewise, according to the provisions of the Tax Strategy Policy, one of the guiding principles is "to avoid the creation of companies that are opaque or resident in tax havens according to the interpretation of the European Union, unless their existence and operations respond to economic and business reasons". In addition, it is reiterated that the "creation or acquisition of interests in special purpose vehicles or enterprises resident in countries or territories considered tax havens" must be approved by the Board of Directors.

• Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The impact that risks may have on financial statements is considered in updating the Risk Map, regardless of the type of risk. Meliá Hotels International Group has classified the risks identified in the following fields:

- Global Risks.
- Financial Risks.
- Business Risks.
- Operational Risks.
- Compliance Risks.
- Information Risks.

- The governing body within the company that supervises the process.

The results obtained in the process of updating the Group's Consolidated Risk Map are reported and reviewed by the Senior Management, the Auditing and Compliance Committee and the Board of Directors.

F3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1 Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

Meliá Hotels International group provides securities markets with financial information for the consolidated group on a quarterly basis. This financial information is prepared by the Administration and Finance Department.

The Chief Financial Officer analyses the reports received, provisionally approving the financial information for submission to the Auditing and Compliance Committee, which is then responsible for supervising the financial information that it receives. The Group submits the financial statements for the first half of the year to a limited review by the external auditor. Thus, in the half-yearly closing of accounts, the Auditing and Compliance Committee has available information revised by the Group's external auditors.

In the half-yearly closing of accounts, the Auditing and Compliance Committee reports to the Board of Directors its conclusions on the financial information submitted so that, once approved by the Board of Directors, it can be published in the securities markets. Likewise, ad hoc meetings of the Auditing and Compliance Committee are held to approve the Interim Management Report for the first and third quarter. Once reviewed by the Auding and Compliance Committee, the information is made available to the Board of Directors for approval.

Meliá Hotels International Group has a procedure manual which defines the internal process for the preparation and publication of consolidated financial information, which covers the entire process of preparation, approval and publication of the financial information to be sent periodically to the CNMV.

All the areas that potentially may affect the Group's Annual Accounts in a significant manner, have controls in the critical processes to ensure the reliability of financial information. These controls are included in internal procedures or in the way IT systems work to create the basis for the preparation of financial information.

Most of the processes considered as critical and the control activities associated therewith have been systematically documented. This documentation is made up of descriptive elements, process flow charts and risk and control matrices. In addition, and throughout this process, possible fraud risks have been identified for which controls are also formalised to mitigate these risks.

The activities that are required to be formally documented are included in the processes within the areas of Administration, Tax, Treasury and Finance, Relationship with Investors, Personnel Administration, Hotel Business and Vacation Club.

The different Departments are responsible for documenting and updating each of these processes, detecting possible control weaknesses, and defining appropriate corrective measures. These processes are reviewed and updated every 3 years for each of the Departments. Internal Audit is responsible for verifying their review on the basis of such periodicity through a Self-Assessment Control, ensuring compliance with the associated risks and controls.

The relevant judgements, estimates and projections necessary to quantify certain assets, liabilities, revenues, expenses and commitments recorded or broken down in the Annual Accounts are made by the Administration and Finance Department with the support of the other Departments.

The Annual Accounts of Meliá Hotels International Group include information of the most relevant areas in which there are elements of judgement or estimation, as well as the key assumptions in relation thereto. The most important estimates relate to the valuation of goodwill, provision for taxes on profits, fair value of derivatives, fair value of real estate investments, pension contributions and the useful life of property, plant and equipment and intangible assets.

As part of the documented processes, a procedure for closing of accounts has been established, which defines the procedure of closing of accounts, review and authorisation of financial information in the different units of the Group which culminates in the process of consolidation of all the information.

F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The IT Department of the Meliá Hotels International Group has a set of security regulations and procedures designed to guarantee the control of access to business applications and systems to ensure the confidentiality, availability and completeness of the information.

In 2017, the Board of Directors approved the Information Security Policy, which is available on the corporate website. In development of this Policy, the System Security Regulation, the System Use Manual and the IT Security Framework have also been drawn up.

Meliá Hotels International Group has formalised procedures for changes to the financial management platform and a transaction development and maintenance process. These procedures define the controls that ensure a proper development and maintenance of applications, assessing the impact of changes and associated risks, and they also have processes to test changes before they are implemented in production systems.

There is an access and authorisation management model based on segregation of functions on the systems that support the processes for management of preparation of financial information, which defines the control procedures and ensures that there are no users who are involved in the handling of such information.

In addition, controls have been defined for the appropriate management and monitoring of the assignment of special privileges on systems that support financial information.

Finally, it should be noted that since mid-2021, the Internal Audit Department has a system auditor.

F.3.3 Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

Outsourcing is governed by the Service Contracting Regulation that regulates the approval by the General Management of the contracting area and verification that the supplier has sufficient professional qualifications to perform the contracted services and, where appropriate, is registered with the corresponding professional body. This Regulation is available to all employees on the Employee Portal (MeliaHome).

In addition, the Group has an Approval Process for Audit and Non-Audit Services Provided by the Statutory Auditor which defines the guidelines and procedures for the contracting of audit services, audit-related services and non-audit services provided by the statutory auditor. This process has been updated in 2021.

In making use of the services provided by an independent expert, the Group ensures that it has the technical competence and skills by only engaging third parties with proven experience and good reputation.

To validate the reports of the independent expert, the Group has internal trained personnel capable of validating the reasonableness of the conclusions thereof, defining and managing the appropriate service levels in each case.

It is noted that the new Tax Strategy Policy sets forth that “the Tax Department may rely on the advice of independent experts renowned in the tax field, except for the auditor and/or audit firm that performs the audit of the Group’s financial statements.”

In 2020, the implementation of a new centralised model for the contracting of services and purchase of goods began, with the objective of ensuring the management of contracts and suppliers and their need.

Likewise, the digitalisation of the approval and validation of contracts and invoices has been implemented, allowing control, monitoring and verification of compliance with internal regulations and, in particular, with the different approval levels internally established.

F4 Information and Communication

Report on whether the company has at least the following, describing their main characteristics:

F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the Company operates.

The Annual Accounts and Consolidation Department is responsible for the definition and updating of accounting policies and their interpretation and that of other accounting regulations that affect the financial statements of Meliá Hotels International Group. The functions of this department are, among others, as follows:

- To define the Group’s accounting policies.
- To analyse the individual operations and transactions carried out or to be carried out by the Group to determine their appropriate accounting treatment.
- To follow-up the new regulations planned by the International Accounting Standards Board (IASB) and new regulations approved by the said body and adopted by the

European Union, and the impact that their implementation will have on the Group's Consolidated Annual Accounts.

- To clarify any doubts of Group companies regarding the application of the Group's accounting policies.

Meliá Hotels International Group presents its Consolidated Annual Accounts in accordance with the International Financial Reporting Standards adopted by the European Union. There is an updated accounting policy manual that is reviewed whenever accounting regulations applicable to the Group's financial statements are significantly amended. All personnel responsible for preparing the financial statements for the companies within the Group have access to this document through the Intranet.

In order to manage any doubts regarding interpretation of accounting policies, there is a formal communication channel that consists of a mailbox managed by the Annual Accounts and Consolidation Department. Through this mailbox, the different business areas can ask for advice on specific issues which, due to their specificity or complexity, may raise doubts about the appropriate methodology for their registration in the Group's accounting books.

F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or the group, which support the main financial statements and notes, as well as disclosures concerning ICFR.

Meliá Hotels International Group has an integrated financial management IT tool to address the reporting needs of individual financial statements, and which facilitates the subsequent consolidation and analysis process.

This tool centralises in a single system all the accounting information of the Group subsidiaries, which is the basis for the preparation of Individual and Consolidated Annual Accounts. The system is centrally managed by the Group's corporate area.

For the process of preparation and approval of the Group's Annual Accounts, the Group has a technological tool (external software) of consolidation of financial (and non-financial) information and the creation of management reports, all within the framework of the fulfilment of the new SEC regulations and the obligations in terms of taxonomy of information.

F.5 Supervision of the Functioning of the System

Report on at least the following, describing their principal features:

F.5.1 The activities of the audit committee in overseeing ICFR system as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR system. Additionally, describe the scope of ICFR system assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

The activities for monitoring the ICFR system carried out by the Auditing and Compliance Committee in 2021 include:

- Regular meetings with external auditors, internal auditors and Senior Management to review, analyse and comment on the financial information, the applied accounting criteria and, where applicable, any significant internal control weaknesses identified.
- Review, with the support of the Internal Audit Department, of the effectiveness of and compliance with the processes established as part of the internal control system.

As mentioned in section F.1.1. above, Internal Audit Department is responsible for verifying the proper functioning of the Internal Control System, including the reliability of the Financial Information (ICFR), keeping the Board of Directors, through the Auditing and Compliance Committee and the Senior Management, informed about the existence, adequacy and effectiveness of existing methods, procedures, standards, policies and instructions, which are available to the Group's employees.

In this sense, the Internal Audit Department prepares an Annual Internal Audit Plan that includes various actions aimed at assessing the degree of compliance with internal control through audits of different types, mainly business or operational audits (hotels, vacation clubs and other businesses), computer systems audits, financial audits and assessment of control activities associated with processes in corporate and regional areas of Administration and Finance, including processes associated with the ICFR system. The areas and processes to be audited, as well as the checklist of audit control points are reviewed and updated annually.

Regarding the methodology of the activities carried out by the Internal Audit Department in 2021, although it was affected by limitations to mobility in some geographic areas (countries with higher risk and access restrictions), in particular, during the first half of the year, gradually in-person audit processes have been taken up in the various business, in addition to remote audit in the accounting reviews of the various centres. During the second half of the year, a combination of these two types of audits were carried out, through a prior analysis of the various offices of the department and subsequent in situ visits to the centre to be audited.

In addition to the normal audit process, remote audits on Covid-19 compliance in the hotels have continued to be carried out.

It is worth mentioning that, as part of the transformation plan of internal audit, in 2021, a selection and contracting process of two tools for the department management and massive data analysis were carried out, an investment that was approved by the Group's senior management and which is planned to be implemented by February 2022.

According to the Audit Regulations, if as a result of the Audit Department's assessments, control weaknesses are detected in the audited centres/areas/processes, these are brought to the attention of the Management of the audited centre and/or area, reporting to Senior Management and the Auditing and Compliance Committee if deemed appropriate. The heads of these centres and/or areas are obliged to respond to the weaknesses detected by implementing corrective measures or preventive plans.

Likewise, the external auditor, as mentioned in section F.7.1., every year issues an annual report of the agreed procedures on the description of the ICFR system carried out by the Group in which no relevant issues have been highlighted.

F.5.2 Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

According to the Regulations of the Board, the Board of Directors must meet at least six (6) times a year. Coinciding with these meetings, the Auditing and Compliance Committee also meets, with the meetings being regularly attended by the internal and external auditors as guests, and also by Senior Management of the Group, when appropriate.

The external auditor must attend, at least, the Board meeting in which the Annual Accounts are prepared and, additionally, any other Board meeting at which his/her attendance is required. The Internal Audit Department is in constant communication with the Senior Management and periodically reports the Auditing and Compliance Committee of any internal control weaknesses detected in internal audits, among other issues. Internal Audit is present at all the meetings of the Auditing and Compliance Committee held during the year.

Additionally, the external auditor every year provides the Auditing and Compliance Committee with a report detailing the internal control weaknesses detected. The action plans for the weaknesses detected are implemented in the form of recommendations that follow prioritisation, assignment of responsibilities and follow-up criteria. These recommendations are followed up internally.

F.6 Other Relevant Information

No additional aspects to be broken down have been identified.

F.7 External Auditor´s Report

Report:

F.7.1 Whether the ICFR system information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

The information on the ICFR system included in the Annual Corporate Governance Report has been reviewed by the external auditor, the report of which is attached to the Group's Management Report.

G. Degree of Compliance with Corporate Governance Recommendations

1. That the bylaws of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies ☒ Explain ☐

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies ☒ Complies partially ☐ Explain ☐

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies ☒ Complies partially ☐ Explain ☐

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by commercial legislation on its website.

Complies ☒ Complies partially ☐ Explain ☐

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

a) Report on the auditor´s independence.

b) Reports on the workings of the audit and appointments and remuneration committees.

c) Report by the audit committee on related party transactions.

Complies ☒ Complies partially ☐ Explain ☐

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies ☒ Complies partially ☐ Explain ☐

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the General Meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies ☒ Complies partially ☐ Explain ☐

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies ☒ Complies partially ☐ Explain ☐

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

a) Should immediately distribute such complementary points and new proposals for resolutions.

b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.

c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies ☒ Complies partially ☐ Explain ☐

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a participatory manner, which makes it advisable for it to have between five and fifteen members.

Complies ☒ Explain ☐

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board that:

a) Is concrete and verifiable.
b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors, and
c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the results of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the appointments committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The appointments committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies ☒ Complies partially ☐ Explain ☐

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies ☒ Complies partially ☐ Explain ☐

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

a) In large-cap companies where very few shareholdings are legally considered significant.
b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies ☒ Explain ☐

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company’s share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies ☒ Explain ☐

18. That companies should publish the following information on its directors on their website, and keep it up to date:

a) Professional profile and biography.
b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
d) Date of their first appointment as a director of the company’s Board of Directors, and any subsequent re-elections.
e) Company shares and share options that they own.

Complies ☒ Complies partially ☐ Explain ☐

19. That the annual corporate governance report, after verification by the appointments committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board of Directors are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies ☒ Explain ☐

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the appointments and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies ☒ Complies partially ☐ Explain ☐

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests.

This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

25. That the appointments committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

The Regulations of the Board of Directors should establish the maximum number of company boards on which directors may sit.

Complies ☒ Complies partially ☐ Explain ☐

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies ☐ Complies partially ☒ Explain ☐

The Regulations of the Board of Directors establish a minimum number of six meetings.

At the beginning of each year, the Board analyses, proposes and approves the schedule of meetings for the current year, according to the Company's needs.

Likewise, the Regulations establish that directors must ask the persons with capacity to call meetings to call an extraordinary meeting of the Board or to include such items as they deem appropriate in the agenda of the next meeting to be held.

During 2021, according to the Company's needs, the Board of Directors met at the meetings scheduled in the calendar.

Likewise, it should be noted the high number of meetings held by the two Specialised Committees of the Board: the Auditing and Compliance Committee held a total of 11 meetings in 2021 and the Appointments, Remuneration and CSR Committee held a total of 8 meetings.

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies ☒ Complies partially ☐ Explain ☐

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies ☒ Complies partially ☐ Explain ☐

30. That without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies ☒ Explain☐ Not applicable ☐

31. That the agendas of Board meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies ☒ Complies partially ☐ Explain ☐

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies ☒ Complies partially ☐ Explain ☐

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the Company Bylaws should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensure that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies ☒ Complies partially ☐ Explain ☐

34. That when there is a coordinating director, the Company Bylaws or Regulations of the Board should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐

The Company considers that, in view of the non-existence of an Executive Chairman since December 2016, pursuant to Recommendation 34 of the Code (the ultimate purpose of which is to avoid the concentration of powers in one person), the position of Coordinating Director is not mandatory. However, in consideration of the advantages of having this particular office, the Company decided to maintain the aforementioned position, although the functions attributed to it do not exactly correspond to the contents of Recommendation 34.

Thus, the Coordinating Director of the Board of Directors of Meliá, is especially empowered to: (i) request the convening of the Board of Directors meeting or the inclusion of new items on the agenda of a Board meeting already convened, (ii) coordinate and arrange meetings with external directors, and (iii) lead, if appropriate, the periodic appraisal of the Chairman of the Board of Directors. These powers do not entirely match the powers included in the mentioned recommendation.

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies ☒ Explain ☐

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' functioning.
b) The functioning and composition of its committees.
c) Diversity in the composition and skills of the Board of Directors.
d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.
e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the appointments committee.

Business relationships between the external advisor or any member of the advisor's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies ☐ Complies partially ☒ Explain ☐

This year, the Company complies with all the points of the recommendation except for the periodicity of the assistance of an independent external advisor for the performance of the evaluation.

In this sense, the last assistance received from an external advisor took place in 2017. In the process of reviewing the evaluation questionnaires and preparing the evaluation process of the Board and the Chief Executive Officer for 2021, the Appointments, Remuneration and CSR Committee, following the Group's internal guidelines for cost containment and health safety, considered that it was not absolutely necessary and appropriate to engage an external third party to assist in the evaluation process.

When it comes to carrying out the evaluation process of the Board and the Chief Executive Officer for 2022, the recommendation for the assistance of an external advisor and the prevailing economic and health safety circumstances will be reconsidered.

Nevertheless, and as indicated in section C.1.17 of this report, the Committee has been assisted by the Company's Human Resources and Corporate Governance departments to review and update the evaluation forms, into which, as in 2020, certain improvements in line with applicable recommendations and best market practices in this field have been incorporated.

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies ☒ Complies partially ☐ Explain ☐

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies ☒ Complies partially ☐ Explain ☐

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a. Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b. Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c. Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d. Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a. In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b. Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c. Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d. Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

e. Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies ☒ Complies partially ☐ Explain ☐

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies ☒ Complies partially ☐ Explain ☐

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies ☒ Complies partially ☐ Explain ☐

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies ☒ Complies partially ☐ Explain ☐

47. That in designating the members of the appointments and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies ☒ Complies partially ☐ Explain ☐

48. That large-cap companies have separate appointments and remuneration committees.

Complies ☐ Explain ☒ Not applicable ☐

The Company does not consider it necessary to have two separate Committees: the Appointments Committee and the Remuneration Committee, especially considering the size and composition of the Board of Directors and the increase in expenses that this would involve, without resulting in an improvement in efficiency.

The creation of a third delegated committee, considering the current size and structure of the Board of Directors, would mean that the majority of independent directors would be members, at the same time, of the three committees, which is not very practical, and does not allow the synergies that currently exist in the Board.

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the appointments committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies ☒ Complies partially ☐ Explain ☐

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Proposing the basic conditions of employment for senior management to the Board of Directors.

b) Verifying compliance with the company's remuneration policy.

c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.

d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.

e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies ☒ Complies partially ☐ Explain ☐

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies ☒ Complies partially ☐ Explain ☐

52. That the rules regarding the composition and functioning of the supervision and control committees should appear in the Regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

a) That they be composed exclusively of non-executive directors, with a majority of independent directors.

b) That their chairpersons be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies ☒ Complies partially ☐ Explain ☐

54. That the minimum functions referred to in the foregoing recommendation are the following:

a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

d) Supervision of the company's environmental and social practices to ensure they are in alignment with the established strategy and policy.

e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies ☒ Complies partially ☐ Explain ☐

55. That environmental and social sustainability policies should identify and include at least the following:

a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies ☒ Complies partially ☐ Explain ☐

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies ☒ Explain ☐

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies ☒ Complies partially ☐ Explain ☐

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in

the markets or in the sector in which the company operates, or other similar circumstances. And, in particular, variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.

b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

59. the payment of the variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor’s report and that would diminish said results.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies ☐ Complies partially ☐ Explain ☒ Not applicable ☐

The Company understands that the purpose of the recommendation is to ensure the involvement of the Executive Director in the results of the Company and its performance.

In view of the specific situation and given that the Company is a family-owned business, the distribution of shares to the Executive Director is deemed unnecessary.

Notwithstanding the foregoing, the new Directors’ Remuneration Policy establishes that “remuneration systems referenced to the Company's stock quotes or involving payment in shares or option rights over them may be established”.

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the appointments and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies ☒ Complies partially ☐ Explain ☐ Not applicable ☐

H. Further Information of Interest

H.1 If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensible and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

H.2 This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

H.3 The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other.

In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

Meliá Hotels International is adhered to the following codes of ethical principles or good practices:

Code	Organisation	Scope	Year of subscription
ECPAT Code of Conduct for the Prevention of Sexual Exploitation of Children and Adolescents in Travel and Tourism	The Code International	Global	2006
Global Compact Principles	UN Global Compact	Global	2008
Best Practices in CSR & Sustainability	FTSE4 Good Ibex	Spain	2008
Global Code of Ethics for Tourism	UNWTO	Global	2011
Climate change	CDP Climate - Carbon Disclosure Project CDP Water - Carbon Disclosure Project	Global	2011 2019
Social Dialogue and Labour Rights	IUF-IUF International Union of Workers	Global	2013
Paris Agreement	United Nations Climate Change Conference in Paris (COP21)	Global	2015

Commission on Corporate Responsibility and Anti-Corruption	International Chamber of Commerce (ICC)	Global	2016
World Travel & Tourism Council	WTTC	Global	2016
Closingap Cluster for the reduction of the gender gap	N/A	Spain	2019
Prevention of sexual harassment	IUF-IUF International Union of Workers	Global	2019
Green Recovery Alliance (European Green Pact)	European Union	EU	2020
UNESCO Sustainable Travel Pledge	UNESCO	Global	2021
Commitment letter to the G20 countries to accelerate the Paris commitments	We Mean Business Coalition	Global	2021
Digital Green Certification	Minister of Europe and Foreign Affairs	EU	2021
CEOs for Diversity	Fundación CEOE	Spain	2021
Global Hospitality Sustainable Basics	WTTC	Global	2021

The company is not a signatory to the Code of Good Tax Practices of July 20, 2010.

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting held on **28 February 2022.**

Indicate whether any director voted against or abstained from approving this report.

YES ☐ NO ☒

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
Remarks		

2021 Annual Report on the Remuneration of Directors

28 February 2022

A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

***A.1.1** Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete. Such specific determinations for the current year as the Board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.*

In any case, the following aspects must be reported, as a minimum:

Description of the procedures and corporate bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.

The Remuneration Policy applicable to 2022 is the Remuneration Policy for years 2022 to 2024 (hereinafter, the "**Remuneration Policy**" or the "**Policy**") which was approved by the General Shareholders' Meeting of Meliá Hotels International, S.A. (hereinafter, the "**Company**") on 10 June 2021.

The procedure used to design the Remuneration Policy was detailed in the report approved by the Board of Directors and submitted to the shareholders for approval at the relevant General Shareholders' Meeting. The procedure is outlined below.

In accordance with Article 529(r) of the Spanish Corporate Enterprises Act, the Appointments, Remuneration and Corporate Social Responsibility Committee (hereinafter the "**Committee**" or the "**Appointments, Remuneration and CSR Committee**"), previously considering the impact of the social and economic framework derived from COVID-19 and the Law amending the Corporate Enterprises Act and other financial regulations regarding the promotion of the long-term involvement of shareholders in listed companies, prepared a specific report on the Remuneration Policy that, in turn, was submitted to the Board of Directors.

The Board of Directors analysed and discussed the report as well as the proposed changes for the 2022-2024 period with respect to the previous Policy.

In particular, the Board positively assessed the continuity of the Remuneration Policy criteria implemented in the previous three-year period (2019-2021), in line with best practices and recommendations on remuneration and corporate government. In this sense, the new recommendations of the Good Governance Code of Listed Companies of the CNMV applicable in terms of remuneration were considered.

The Policy remains true to the principles of moderation, prudence and long-term value generation which guided the previous Policy, ensuring at all times that internal equity is maintained and external competitiveness is improved. In addition, it is worth mentioning that for its preparation the following principles were considered:

- To promote profitability, business strategy and the interest and long-term sustainability of the Company and, at the same time, adopt the necessary measures to avoid excessive risk-taking and compensation of unfavourable results.
- To implement a remuneration scheme in line with dedication and responsibilities assumed by Directors as well as with market conditions (taking into account similar sectors and companies), in order to attract and retain the most suitable profiles to cover the knowledge, skills and experience required in the Board, ensuring that there are candidates suitable to hold office.
- To motivate and reinforce the achievement of results of the Company and the Group.
- To promote transparency and commitment to provide information to shareholders and investors.
- To include the applicable principles governing the Policy in the remuneration policy applicable to the other employees within the Group (schemes tailored to dedication and responsibility, long-term results, talent retention, etc.).

Upon calling for the 2021 General Shareholders' Meeting, the Board of Directors made available the mandatory report and the Remuneration Policy, which was approved by the General Shareholders' Meeting with 162,397,180 votes in favour (i.e. 98.47% of the attending voting rights).

The Remuneration Policy was prepared in accordance with the regulations applicable to the Company: Corporate Enterprises Act, Company Bylaws and Regulations of the Board of Directors. In particular, Article 37 of the Company Bylaws states that the remuneration of Directors in their capacity as such shall consist of an annual global salary for all Directors with a maximum amount to be approved by the General Shareholders' Meeting, which shall apply for as long as no modifications are made. This shall be without prejudice to any other fees or considerations that may be receivable from the Company based on a contractual relationship other than their position as Directors, to be governed by the applicable regulatory framework.

In general terms, the duties of the Appointments, Remuneration and CSR Committee concerning this process are the following, pursuant to Article 39(b) of the Company Bylaws and Article 15 of the Regulations of the Board of Directors:

- To propose to the Board the Remuneration Policy applicable to Directors, General Managers and any individuals performing top management duties under direct supervision by the Board, Executive Committees or Chief Executive Officers, as well as the individual remuneration and other contractual terms and conditions applicable to Executive Directors, ensuring compliance with such Policy.
- To conduct periodic reviews of the Remuneration Policy, assessing its adequacy and performance. In particular, to conduct periodic reviews concerning the assessment of the objectives or parameters involved in the remuneration schemes applicable to the executive director and top management positions.

- To ensure transparency in payments and inclusion of information concerning Directors' remuneration into the Annual Report on the Remuneration of Directors and the Corporate Governance Annual Report, submitting the Annual Report on the Remuneration of Directors to the Board for approval.

Remuneration of Directors in their capacity as such

The remuneration of Directors in their capacity as such is composed of (i) a fixed annual salary, and (ii) fees for attendance at the meetings of the Company's Board of Directors and the Committees to which each Director belongs. This remuneration item also comprises the extraordinary tasks performed by those Directors assuming the functions of Chairman of each Committee or Board Secretary.

Thus, the individual remuneration payable to each Director as such, within the limits defined by the maximum amount approved by the General Shareholders' Meeting, is determined by the Board of Directors at the proposal of the Appointments, Remuneration and CSR Committee based on the functions and responsibilities assumed by each Director, their participation in Specialised Committees and their position in the same (member, Chairman, etc.), and other relevant objective and subjective circumstances (see "*Amount and nature of fixed components that are due to be accrued during the year by Directors in their capacity as such*"), as well as on the analysis of remuneration data of similar companies from external expert consultants conducted by the Human Resources Department.

Executive Director Remuneration

The Chief Executive Officer is the only director currently undertaking managing tasks and receives additional amounts in consideration for the performance of such functions under the Services Agreement signed with the Company. These amounts include: (i) a fixed remuneration component; (ii) a short-term variable remuneration component; (iii) a long-term variable remuneration component; (iv) a remuneration in kind and other benefits; and (v) a remuneration for the position of administrator in other Group companies.

Pursuant to the Corporate Enterprises Act, the Company Bylaws and the Regulations of the Board of Directors, the Appointments, Remuneration and CSR Committee submits to the Board of Directors its proposal for the determination and/or modification of the Executive Director's remuneration, taking into account the remuneration analyses of similar companies from external consultants experts in this field, as well as the reports and proposals prepared by the Departments of Compensation (Human Resources), Sustainability, Finance and Corporate Governance of the Company.

On a yearly basis, the Committee reviews the degree of achievement of the CEO’s objectives in order to determine the amounts to be paid as variable remuneration (including short-term and long-term items, where applicable) and then reports to the Board of Directors.

In the current year (2022), such review (of objectives and the -potential- increase in fixed remuneration) was carried out by the Appointments, Remuneration and CSR

Committee at the meetings held on 10 and 25 February 2022. The details, amount and methodology used for its determination will be explained throughout this Report.

Due to the suspension of the long-term remuneration scheme for 2021, the Committee has not assessed the objectives associated with this type of remuneration.

Regarding the salary review for 2022, at the date of issue of this Report, the Committee has proposed to not increase the fixed remuneration paid to the Chief Executive Officer.

Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.

For the preparation of the Remuneration Policy for 2022-2024, the preliminary analyses of remuneration data of similar companies conducted by the Company's Compensation Department (Human Resources), taken from different remuneration studies carried out by consultancy firms specialising in top management and directors' remuneration (Korn Ferry, Mercer, etc.), have been considered.

Information on whether any external advisors took part in this process and, if so, their identity.

With regard to the participation of external advisors, the Committee and the Corporate Governance and Human Resources departments received consultancy services from a firm specialising in the field (Cuatrecasas) when preparing the Remuneration Policy. In particular, the impact of the new regime established by the Corporate Enterprises Act and the improvements to be included in the new policy with regard to trends and best practices were analysed in detail.

Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

The new Remuneration Policy for 2022 to 2024 expressly provides for a section regarding the application of temporary exceptions.

In particular, it is established that the Board of Directors, prior substantiated proposal by the Appointments, Remuneration and CSR Committee, may apply temporary exceptions to the remuneration scheme established in the Policy, according to the following terms and conditions:

- The application of this exception regime shall be duly justified on the grounds of exceptionality and necessity, always in view of the long-term interests of the Company and the Group and the sustainability and feasibility thereof.
- The Company must inform the market as soon as possible of the application of this exceptional regime, whether through publication of Inside Information / Other Relevant Information on the CNMV website, or through annual reports (ACGR and ARRD), as appropriate.
- The Board of Directors may agree the suspension, cancellation (total or partial), extension, replacement or temporary amendment of the following components of the remuneration scheme:
  - Fixed annual remuneration of Directors in their capacity as such.

- Fixed annual remuneration of Executive Directors.
- Short- and long-term variable remuneration, including parameters, objectives, assessment system, target amount, etc.
- Remuneration in kind and other benefits.

***A.1.2** Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.*

Under the 2022-2024 Remuneration Policy, variable remuneration only applies to Directors performing executive duties, so that the CEO is currently the only director whose remuneration scheme includes short-term and long-term variable remuneration components.

Concerning the short-term variable remuneration component, it is defined as a percentage of fixed remuneration, which is intended to promote performance and the achievement of yearly objectives (both at individual and Group level), taking into consideration long-term goals as well as the main risks faced by the Group.

Currently, such percentage is SIXTY PERCENT (60%) of annual fixed remuneration.

The Board of Directors annually determines and assesses achievement level of short-term variable remuneration at the proposal of the Appointments, Remuneration and CSR Committee, which generally sets such objectives during the first quarter of the year.

The long-term variable component is determined during the first year applicable to the variable remuneration cycle, i.e., for 2022 to 2024 cycle, the objectives, achievement levels and parameters will be determined during the first quarter of the current year.

This remuneration system is intended to strike a balance between fixed and variable components, so that the fixed component represents a sufficiently large part of total remuneration, while variable items ensure that the personal performance of the Director is sustainable and aligned with risks, ensuring that variable remuneration accrual and collection parameters are determined in a very strict manner in both cases. Variable remuneration compliance percentages and caps are described in sections 6.3.2 and 6.3.3 of the Policy, as detailed below (see "*Amount and nature of variable components*").

When determining the Executive Director’s remuneration scheme in the proposal submitted to the Board of Directors, the Appointments, Remuneration and CSR

Committee analysed several market salary studies for similar positions in companies of a similar type and capital level, using data from internationally reputed consultancy firms and from public sources (including the CNMV's annual reports on remuneration).

The Committee takes into consideration the Company's Risk Map when setting the objectives linked to short-term and long-term variable remuneration, in order to define specific objectives aimed at mitigating risks.

In particular, during the objective and parameter setting procedure linked to the short-term variable remuneration scheme for 2021 and 2022, the Committee paid special attention to the risk of pandemic and the social and economic situation caused by COVID-19 and its impact on the Company.

As concerns the actions adopted by the Company in relation to variable remuneration items in order to reduce excessive risk exposure, it must be noted that the Chairman of the Auditing and Compliance Committee (which has statutory supervisory responsibilities concerning the risk management system) and the Chairman of the Appointments, Remuneration and CSR Committee are both members of the two Committees. Their cross-membership in these two Committees is helpful in assessing the risks involved in the variable remuneration system when defining the system and also in order to determine the relevant factors in terms of compliance, accrual and payment.

The remuneration packages of the CEO and the Company's management team, whose performance can have an impact on the realisation of the risks identified in the Risk Map, comprise variable components linked to short-term and/or long-term objectives as defined in the Strategic Plan. The responsibilities assigned to these staff categories also include specific risk management functions, such as adopting the necessary measures to identify the main risks and reporting them to the Auditing and Compliance Committee via the appropriate channels. In the given circumstances, during 2020 and 2021, the remuneration schemes of the CEO and the management team have been affected by the situation of the Company.

Additionally, in line with good governance principles, and according to section 6.6 of the new Remuneration Policy, short-term and long-term variable remuneration is paid following a reasonable period after the end of the last financial year considered for evaluation purposes, with payments being made within the 60 calendar days following the issuance of the annual accounts for that year, always provided that the accounts have been reviewed by the external auditors and upon proposal by the Appointments, Remuneration and Corporate Social Responsibility Committee.

With regard to the measures envisaged to prevent conflicts of interest, in addition to the statutory provisions applicable to Directors (among others, Article 229 of the Spanish Corporate Enterprises Act), the Directors, the management team and all employees within the Group are subject to certain internal regulations specifically governing potential conflicts of interest and resolution procedures:

- Code of Ethics: Establishing that directors and managers must be a role model of leadership for their teams, acting in an exemplary manner when facing conflicts and complex situations.

- Internal Code of Conduct: Document applicable to all persons who may have access to stock market information by reason of their position or functions.

- Human Resources Regulations: Specifically, governing obligations with respect to conflicts of interests and the use of confidential and inside information.

- Executive Behaviour Regulations: Document regulating potential conflicts of interests that may arise in the Company.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

According to the provisions of the Remuneration Policy for 2022 to 2024 and in line with good governance principles, short-term variable remuneration is paid following a reasonable period after the end of the financial year, with payment being made within the 60 calendar days following the issuance of the annual accounts, upon approval of the Board at the proposal by the Appointments, Remuneration and CSR Committee.

Regarding multi-year variable remuneration (long term), the payment also occurs following a reasonable period after the end of the last financial year of the Strategic Plan, and is made within the 60 calendar days following the issuance of the annual accounts for that year, upon approval of the Board of Directors at the proposal by the Committee.

Likewise, annual fixed remuneration accrues at month end, so that the remuneration earned by each Director is proportional to the time such Director has been in office during that year.

In accordance with the Remuneration Policy in force, the Company may introduce remuneration systems referenced to the Company's stock quotes or involving payment in shares or option rights over shares. However, the Company is not planning to introduce these systems as of today. It must also be noted that the General Shareholders' Meeting held on 10 July 2020 renewed the authorisation of the Board of Directors to acquire treasury shares, expressly including the following power: "*For the purposes of Article 146 of the Corporate Enterprises Act, the shares acquired under this authorisation, as well as those already held by the Company, may be delivered in whole or part, either directly or via the exercise of option rights over shares, to the employees or directors of the Company and/or its Group.*"

As regards clawback clauses, i.e. provisions requiring a Director to return already received amounts, and reduction clauses (malus), both the Remuneration Policy and the CEO's Services Agreement include such clauses, allowing the Company to cancel (totally or partially) the payment of short- and long-term variable remuneration (malus clauses) or claim the reimbursement of remuneration amounts already paid (clawback clauses) under special circumstances.

These circumstances include fraud, serious breach of law or internal regulations, sanctions or convictions for acts attributable to the Executive Director, as well as in the case of material restatement of the financial statements based on which the Board assessed the degree of performance, provided that such restatement is confirmed by the external auditors and is not a consequence of an amendment to an accounting regulation.

The proportion of the amounts to be retained or recovered will be determined by the Board of Directors, following review by the Appointments, Remuneration and CSR Committee and, where appropriate, the Auditing and Compliance Committee, in view of the particular circumstances that resulted in the claim.

Both malus and clawback clauses will be applied to the variable remuneration for the year in which the event leading to the application of the clause occurred. Clawback clauses will remain in effect for the next THREE (3) years.

However, if the above circumstances result in a dismissal due to serious or negligent breach of the duties of the Executive Director, malus clauses may be applied to the total variable remuneration accrued and pending payment at the date on which the dismissal decision is adopted, depending on the damage caused.

A.1.3 Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

The fixed remuneration of Directors in their capacity as such consists of two components:

- A fixed annual salary in the amount of TWENTY-ONE THOUSAND SIX HUNDRED AND THIRTY-SIX EUROS AND FORTY-FOUR CENTS (€ 21,636.44) for each director for the current year.

- Attendance fees for the Board of Directors and Committee meetings they have actually attended in the following amounts for the current year:

  - FIVE THOUSAND FOUR HUNDRED AND NINE EUROS AND ELEVEN CENTS (€ 5,409.11) for each Board meeting.

  - THREE THOUSAND EUROS (€ 3,000) for each meeting of a Committee of which the director is a member.

  - The Chairman of the Appointments, Remuneration and Corporate Social Responsibility Committee and the Chairman of the Auditing and Compliance Committee additionally receive THREE THOUSAND EUROS (€ 3,000) for each meeting.

  - The Secretary of the Board of Directors additionally receives SIX THOUSAND EUROS (€ 6,000) for each Board meeting.

A.1.4 Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

In addition to the above, the CEO's remuneration package includes a fixed annual amount as a consideration for the executive duties performed under his Services Agreement. At the date of issuance of this Report (28 February 2022), the CEO receives a fixed gross annual remuneration of SEVEN HUNDRED AND SIXTY-ONE THOUSAND EIGHTY-EIGHT EUROS AND SIX CENTS (761,088.06 €). This is equivalent to the amount agreed in the CEO's Services Agreement.

At the date of issuance of this report, no increase in fixed remuneration compared to the previous year (2021) has been agreed.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

- **Medical Insurance:** Pursuant to the Remuneration Policy in force and the CEO's Services Agreement, the CEO has private medical insurance covering himself and his family for a yearly premium of SIX THOUSAND SEVENTY-SEVEN EUROS AND FORTY CENTS (€ 6,077.40).

- Life and Accident Insurance: The CEO also has life and accident insurance for a yearly premium of ONE THOUSAND NINE HUNDRED AND FORTY-NINE EUROS AND

NINETEEN CENTS (€ 1,949.19) with the following coverage:

- € 650,000 in the event of death for any cause;
- € 650,000 in the event of disability for any cause;
- € 650,000 in the event of death by accident.

Likewise, the Executive Director has the right to the reimbursement of any reasonable expenses (travel, maintenance, mobile phone, representation and any other type of expense) incurred in the discharge of his duties for the Company, provided that these expenses are duly justified.

A.1.6 *Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.*

As regards the parameters of the CEO's short-term variable remuneration scheme for the current year (2022), the Appointments, Remuneration and CSR Committee, at its meeting held on 25 February 2022, has proposed to the Board of Directors the following scheme, giving continuity to short-term remuneration scheme applied in 2021:

The main objective set is to achieve certain EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) by the end of 2022. To this end, the Group's EBITDA without capital gains will be considered, and since this is a main objective, it will represent 60% of total variable remuneration. This objective is of a financial nature.

Likewise, and with a lower percentage, the following objectives are set for the same year:

***Execution of corporate transactions** under the "asset light" management model of the Company. This objective represents 20% of total variable remuneration and is of a financial nature. It relates to the company's performance and the long-term strategy with respect to the management model.

***Measures to adapt the Group's financial structure**, which the Committee will assess and measure based on the proposals made and approved by the Board and adopted by the Company to reduce the debt ratio and protect the equity in its consolidated balance sheet. This objective represents 5% of total variable remuneration and is of a financial nature.

***Growth**, an objective based on the net increase of rooms signed in 2022. This objective represents 5% of total variable remuneration and is of a non-financial nature.

*ESG objective. Goal based on the Company's position in the sustainability indexes internationally recognised. This objective represents 5% of total variable remuneration and is of a non-financial nature.

Talent retention. This objective represents 5% of total variable remuneration and is of a non-financial nature.

Considering the weight of each objective, the maximum percentage to be received as short-term variable remuneration would be 143, and the minimum 0%. In this sense, the maximum amount to be received will be SIX HUNDRED AND FIFTY-THREE THOUSAND THIRTEEN EUROS AND FIFTY-SIX CENTS (€ 653,013.56).

According to the above, the short-term variable remuneration scheme of the CEO is in accord with the Remuneration Policy.

Regarding long-term variable remuneration, the indicators, goals, amounts and contents of the Multi-Year Plan (2022 – 2024) shall be prepared by the Committee and submitted to the Board of Directors during the first half of 2022. However, the long-term remuneration scheme shall have a duration of three years (taking into consideration that the new Policy provides for a duration between 2 and 4 years), following the recommendations from the proxy advisors during the vote on the new Policy at the General Shareholders' Meeting.

Moreover, to the extent that such remuneration is referenced to stock quotes, this part shall be submitted to the relevant General Shareholders' Meeting for approval in compliance with Article 219 of CEA and Article 37.2 of the Company Bylaws.

Indicate the range, in monetary terms, of the different variable components according to the degree of achievement of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

Considering the weight of each of the objectives of short-term variable remuneration, the maximum amount of each of them depending on the possible scales of achievement is indicated below:

Objective regarding the Company's EBITDA: this objective represents 60% and scales of achievement that range from 0% to 150%, therefore, the maximum amount to be received is FOUR HUNDRED AND TEN THOUSAND NINE HUNDRED AND EIGHTY-SEVEN AND FIFTY-FIVE CENTS (€ 410,987.55).

***Execution of corporate transactions** under the "asset light" management model of the Company. This objective represents 20% of total variable remuneration and has scales of achievement that range from 0% to 150%, therefore, the maximum amount to be received is ONE HUNDRED AND THIRTY-SIX THOUSAND NINE HUNDRED AND NINETY-FIVE AND EIGHTY-FIVE CENTS (€ 136,995.85).

***Measures to adapt the Group's financial structure.** This objective represents 5% of total variable remuneration and has scales of achievement that range from 0% to 130%, therefore, the maximum amount to be received is TWENTY-NINE THOUSAND SIX HUNDRED AND EIGHTY-TWO EUROS AND FORTY-THREE CENTS (€ 29,682.43).

***Growth.** This objective represents 5% of total variable remuneration and has scales of achievement that range from 0% to 130%, therefore, the maximum amount to be received is TWENTY-NINE THOUSAND SIX HUNDRED AND EIGHTY-TWO EUROS AND FORTY-THREE CENTS (€ 29,682.43).

***ESG objective.** This objective represents 5% of total variable remuneration and has scales of achievement that range from 0% to 100%, therefore, the maximum amount to be received is TWENTY-TWO THOUSAND EIGHT HUNDRED AND THIRTY-TWO EUROS AND SIXTY-FOUR CENTS (€ 22,832.64).

***Talent retention objective.** This objective represents 5% of total variable remuneration and has scales of achievement that range from 0% to 100%, therefore, the maximum amount to be received is TWENTY-TWO THOUSAND EIGHT HUNDRED AND THIRTY-TWO EUROS AND SIXTY-FOUR CENTS (€22,832.64).

Regarding long-term variable remuneration, as indicated above, at the date of issue of this report, objectives and goals for 2022-2024 cycle or maximum amounts to be received have not been established.

***A.1.7** Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or compensation for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.*

Also indicate whether the accrual or vesting of any of the long-term saving plans is conditioned upon the achievement of certain objectives or parameters relating to the director's short-term and long-term performance.

Pursuant to the Remuneration Policy, the Executive Director benefits from a social welfare plan organised via contributions to a group life insurance scheme excluding pension commitments, due to the commercial nature of his relationship with the Company. In any case, the accrual or vesting of social welfare plan rights is not conditioned upon the achievement of any objectives or parameters related to the Director's performance.

Its basic features are as follows:

- Defined-contribution plan establishing a maximum annual contribution of 10% of his pensionable salary (equivalent to his fixed salary only and regardless of any reductions that may be approved during the year).

- The plan benefits are illiquid, so that they may only be received upon occurrence of any of the contingencies covered by the plan (retirement, disability or death).

- Retirement, disability and death benefits shall be equivalent to the accumulated balance in the insurance policy taken out and subject to the policy features and particularities.

- The beneficiaries of the Retirement Plan in the event of occurrence of any of the contingencies covered by the Plan shall be the CEO himself (in the event of retirement or disability) and the person designed in the beneficiary designation form, in the event of death of the insured. If no beneficiary is expressly designed, the following order of precedence shall apply by exclusion: the insured's spouse, otherwise his children, otherwise his parents, and otherwise his legal heirs.

- In the event of removal from office for causes other than those covered by the retirement plan, the CEO shall have no rights on the Accumulated Balance.

In the current year, plan contributions are not expected to rise with respect to the previous year.

A.1.8 *Any type of payment or compensation for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.*

The CEO is the only director having signed a commercial agreement for the provision of services which governs the aforesaid items.

As regards compensations, this Services Agreement provides for compensation to the CEO if any of the following events occur:

- Unilateral termination by the Executive Director: due to (material and negligent) breach by the Company of its obligations under the agreement, or by reason of a material modification in the functions, powers, or terms and conditions of the services provided by the Executive Director due to causes not attributable to the Executive Director.

- Unilateral termination by the Company: other than as a result of a material and negligent breach by the Executive Director of his obligations to perform his duties with loyalty, diligence, good faith or any other legally binding requirement applicable to the exercise of his duties.

As regards the amount, and according to recommendation 64 of the Good Governance Code of Listed Companies of the CNMV, the Service Agreement provides for a compensation equal to the sum of the two following items:

- One year of the CEO's total annual fixed remuneration set for the current year.
- Short-term variable remuneration – the amount to be included shall be equal to the percentage of the part of the fixed remuneration set for the current year already accrued on the date on which the agreement is terminated.

Compensation will be paid within thirty (30) days from the date on which the Agreement is terminated, provided that the Company has verified that the CEO meets the criteria or conditions established to receive the compensation.

Furthermore, the CEO's Services Agreement includes a non-competition provision in the terms described in the following section of this Report.

***A.1.9** Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of compensation, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.*

Pursuant to Article 249 of the Spanish Corporate Enterprises Act, the CEO signed a commercial agreement for the provision of services with the Company dated 27 November 2015. This Agreement was modified on 18 June 2019 to include new terms and conditions governing the clawback provision, social welfare plans and the protection of personal data, following the approval of the new General Data Protection Regulation, as well as to update fixed and variable remuneration amounts.

Additionally, several contractual amendments have been signed during 2020 and 2021 in order to provide for the fixed remuneration reductions approved in these years, as well as the inclusion of certain amendments as a result of the application of the new Remuneration Policy for 2022 to 2024 (i.e. malus clause).

This Agreement outlines his obligations and functions as Executive Director for the Company, detailing his remuneration for the performance of these functions.

The non-competition and exclusivity covenants included in the Agreement and referred to in this Section comply with the Remuneration Policy and are as follows:

Exclusivity: The CEO may not perform any other work, commercial or professional activity without the Company's consent.

Non-competition: The CEO may not directly or indirectly perform any professional activity or service involving actual, present, or potential competition with the Company or its Group.

There is also a non-competition after termination covenant applicable for one year, whereby the Company agrees to compensate the Director with one year's total remuneration based on the remuneration received by the Executive Director in his capacity as such at the time of termination. Should the Director breach his non-competition after termination covenant, he will reimburse to the Company all amounts received in relation thereto and compensate the Company in an amount equivalent to 150% of the same amount.

As regards duration, the agreement is for an indefinite term which is subject to the exercise of the position as Chief Executive Officer for the Company.

Regarding the notice periods, the agreement establishes that in the case of voluntary resignation by the Director, at least, a three-month notice period must be given.

***A.1.10** The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.*

There is currently no supplementary amount or remuneration expected to accrue to Directors as a consideration for services other than those derived from their position for the current year.

***A.1.11** Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.*

No advances, loans, or guarantees have been granted by the Company to the members of the Board of Directors.

***A.1.12** The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.*

No supplementary amounts or remuneration beyond those included in the sections above are currently expected to accrue.

***A.2** Explain any significant change in the remuneration policy applicable in the current year resulting from:*

(a) A new policy or an amendment to a policy already approved by the General Meeting.

(b) Significant changes in the specific determinations established by the Board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.

(c) Proposals that the Board of Directors has agreed to submit to the General Shareholders' Meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

The Remuneration Policy applicable to the current year (2022) is the Remuneration Policy approved by the General Shareholders' Meeting on 10 June 2021, applicable to the 2022-2024 three-year period.

In compliance with the principles of the previous Policy, the Appointments, Remuneration and CSR Committee, as well as the Board of Directors, prepared the proposal for the Directors' Remuneration Policy for 2022, 2023 and 2024, which is in line with the particular conditions of the Company and the common remuneration practices of the market for similar listed companies, and is based on the moderation, prudence and long-term value creation principles, ensuring the maintenance of internal equity and improvement of external competitiveness.

The Committee modified certain aspects of the Policy applicable for 2019 to 2021, for the purposes of achieving a better alignment with the interests of the Company's shareholders and investors, the proxy advisor's requirements and the best practices of corporate governance at a national and international level.

In particular, the recent developments in the remuneration field, i.e., the reform of the Good Governance Code of Listed Companies of the CNMV and the Law amending the Corporate Enterprises Act and other financial regulations regarding the promotion of the long-term involvement of shareholders in listed companies, as well as the impact of the social and economic framework as a result of COVID-19, led the Committee and the Board of Directors to introduce some amendments compared to the previous Policy.

It is worth mentioning that, for the preparation of the said Policy, the Board of Directors and the Committee were limited by the lack of long-term visibility, the existing uncertainty as a result of the social and economic situation derived from the pandemic / COVID-19 and the pandemic itself, as well as the fact that the business depends on the legislative and mobility measures adopted from time to time.

For this reason and in order to have a transparent Policy and care for the interests of shareholders and investors, the minimum term of long-term variable remuneration for Executive Directors was reduced and the Company's management bodies were provided with certain flexibility in the setting of the variable remuneration scheme for Executive Directors as regards the definition of parameters and objectives.

No modification of the Remuneration Policy is expected in the current year.

However, as explained above, the indicators, goals, amounts and contents of the CEO's long-term variable remuneration shall be prepared by the Appointments, Remuneration and CSR Committee and submitted to the Board of Directors after the date of this Report.

Moreover, to the extent that such remuneration is referenced to stock quotes, such plan shall be submitted to the General Shareholders' Meeting for approval in compliance with Article 219 of the CEA and Article 37.2 of the Company Bylaws *(maximum number of shares that may be assigned to this remuneration system during each year, strike price or method used to calculate the strike price of options over shares, value of the shares that may be taken as reference and duration of the plan).*

***A.3** Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.*

https://www.meliahotelsinternational.com/es/shareholdersAndInvestors/ShareholdersDocs/2021/Politica%20Remuneraciones%202022-2024.pdf

***A.4** Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.*

On 10 June 2021, the General Shareholders' Meeting approved with 99.49% of votes in favour the 2020 Annual Report on the Remuneration of Directors, which had been previously approved by the Board of Directors on 25 February 2021. This high percentage is indicative of the support given by shareholders to the Remuneration Policy.

	General Meeting 2019	General Meeting 2020	General Meeting 2021
% Approval ARR	97.28%	99.84%	99.48%

In preparing this Annual Remuneration Report, the recommendations provided by the proxy advisors (especially Glass Lewis and ISS) in their reports submitted to the 2020 General Shareholders' Meeting were studied and taken into consideration.

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED

***B.1.1** Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, where appropriate, the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.*

The Remuneration Policy of the Board applicable during 2021 was approved by the General Shareholders' Meeting on 6 June 2018 and was later modified by the General Shareholders' Meeting on 18 June 2019.

In line with previous years, its implementation entails an analysis and proposal process by the Appointments, Remuneration and CSR Committee to the Board of Directors for approval.

In particular, in order to determine individual remuneration, special focus was given to directors' attendance at the meetings of the Board of Directors and the Committees to which they belong, as well as the special position as Chairman or Secretary of the Board or any of the Specialised Committees.

These factors determined the final amount paid to each Director, within the maximum limits defined by the General Shareholders' Meeting in the approved Remuneration Policy.

Fixed remuneration of the Chief Executive Officer, given the social and economic context, has not been reviewed in 2021.

Thus, in the first half of 2021 (from January to May 2021), at the proposal of the Chief Executive Officer and the Appointments, Remuneration and CSR Committee, the 25% reduction in fixed remuneration of the CEO, whose implementation began in 2020, was extended.

Moreover, in line with this salary reduction and expense-cutting measure, the members of the Board's Specialised Committees also continued in the first half of the year with a 50% reduction in their fees for attendance at the Committees' meetings.

The pay cut measures described above were duly disclosed by the Company through a "Other Relevant Information" notice sent to the CNMV.

As concerns the participation of external advisors, the Appointments, Remuneration and CSR Committee and the Corporate Governance and Human Resources departments received consultancy services from Cuatrecasas in respect of the formal execution of pay cut measures, especially with regard to their fitting into the Remuneration Policy.

Additionally, the Compensation team (Human Resources area) and the Corporate Governance team have attended numerous webinars and events regarding remunerations in the context of COVID-19.

***B.1.2** Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.*

As explained in the Annual Report on Remuneration for 2020, from the date on which the pandemic was declared until the current date, the Company has applied different measures regarding the reduction and adaptation of the remuneration of the members of the Board (and the employees).

In particular, albeit not expressly provided for in the Remuneration Policy for 2021, the following measures that can be considered as an exception to the ordinary remuneration scheme were applied:

- Reduction in fees for attendance at the meetings of the Board's specialised Committees (50% reduction during the first half of 2021).

- Reduction in fixed remuneration of the Chief Executive Officer (25% reduction during the first half of 2021 - from January to May 2021).

- Suspension of the Chief Executive Officer's long-term variable remuneration for 2021.

- Delay in the setting of the Chief Executive Officer's short-term variable remuneration for 2021.

In general, the Committee and the Board were limited by the lack of long-term visibility, as well as the existing uncertainty as a result of the social and economic situation derived from the pandemic / COVID-19.

In any event, it is worth mentioning that the Company has informed about all the measures adopted in terms of remuneration through notices sent to the CNMV, with such measures being adopted following the procedure laid down in the Remuneration Policy for this year, except for:

- Reduction in fixed remuneration of the Chief Executive Officer.

- Reduction in fees for attendance at the Committees' meetings.

Both measures were proposed by the Appointments, Remuneration and CSR Committee to the Board prior proposal by the interested parties, i.e., the Chief Executive Officer himself and the members of the Committees, respectively.

***B.1.3** Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.*

According to that indicated in the 2020 Annual Report on Remunerations, the only measure adopted by the Company in terms of remuneration which may be considered as a temporary exception to the Remuneration Policy for 2019 to 2021, would be the suspension of the short- and long-term variable remuneration scheme of the CEO for 2020 and 2021 (in 2021 only the long-term variable remuneration), since such suspension is not expressly provided for in the Remuneration Policy.

In this sense, it is worth mentioning that the measure was adopted at the proposal of the CEO himself in the social and economic context derived from the declaration of the state of emergency due to COVID19 and from the effects that this has had on the Company. Both the Committee and the Board of Directors consider that such measures (in addition to the reductions in remuneration of directors that have been informed to the CNMV and in the ACGR for 2020) were adopted precisely to serve the interests of shareholders and ensure the Company's viability and sustainability in the short and the long term. It is worth mentioning that in the adoption of such measures, labour and remuneration measures that were applied to the Group's employees (reduction in working hours and remuneration, Temporary Lay-Offs, etc.), were also taken into account.

Finally, regarding the quantification of the impact of the implementation of the measure (suspension of variable remuneration, and partial reduction in fixed remuneration), this can be calculated considering the amounts received in years prior to the pandemic:

- Theoretical amount of short-term variable remuneration: considering that the percentage applied in the last three years was 60% of fixed remuneration, and that the maximum percentage was 139%, the total amount would be SIX HUNDRED AND FORTY-THREE THOUSAND EIGHT HUNDRED AND SIX EUROS (€ 643,806). Such amount was not accrued in 2020, as mentioned in the Annual Report on Remuneration for the said year.

- Regarding long-term remuneration, if we consider the last three-year period to which this scheme was applied (years 2016 to 2018, since 2019 was considered as a grace period – ordinary year), as well as the calculation formula, i.e., the maximum theoretical amount corresponded to 180% of the CEO's fixed remuneration, and if we consider that it has been suspended in the last two years (2020 and 2021), the total theoretical amount would be NINE HUNDRED AND THIRTEEN THOUSAND THREE HUNDRED AND TWENTY-FIVE EUROS AND SIXTY-EIGHT CENTS (€ 913,325.68).

***B.2** Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.*

As explained in Section A.1, the main actions intended to reduce risk in the remuneration systems are based on the following:

On the one hand, the allocation of responsibilities and functions between the two Specialised Committees of the Board. To this respect, as explained above, one of the functions of the Auditing and Compliance Committee is to oversee the efficacy of the Company's internal control procedures, internal audit services, and risk management systems, including tax risk management; whereas the Appointments, Remuneration and CSR Committee is in charge of defining and monitoring compliance with the Remuneration Policy of the Board and the Company's management team.

Additionally, the cross-membership of Mr. Fernando D'Ornellas (External Independent Director and Coordinating Director) and Mr. Francisco Javier Campo (External Independent Director) in these two Committees helps to better evaluate the risks involved in the variable remuneration system, both when defining the system and when submitting it to the Board of Directors.

It must also be noted that the incorporation of the clawback provision into the CEO's remuneration system serves as a mitigating factor, since it provides the Company with a tool to recover all or part of the variable remuneration amounts paid to the CEO in any of the following events:

- When it is evidenced that the calculation and payment of variable remuneration was, totally or partially, based on information manifestly incorrect or inaccurate.
- In the case of material restatement of the financial statements based on which the Board assessed the degree of performance, provided that such restatement is confirmed by the external auditors and is not a consequence of an amendment to an accounting regulation.
- If the director is found in breach of the Code of Ethics and/or other applicable internal regulation.

On the other hand, the objectives associated with the CEO's variable remuneration include references to the Company's Risk Map, with a view to setting specific objectives aimed at mitigating risks.

Below is an outline of the different measures adopted by the Committee, the Board and the Directors themselves relating to the remuneration system during the year 2021:

- The Vice Chairman and Chief Executive Officer, as well as the SET and the Company's top management voluntarily decided to continue to reduce their fixed remuneration by 25% during the first half of 2021 (from January to May 2021).

- Along the same line, the remuneration of Board members for their presence at Committees (attendance fees) was reduced by 50% in the first half of 2021.

- Additionally, the CEO's long-term remuneration scheme for the year 2021 was suspended.

All the foregoing is in line with what was explained in section A above.

***B.3** Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance. Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration the payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.*

Both the remuneration of directors in their capacity as such and the remuneration of the Executive Director comply with the Board's Remuneration Policy applicable during the 2021 financial year.

In principle, the remuneration structure applicable to Directors in their capacity as such has no variable components associated with the Company's global performance, but consists of the following:

- A fixed annual salary for each Director.
- Attendance fees for each meeting of the Board of Directors and the Committees to which each Director belongs.
- Additional attendance fees for the Chairmen of any of the Committees and the Secretary of the Board of Directors.

The remuneration of Directors in their capacity as such is based on the individual performance and dedication of each Director, their respective responsibilities and the tasks assigned to them at the Committees.

Notwithstanding the foregoing, due to the situation that the Company (and the society as a whole) is currently undergoing, the remuneration scheme of Directors in their capacity as such has also been affected by the variations in the Company's performance. Thus, as it has been explained above, the remuneration received by Directors in their capacity as such (especially their fees for attendance at the Committees) has been reduced compared to previous years. All this within the framework of the Remuneration Policy currently in force and, especially, based on principles of prudence and long-term value creation.

The CEO's (short-term and long-term) variable remuneration package for 2021, as indicated above and as reported to market entities via Inside Information notices or Other Relevant Information notices, has been modified as follows:

- Long-term variable remuneration has been suspended for 2021.
- Short-term variable remuneration was set by the Board of Directors on 25 October 2021.

Regarding variable remuneration based on the sustainable long-term performance of the company, as it will be explained in section B.7 of the Report, the main (key) objective of the short-term remuneration scheme of the Chief Executive Officer was set precisely to ensure the Company's viability and profitability. In this sense, variable remuneration schemes of other qualifying employees were set taking into account the same objective (positive EBIDTA), in line with the objectives of the Chief Executive Officer, thus reinforcing the main objective of the Company.

***B.4**. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:*

	Number	% of total
Votes cast	164,924,172	74.887%

	Number	% of votes cast
Votes against	491,316	0.298%
Votes in favour	164,082,556	99.490%
Abstentions	350,300	0.212%

***B.5** Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year.*

The General Shareholders' Meeting held on 6 June 2018 approved a modification of the total remuneration cap for Directors in their capacity as such, setting it at ONE MILLION TWO HUNDRED THOUSAND EUROS (€ 1,200,000). This cap will continue to apply until the General Shareholders' Meeting agrees to modify it.

Fixed remuneration components accrued during the 2021 financial year were determined pursuant to the Remuneration Policy applicable in 2021, based on the items described in Section B.3 above:

- A fixed annual salary in the amount of TWENTY-ONE THOUSAND SIX HUNDRED AND THIRTY-SIX EUROS AND FORTY-FOUR CENTS (€ 21,636.44) for each Director.

Since the Board is made up of ELEVEN (11) Directors[1], the total amount paid under this heading was TWO HUNDRED AND THIRTY-TWO THOUSAND FIVE HUNDRED AND NINETY-ONE EUROS AND SEVENTY-TWO CENTS (€ 232,591.72).

- Attendance fees for each meeting of the Board of Directors and the Committees to which each Director belongs.

  - FIVE THOUSAND FOUR HUNDRED AND NINE EUROS AND ELEVEN CENTS (€ 5,409.11) for each Director for each Board meeting.

    With a total of SIX (6) in-person meetings of the Board and based on the attendance of each Director, the total amount paid as Board attendance fees was TWO HUNDRED AND SEVENTY-FIVE THOUSAND EIGHT HUNDRED AND SIXTY-FOUR EUROS AND SIXTY-ONE CENTS (€ 275,864.61). This amount has remained unaffected despite the holding of telematic meetings.

  - THREE THOUSAND EUROS (€ 3,000) for attending each meeting of the Board's Committees. However, this amount has been reduced by 50%, as noted above, during the first half of 2021.

    During 2021, a total of EIGHT (8) meetings of the Appointments, Remuneration and CSR Committee and ELEVEN (11) meetings of the Auditing and Compliance Committee were held. Based on each Director's attendance at these meetings, the total amount paid as attendance fees for the Committees was TWO HUNDRED AND FORTY-NINE THOUSAND FOUR HUNDRED AND NINE EUROS AND THIRTY-TWO CENTS (€ 249,409.32), of which the amount of ONE HUNDRED AND SIXTY-SIX THOUSAND NINE HUNDRED AND NINE EUROS AND THIRTY-TWO CENTS (€ 166,909.32) relates to attendance at the meetings of the Auditing and Compliance Committee, and EIGHTY-TWO THOUSAND FIVE HUNDRED EUROS (€ 82,500) relates to attendance at the meetings of the Appointments, Remuneration and Corporate Social Responsibility Committee.

The Chairman of the Appointments, Remuneration and Corporate Social Responsibility Committee and the Chairman of the Auditing and Compliance Committee additionally receive THREE THOUSAND EUROS (€ 3,000) for each Committee meeting. These amounts have also been reduced by 50% during the first half of 2021.

Based on the attendance of the Chairmen at their Committee meetings and in accordance to the pay reduction measures applied during the reporting period, the amount accrued under this heading was SIXTEEN THOUSAND FIVE HUNDRED EUROS (€ 16,500) for the Chairman of the Appointments, Remuneration and Corporate Social Responsibility Committee and TWENTY-FOUR THOUSAND EUROS (€ 24,000.00) for the Chairman of the Auditing and Compliance Committee.

The Secretary of the Board of Directors also earns SIX THOUSAND EUROS (€ 6,000) for each Board meeting he attends. This amount does not accrue in sessions held in written form without a meeting. Based on attendance at all the meetings of the Board, the amount accrued under this heading is THIRTY-SIX THOUSAND EUROS (€ 36,000.00).

[1] The Board of Directors is made up of ELEVEN (11) directors. However, a total of THIRTEEN (13) directors sat on the Board during 2021.

Thus, there has been no variation in the remuneration scheme of fixed components in 2021, apart from the modification (reduction) of fees for attendance at the Committees' meetings.

Variations with respect to the previous year (2020) are due to differences in the number of Committee meetings (two less for the Auditing and Compliance Committee) and, above all, to the impact of the said attendance fee reduction measures.

Resulting from the above, remuneration under this heading has not reached the maximum available amount (€ 1,200,000) in the year ended.

***B.6** Explain how the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties were determined, and how they changed with respect to the previous year.*

The salary accrued to the Company's Executive Director in the 2021 financial year amounts to SIX HUNDRED AND NINETY-THREE THOUSAND SIX HUNDRED AND SEVENTEEN EUROS AND EIGHTY-THREE CENTS (€ 693,617.83).

This amount reflects the reductions proposed by the CEO as part of the measures taken in the context of the COVID-19 crisis.

In particular, the Chief Executive Officer voluntarily decided to continue to reduce his fixed remuneration by 25% during the first half of 2021 (from January to May).

The initial amount of SEVEN HUNDRED AND SIXTY-ONE THOUSAND EIGHTY-EIGHT EUROS AND SIX CENTS (€ 761,088.06) was set by the Appointments, Remuneration and CSR Committee after analysing several market salary studies for similar positions in companies of a similar type and capital level, using data from internationally reputed consultancy firms and from public sources (including the CNMV's report on Remuneration Reports).

As regards variations with respect to the previous year (2020), as noted above, the reduction in the amount accrued in 2021 compared to the amount accrued in the previous year mainly resulted from the pay reduction and expense-cutting measures approved by the Company in the face of the circumstances and particular context of the year. To this respect, the difference between the salary accrued in 2020 and the salary accrued in 2021 was ONE HUNDRED AND FIFTEEN THOUSAND TWO HUNDRED AND EIGHTY EUROS AND TWENTY-SEVEN CENTS (€ 115,280.27), that is, the salary accrued in 2021 was 19.93% more than in the previous year. Such difference is mainly due to the remuneration reduction measures adopted in 2021.

***B.7** Explain the nature and the main characteristics of the variable components of the remuneration systems accrued and vested in the year last ended.*

In particular:

a) *Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended,* *including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.*

b) *In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.*

Not applicable.

c) *Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).*

As mentioned in this report, the only member of the Board of Directors who receives variable remuneration is the Chief Executive Officer, Mr. Gabriel Escarrer Jaume.

d) *Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.*

Explain the short-term variable components of the remuneration systems

Only the Chief Executive Officer has variable components within his remuneration scheme, as mentioned in the Remuneration Policy for 2021. This variable remuneration has a short-term remuneration plan (annual) and a long-term remuneration plan (triennial).

Short-term variable remuneration items are set as a percentage of fixed remuneration. In this sense, in 2021, this percentage was 60%, i.e., FOUR HUNDRED AND FIFTY-SIX THOUSAND SIX HUNDRED AND FIFTY-TWO EUROS AND EIGHTY-FOUR CENTS (€ 456,652.84) (hereinafter, the “Target Amount”). It should be clarified that the said percentage is fixed on the theoretical fixed remuneration and, therefore, is not affected by the reductions in fixed remuneration that were adopted in 2021.

This Target Amount involves a minimum theoretical collection amount of 0% and a maximum of 100%. In this sense, it is worth mentioning that this maximum collection amount was set as an exceptional measure in respect of previous years.

According to the above, the maximum theoretical amount of short-term variable remuneration for 2021 would be FOUR HUNDRED AND FIFTY-SIX THOUSAND SIX HUNDRED AND FIFTY TWO EUROS AND EIGHTY-FOUR CENTS (€ 456.652,84), and the minimum, ZERO EUROS (€ 0).

For their determination and calculation of the final amount, different objectives that are linked to the Company's most critical results and annual goals previously determined by the Appointments, Remuneration and CSR Committee are weighted. For the determination of variable remuneration of the Chief Executive Officer and the final level of achievement, the same criteria established for the executives of the Company's senior management are followed.

Every year, the Board of Directors proceeds with the approval of the objectives of the Chief Executive Officer for the current year and the determination of the final level of achievement thereof for the year ended, prior submission of the said objectives by the Appointments, Remuneration and CSR Committee in the first quarter of the year.

The short-term variable remuneration model of the Chief Executive Officer is aligned with the model applied by the Company to other people who have short-term variable remuneration, and the said model includes, for the year ended, annual indicators and goals linked to:

1. Comply with the annual economic goals previously established.
2. Mitigate the risk identified as most relevant for the Company.
3. Individual performance as top executive.
4. Company's Growth Model.

The levels of achievement of such objectives are divided into two groups:

1) Economic objectives (EBITDA and Debt Ratio), in which maximum achievement is 100% and minimum achievement is 0%, with a scale that links the collection percentage to the achievement percentage. The assessment of these objectives is based on the achievement of annual goals (budget) which are defined separately in each objective, using the actual carrying amount at year end as a reference for achievement. This type of objectives has measurable goals and results; therefore, the percentage of achievement is the result of dividing the actual amount by the budgeted amount.

2) Non-economic objectives (resulting from the appraisal by the Board of the Chief Executive Officer and the number of Growth Projects signed and in force during the year of accrual), which have a maximum achievement of 100% and a minimum of 0%.

These objectives are assessed based on a performance scale defined by the Appointments, Remuneration and Corporate Social Responsibility Committee. Each level of achievement consists of attaining a series of milestones, considering that in order to attain the highest level of achievement, the previous milestones must have been fulfilled.

The variable remuneration model for the executives of the company, including the Executive Directors, is reviewed annually by the Appointments, Remuneration and CSR Committee, adjusting indicators and objectives depending on the Group's priorities.

In line with good governance principles, short-term variable remuneration is paid following a reasonable period after the end of the financial year, with payment being made within the 60 calendar days following the issue of the annual accounts, provided that they are audited and upon agreement by the Appointments, Remuneration and CSR Committee.

In accordance with the provisions of the Remuneration Policy, the Company may introduce remuneration systems referenced to the Company's stock quotes or involving payment in shares or option rights over shares. However, the Company is not planning to introduce this system into the remuneration scheme as of today.

At the date of this Report (February 2022), the Appointments, Remuneration and CSR Committee has carried out an evaluation of the objectives set for short-term variable remuneration of the Chief Executive Officer, with the following levels having been approved:

Key objective: Main objective for the purpose of achieving certain positive EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) at the end of 2021. To this end, the Group’s EBITDA without capital gains is considered, and since it is a main objective, consists of 70% of total variable remuneration.

Assessment: The key objective has been fully met (100% achieved). In order to measure achievement of this objective, the results for 2021 prepared by the Group Companies department have been considered. In order to review achievement of this objective, the Committee was supported by Ms Pilar Dols, Chief Financial Officer of the Group.

Accrued amount: THREE HUNDRED AND NINETEEN THOUSAND SIX HUNDRED AND SIXTY-SEVEN EUROS (€ 319,667).

Since the “key” objective has been achieved, the Committee has assessed the remaining objectives set, namely:

Execution of corporate transactions under the “asset light” management model of the Company. This objective represents 10% of total variable remuneration and the Committee considers that it has been 100% achieved. Its assessment was based on the execution of measures and alternatives proposed to the Board of Directors to increase liquidity and reduce the Group’s debt, all this within the framework of the Company’s road map in terms of its management model (“asset light”). In order to review the achievement of this objective, the Committee was also supported by Ms Pilar Dols, Chief Financial Officer of the Group.

Accrued amount: FORTY-FIVE THOUSAND SIX HUNDRED AND SIXTY-FIVE EUROS AND TWENTY-EIGHT CENTS (€ 45,665.28).

Measures to adapt the Group’s financial structure. This objective represents 10% of total variable remuneration and the Committee considers that it has been 100% achieved. Its assessment was based on the proposals, measures and alternatives proposed by the Chief Executive Officer to the Board of Directors, whose objective was to reduce the debt ratio and protect the Group's equity. The Committee has considered that the Chief Executive Officer has correctly executed the agreed financial sustainability measures and, therefore, he has met this objective. In order to review the achievement of this objective, the Committee was also supported by Ms Pilar Dols, Chief Financial Officer of the Group.

Accrued amount: FORTY-FIVE THOUSAND SIX HUNDRED AND SIXTY-FIVE EUROS AND TWENTY-EIGHT CENTS (€ 45,665.28).

***Growth**: this objective is based on the number of rooms signed in 2021 (number of growth projects or contracts that imply more room management by the Group). This objective represents 10% of total variable remuneration and the Committee considers that it has been 100% achieved.

Accrued amount: FORTY-FIVE THOUSAND SIX HUNDRED AND SIXTY-FIVE EUROS AND TWENTY-EIGHT CENTS (€ 45,665.28).

According to the weight of each of the objectives, as well as their level of achievement, the total achievement percentage amounts to 100%.

As a whole, the amount to be paid to the Chief Executive Officer for short-term variable remuneration accrued in 2021, amounts to FOUR HUNDRED AND FIFTY-SIX THOUSAND SIX HUNDRED AND SIXTY-TWO EUROS AND EIGHTY-FOUR CENTS (€ 456,662.84), which will be paid in cash in April 2022 (in a lump sum), a month in which the Company pays variable remuneration according to the mentioned good governance principles.

In relation to short-term variable remuneration paid to the Chief Executive Officer in 2021, no short-term variable remuneration amount has accrued to (or vested in) the CEO during 2020. There is therefore no other aspect to be explained in respect thereof (parameters, accrual, criteria, etc.).

Explain the long-term variable components of the remuneration systems

As indicated above, no long-term variable amount accrued to the CEO during 2021, as his long-term variable remuneration scheme for 2021 was definitively suspended.

B.8. *Indicate whether certain variable components have been reduced or clawed back when, in the former case, payment of non-vested amounts has been deferred or, in the latter case, they have vested and been paid, on the basis of data that have subsequently been clearly shown to be inaccurate. Describe any amounts that were reduced or clawed back pursuant to malus or clawback provisions, why these were enforced and the corresponding financial year.*

According to what was explained above, and in line with the Recommendations of the Good Governance Code of Listed Companies, the CEO's Services Agreement was modified in 2019 to incorporate a reimbursement or reduction mechanism (clawback) with respect to variable remuneration. This also implied a modification of the

Remuneration Policy that was approved by the General Shareholders' Meeting on 18 June 2019.

In addition, in 2021, the Remuneration Policy for 2022 to 2024 was approved, which already provided for the inclusion of the malus clause in the Services Agreement of the Chief Executive Officer, leading to the amendment thereof on 25 November 2021 to include, among other things, the said malus clause. In this sense, the malus clause entered into force on 1 January 2022.

The Company did not reduce or claim the reimbursement of any amounts with respect to the CEO's variable remuneration during the 2021 financial year. All of the foregoing is without prejudice to the functions attributed to the Appointments, Remuneration and Corporate Social Responsibility Committee in relation to this matter, and considering the fact that the valid period to claim a reduction or reimbursement of any amount under the clawback provision is THREE (3) years from the date of payment or settlement.

B.9 *Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of compensation for early termination or cessation of the contractual relationship between the company and the director.*

A Social Welfare Plan was incorporated into the CEO's remuneration scheme in accordance with the Remuneration Policy for 2021, which includes the following characteristics:

- Defined-contribution plan establishing a maximum annual contribution of 10% of his pensionable salary (equivalent to his fixed salary only and without taking into account the pay cuts agreed during the year for purposes of calculating the said 10%).
- The plan benefits are illiquid, so that they may only be received upon occurrence of any of the contingencies covered by the Plan (retirement, disability or death).
- Retirement, disability and death benefits shall be equivalent to the accumulated balance in the insurance policy taken out and subject to the policy features and particularities.
- The beneficiaries of the Retirement Plan in the event of occurrence of any of the contingencies covered by the Plan shall be the CEO himself (in the event of retirement or disability) and the person designed in the beneficiary designation form, in the event of death of the insured. If no beneficiary is expressly designed, the following order of precedence shall apply by exclusion: the insured's spouse, otherwise his children, otherwise his parents, and otherwise his legal heirs.
- In the event of removal from office for causes other than those covered by the retirement plan, the CEO shall have no rights on the accumulated balance.

During 2021, contributions to this Plan amounted to SEVENTY-SIX THOUSAND ONE HUNDRED AND EIGHT EUROS AND EIGHTY CENTS (€ 76,108.80).

***B.10** Explain, where applicable, the compensation or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.*

N/A

***B.11** Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.*

The CEO's Services Agreement was modified in 2021, as in 2020, in order to adapt it to the reductions in fixed remuneration and the suspension of variable remuneration agreed by the Appointments, Remuneration and CSR Committee and upon request of the CEO himself.

In addition, following the approval of the new Remuneration Policy for 2022 to 2024, the Board of Directors at its meeting held on 25 November 2021, approved a new amendment to the Services Agreement of the CEO in order to include the following:

- Inclusion of a malus clause as a control mechanism for variable remuneration, according to recommendation 59 of the Good Governance Code of Listed Companies of the CNMV.
- Technical improvements in the calculation of the compensation for dismissal of the CEO, according to the new recommendation 64 of the Good Governance Code of Listed Companies of the CNMV.
- Approval of a consolidated text to include the last amendments made through the addenda signed in 2020 and 2021.

***B.12** Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.*

N/A

***B.13** Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.*

No advances, loans, or guarantees have been granted by the Company to the members of the Board of Directors.

***B.14** Itemise the remuneration in kind accrued by the directors during the year, briefly* *explaining the nature of the various salary components.*

During the 2021 financial year, and in accordance with the remuneration scheme described throughout this Report, the only Director receiving remuneration in kind was the CEO:

Private Medical Insurance: The CEO has private medical insurance covering himself and his family for an annual premium of FIVE THOUSAND EIGHT HUNDRED AND NINETY-NINE EUROS AND NINETY-EIGHT CENTS (€ 5,899.98).

Life and Accident Insurance: The CEO also has life and accident insurance for a yearly premium of THREE THOUSAND TWO HUNDRED AND EIGHTEEN EUROS AND TWENTY-TWO CENTS (€ 3,218.22), including the following coverage:

- € 650,000 in the event of death for any cause
- € 650,000 in the event of disability for any cause
- € 650,000 in the event of death by accident

B.15 *Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company.*

N/A

B.16 *Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director for his/her status as such or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other items" heading in Section C.*

In addition to the amounts and remuneration items described above, the CEO has received fees in the amount of ONE HUNDRED AND THREE THOUSAND NINE HUNDRED AND FIFTY-TWO EUROS AND NINETY-NINE CENTS (€ 103,952.99) for belonging to the board of directors of the following Group companies:

- FORTY-SIX THOUSAND SEVEN HUNDRED AND FORTY-EIGHT EUROS AND EIGHTY-ONE CENTS (€ 46,748.81) per year from the German company Sol Melia Deutschland GmbH.
- THIRTY-FIVE THOUSAND SIX HUNDRED AND SIXTY-EIGHT EUROS AND THIRTY-FOUR CENTS (€ 35,668.34) per year (equivalent to £ 30,671.89) from the English company Lomondo Limited; and

- TWENTY-ONE THOUSAND FIVE HUNDRED AND THIRTY-FIVE EUROS AND EIGHTY-THREE CENTS (€ 21,535.83) per year from the French company Sol Melia France, S.A.S.

The remuneration received by the CEO under these headings has also been reduced during the year 2021 as a result of the pay cut measures described throughout this Report.

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	*Type*	*Period of accrual in year 2021*
Mr Gabriel Escarrer Juliá	Proprietary Director	From 01.01.2021 to 31.12.2021
Mr Gabriel Escarrer Jaume	Executive Director	From 01.01.2021 to 31.12.2021
Ms María Antonia Escarrer Jaume	Proprietary Director	From 10.06.2021 to 31.12.2021
Mr. Alfredo Pastor Bodmer (Hoteles Mallorquines Asociados, S.L.)	Proprietary Director	From 01.01.2021 to 31.12.2021
Mr. Jose María Vázquez-Pena Pérez (Hoteles Mallorquines Agrupados, S.L.)	Proprietary Director	From 01.01.2021 to 31.12.2021
Mr. Luis María Díaz de Bustamante y Terminel	Independent Director	From 01.01.2021 to 31.12.2021
Mr. Fernando d'Ornellas Silva	Independent Director	From 01.01.2021 to 31.12.2021
Mr. Francisco Javier Campo García	Independent Director	From 01.01.2021 to 31.12.2021
Ms Carina Szpilka Lázaro	Independent Director	From 01.01.2021 to 31.12.2021
Ms Cristina Henríquez de Luna Basagoiti	Independent Director	From 01.01.2021 to 31.12.2021
Ms Cristina Aldámiz Echevarría González de Durana	Independent Director	From 28.07.2021 to 31.12.2021
Mr. Juan Arena de la Mora	Other External directors	From 01.01.2021 to 28.07.2021
Hoteles Mallorquines Consolidados, S.L.	External Proprietary Director	From 01.01.2021 to 10.06.2021

C.1 Complete the following tables regarding the individual remuneration of each director (including remuneration received for performing executive duties) accrued during the year.

a) Remuneration from the reporting company:

i. Remuneration accruing in cash (thousands of euros)

Name	*Fixed remuneration*	*Attendance fees*	*Remuneration for membership of board committees*	*Salary*	*Short-term variable remuneration*	*Long-term variable remuneration*	*Compensation*	*Other items*	*Total year 2021*	*Total year 2020*
Mr Gabriel Escarrer Juliá	22	22							43	54
Mr Gabriel Escarrer Jaume	22	32		694	457			8	1205	632
Ms María Antonia Escarrer Jaume	12	25							37	0
Mr. Alfredo Pastor Bodmer (Hoteles Mallorquines Asociados, S.L.)	22	32							54	54
Mr. Jose María Vázquez-Pena Pérez (Hoteles Mallorquines Agrupados, S.L.)	22	32							54	22
Mr. Luis María Díaz de Bustamante y Terminel	22	85							107	104
Mr. Fernando d'Ornellas Silva	22	89							111	110
Mr. Francisco Javier Campo García	22	97							119	107

Ms Carina Szpilka Lázaro	22	73							95	83
Ms Cristina Henríquez de Luna Basagoiti	22	56							78	68
Ms Cristina Aldámiz Echevarría González de Durana	5	11							16	0
Mr. Juan Arena de la Mora	11	28							38	77
Hoteles Mallorquines Consolidados, S.L.	10	18							28	68
Mr. Sebastián Escarrer Jaume										11

Remarks
As a result of the legislative change introduced by the last reform of the Spanish Corporate Enterprises Act, Ms Maria Antonia Escarrer Jaume is no longer natural person representative of the company Hoteles Mallorquines Consolidados, S.L., therefore, the information has been provided distinguishing the individual who has become member as a natural person of the board of the company.

ii. Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

N/A

iii. Long-term savings schemes

	Remuneration from vesting of rights to savings schemes

Name	*Contribution for the year by the company (thousands of euros)*				*Amount of accrued funds (thousands of euros)*			
	Savings schemes with vested economic rights		*Savings schemes with non-vested economic rights*		*Savings schemes with vested economic rights*		*Savings schemes with non-vested economic rights*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*	*2021*	*2021*
Mr Gabriel Escarrer Jaume			76	76			228	152

Remarks

iv. *Details of other items*

Name	*Item*	*Remuneration amount*
Mr Gabriel Escarrer Jaume	Life insurance	2
Mr Gabriel Escarrer Jaume	Health insurance	6

Remarks

b) Remuneration of directors of the listed company for seats on the boards of other subsidiary companies

i. Remuneration accruing in cash (thousands of euros)

Name	*Fixed remuneration*	*Attendance fees*	*Remuneration for membership of board committees*	*Salary*	*Short-term variable remuneration*	*Long-term variable remuneration*	*Compensation*	*Other items*	*Total year 2021*	*Total year 2020*
Mr. Gabriel Escarrer Jaume		104							104	78

ii. Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

iii. Long-term savings schemes

iv. Details of other items

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

	Remuneration accruing in the Company					*Remuneration accruing in group companies*					
Name	*Total cash remuneration*	*Gross profit from vested shares or financial instruments*	*Remuneration by way of savings systems*	*Other items of remuneration*	*Total in year 2021, company*	*Total cash remuneration*	*Gross profit from vested shares or financial instruments*	*Remuneratio n by way of savings systems*	*Other items of remuneratio n*	*Total in year 2021, group*	*Total in year 2021, compa ny + group*
Mr Gabriel Escarrer Juliá	43				43						
Mr Gabriel Escarrer Jaume	1,205		76	8	1289	104					104
Ms María Antonia Escarrer Jaume	37				37						
Mr. Alfredo Pastor Bodmer (Hoteles Mallorquines Asociados, S.L.)	54				54						
Mr. Jose María Vázquez-Pena Pérez (Hoteles Mallorquines Agrupados, S.L.)	54				54						
Mr. Luis María Díaz de Bustamante y Terminel	107				107						
Mr. Fernando	111				111						

d'Ornellas Silva											
Mr. Francisco Javier Campo García	119				119						
Ms Carina Szpilka Lázaro	95				95						
Ms Cristina Henríquez de Luna Basagoiti	78				78						
Ms Cristina Aldámiz Echevarría González de Durana	16				16						
Mr. Juan Arena de la Mora	38				38						
Hoteles Mallorquines Consolidados, S.L.	28				28						
TOTAL	***1985***		***76***	***8***	***2069***	***104***					***104***

***C.2** Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.*

	Total amounts accrued and % annual variation								
	Year 2021	**% variation 2021/2020**	**Year 2020**	**% variation 2020/2019**	**Year 2019**	**% variation 2019/2018**	**Year 2018**	**% variation 2018/2017**	**Year 2017**
Executive directors	1392	75%	795	-70%	2615	84%	1418	8%	1309
Mr Gabriel Escarrer Jaume	1392	75%	795	-70%	2615	84%	1418	8%	1309
External directors	780	5%	744	12%	664	11%	597	4%	573
Mr. Gabriel Escarrer Julia	43	-20%	54	10%	49	0%	49	0%	49
Mr. Alfredo Pastor Bodmer (Hoteles Mallorquines Asociados, S.L.)	54	0%	54	100%	27				
Mr. Jose María Vázquez-Pena Pérez (Hoteles Mallorquines Agrupados, S.L.)	54	150%	22						
Ms María Antonia Escarrer Jaume (Hoteles Mallorquines Consolidados, S.L.)	65	-4%	68	-13%	78	8%	72	4%	69
Mr. Luis María Díaz de Bustamante y Terminel	107	3%	104	-9%	114	6%	108	3%	105
Mr. Fernando d'Ornellas Silva	111	1%	110	-17%	132	15%	115	-4%	120
Mr. Francisco Javier Campo García	119	11%	107	-5%	112	24%	90	14%	79
Ms Carina Szpilka Lázaro	95	15%	83	-2%	84	0%	84	4%	81
Ms Cristina Henríquez de Luna Basagoiti	78	16%	68	150%	27				
Ms Cristina Aldámiz Echevarría González de Durana	16								
Mr. Juan Arena de la Mora	38	-50%	77	13%	68	-14%	79	13%	70

Consolidated results of the company	-217,391	-67%	-663,771	-525%	156,312	-16%	185,395	5%	176,048
Average employee remuneration	16	-2%	17	-7%	18	-4%	19	13%	16

Remarks
For the purposes of this section, the remuneration received by Ms Maria Antonia Escarrer Jaume as natural person in relation to that received by Hoteles Mallorquines Consolidados, S.L in the last few financial years has been taken into account. It is considered that this allows a better vision and comparability.

D. OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

This annual remuneration report was approved by the Board of Directors of the company in its meeting of **28 February 2022.**

Indicate whether any director voted against or abstained from approving this report. **NO.**

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Consolidated Annual Accounts

2021

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

Consolidated Balance Sheet

(Thousand €)	Note	31/12/2021	31/12/2020
NON-CURRENT ASSETS			
Goodwill	10	28,031	35,335
Other intangible assets	10	49,034	61,385
Property, Plant and Equipment	11	1,589,041	1,688,724
Right of use	18	1,429,100	1,186,918
Investment property	12	104,935	102,998
Investments measured using the equity method	13	175,241	178,365
Other non-current financial assets	14.1	184,845	135,862
Deferred tax assets	20.2	329,397	317,234
TOTAL NON-CURRENT ASSETS		3,889,624	3,706,821
CURRENT ASSETS			
Inventories	15.1	25,290	24,389
Trade and other receivables	15.2	135,866	134,961
Current tax assets	20.2	17,598	34,794
Other current financial assets	14.1	46,622	66,941
Cash and other cash equivalents	15.3	97,858	104,650
TOTAL CURRENT ASSETS		323,234	365,735
TOTAL GENERAL ASSETS		4,212,858	4,072,556
EQUITY			
Share capital	16.1	44,080	44,080
Share premium	16.1	1,079,054	1,079,054
Reserves	16.2	435,432	414,564
Treasury shares	16.3	(3,599)	(3,382)
Retained earnings	16.4	(835,481)	(213,079)
Translation differences	16.5	(222,214)	(246,888)
Other measurement adjustments	16.5	(1,023)	(3,088)
Profit/(loss) for the year attributed to parent company	9	(192,900)	(595,928)
NET EQUITY ATTRIBUTED TO THE PARENT COMPANY		*303,349*	*475,333*
Non-controlling shareholdings	16.6	22,306	25,507
TOTAL NET EQUITY		325,655	500,840
NON-CURRENT LIABILITIES			
Bonds and other negotiable securities	14.2	51,659	34,152
Bank loans	14.2	1,126,751	1,064,925
Lease liabilities	14.2 - 18	1,379,126	1,189,401
Other non-current financial liabilities	14.2	6,011	11,529
Capital grants and other deferred income	17.1	312,876	292,423
Provisions	17.2	25,656	26,483
Deferred tax liabilities	20.2	182,776	192,870
TOTAL NON-CURRENT LIABILITIES		3,084,855	2,811,783
CURRENT LIABILITIES			
Bonds and other negotiable securities	14.2	82,616	172
Bank loans	14.2	122,715	260,592
Lease liabilities	18	188,220	159,158
Trade creditors and other payables	19.1	366,656	293,334
Current tax liabilities	20.2	1,237	1,859
Other current liabilities	14.2	40,905	44,818
TOTAL CURRENT LIABILITIES		802,348	759,933
TOTAL GENERAL LIABILITIES AND NET EQUITY		4,212,858	4,072,556

Consolidated Income Statement

(Thousand €)	Note	2021	2020
Operating income		827.208	528.398
Results from assets sale		75.226	0
Total Operating income and Results from assets sale	**8.1**	**902.434**	**528.398**
Supplies	8.2	(91.590)	(58.871)
Staff costs	8.3	(307.364)	(282.106)
Other expenses	8.4	(372.603)	(338.288)
Total Operating expenses		**(771.557)**	**(679.265)**
EBITDAR (*)		**130.877**	**(150.867)**
Leases	18.2	(5.348)	(664)
EBITDA (*)	**7.1**	**125.529**	**(151.531)**
Depreciation and impairment Property, Plant and Equipment and Other intangible assets	8.5	(125.581)	(179.912)
Depreciation and impairment Right of use	8.5	(145.294)	(225.905)
EBIT/ Profit /(Loss) from operating activities		**(145.346)**	**(557.348)**
Exchange differences		(1.549)	(655)
Borrowings		(39.157)	(33.328)
Financial expense leases	18.2	(27.422)	(32.507)
Other financial income		5.281	(8.074)
Net financial income	**8.7**	**(62.847)**	**(74.564)**
Profit /(Loss) from companies carried by the equity method	**13**	**(9.198)**	**(31.859)**
NET INCOME BEFORE TAX		**(217.391)**	**(663.771)**
Income Tax	20.6	19.531	51.050
CONSOLIDATED NET INCOME		**(197.860)**	**(612.721)**
a) Attributed to the parent company	9	(192.901)	(595.928)
b) Attributed to minority interests	16.6	(4.959)	(16.792)
BASIC EARNINGS PER SHARE IN EUROS	9	(0,88)	(2,78)
DILUTED EARNINGS PER SHARE IN EUROS	9	(0,88)	(2,78)

* See definitions in Note 2.4

Consolidated Statement of Changes in Equity

(Thousand €)	Note	Capital	Share Premium	Other Reserves	Treasury Shares	Retained Earnings	Measurement Adjustments	Net Income of Parent Company	Total Result	Minority Interest	Total NET EQUITY
NET EQUITY AT 31/12/2019		**45,940**	**1,107,135**	**443,037**	**(28,191)**	**(325,355)**	**(113,073)**	**112,898**	**1,242,392**	**43,638**	**1,286,030**
Total recognised income and expenses				**(283)**		**(2,041)**	**(136,901)**	**(595,928)**	**(735,153)**	**(18,327)**	**(753,480)**
Distribution of dividends										(64)	(64)
Operations with treasury shares		(1,860)	(28,081)	(28,191)	24,809				(33,324)		(33,324)
Other operations with shareholders and owners	16.3					99			99		99
Operations with owners and shareholders		**(1,860)**	**(28,081)**	**(28,191)**	**24,809**	**99**	**0**	**0**	**(33,225)**	**(64)**	**(33,288)**
Distribution 2019 net income						112,898		(112,898)			0
Other variations						1,320			1,320	260	1,580
Other variations in net equity		**0**	**0**	**0**	**0**	**114,218**	**0**	**(112,898)**	**1,320**	**260**	**1,580**
NET EQUITY AT 31/12/2020		**44,080**	**1,079,054**	**414,564**	**(3,382)**	**(213,080)**	**(249,974)**	**(595,928)**	**475,333**	**25,507**	**500,840**
Total recognised income and expenses				**(254)**		**(3,229)**	**26,738**	**(192,900)**	**(169,644)**	**(3,253)**	**(172,897)**
Operations with treasury shares	16.3				(217)				(217)		(217)
Other operations with shareholders and owners						33			33		33
Operations with owners and shareholders		**0**	**0**	**0**	**(217)**	**33**	**0**	**0**	**(184)**	**0**	**(184)**
Transfers between items of shareholders' equity				21,122		(21,122)			0		0
Distribution 2020 net income	16.4					(595,928)		595,928	0		0
Other variations						(2,156)			(2,156)	52	(2,103)
Other variations in net equity		**0**	**0**	**21,122**	**0**	**(619,206)**	**0**	**595,928**	**(2,156)**	**52**	**(2,103)**
NET EQUITY AT 31/12/2021		**44,080**	**1,079,054**	**435,431**	**(3,599)**	**(835,481)**	**(223,236)**	**(192,900)**	**303,349**	**22,306**	**325,655**

Consolidated Statement of Comprehensive Income

(Thousand €)	Note	2021	2020
Net consolidated income		**(197,860)**	**(612,721)**
Other comprehensive income:			
Items that will not be transferred to results			
Other results attributed to equity		(1,025)	854
Equity consolidated companies	13	49	(2,489)
Actuarial gains and losses in post-employment plans	17.2	(312)	(558)
Total Items that will not be transferred to results		**(1,288)**	**(2,193)**
Items that may be subsequently transferred to results			
Translation differences	16.5	22,193	(138,161)
Cash flow hedges	14.3	3,243	(925)
Equity consolidated companies	13	1,626	288
Tax effect	20.2	(811)	231
Total ittems that may be transferred to results		**26,251**	**(138,567)**
Total Other comprehensive income		24,963	(140,759)
TOTAL COMPREHENSIVE INCOME		**(172,897)**	**(753,480)**
a) Attributed to the parent company		(169,644)	(735,153)
b) Attributed to minority interests		(3,253)	(18,327)

Consolidated Cash Flow Statement

(Thousand €)	Note	2021	2020
1. OPERATING ACTIVITIES			
Net Income before tax		(217,391)	(663,771)
Result adjustments:			
Depreciation and impairment	10, 11, 18	270,875	405,817
Profit/(loss) from companies carried by the equity method	13	9,198	31,859
Net Financial Income	8	62,847	74,564
EBITDA		**125,529**	**(151,531)**
Results from assets sale	8	(75,226)	0
Other result adjustments		3,785	7,686
Trade and other receivables		(13,099)	30,676
Other assets		(900)	4,870
Trade creditors and other payables		73,322	(131,138)
Other Liabilities		(213)	(9,932)
Income taxes paid		13,653	(1,032)
Total net cash flows from operating activities (I)		**126,851**	**(250,401)**
2. INVESTMENT ACTIVITIES			
Dividend income		328	3,475
Investment (-):			
Loans to associates and joint ventures		(9,791)	(24,058)
Property, plant and equipment, intangible assets and investment property	10,11,12	(78,475)	(51,792)
Non-current financial investments		(13,096)	(7,857)
Divestments (+):			
Loans to associates and joint ventures		0	2,190
Property, plant and equipment, intangible assets and investment property	10,11,12	188,558	4,230
Current financial investments		0	5,771
Total net cash flows from investment activities (II)		**87,524**	**(68,041)**
3. FINANCING ACTIVITIES			
Dividend payments (-)		0	(64)
Treasury stock	16.3	(217)	(33,323)
Debt interest paid (-)		(39,904)	(32,204)
Debt issue	14.2	419,966	670,120
Debt redemption and repayment	14.2	(422,764)	(200,620)
Leases	18.2	(187,575)	(274,206)
Other financial liabilities (+/-)		(2,480)	(31,281)
Total net cash flows from financing activities (III)		**(232,974)**	**98,422**
4. GROSS INCREASE/ DECREASE IN CASH OR EQUIVALENTS (I+II+III)		**(18,599)**	**(220,020)**
5. Effect of exchange rate changes in cash or equivalents (IV)		**11,807**	**(4,274)**
6. Effect of changes in the scope of consolidation (V)		**0**	**0**
7. NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III-IV+VI)		**(6,792)**	**(224,294)**
8. Cash and cash equivalents at the beginning of the year		**104,650**	**328,944**
9. Cash and cash equivalents at the year end (7+8)		**97,858**	**104,650**

Notes to the Consolidated Annual Accounts

Note 1. Corporate Information

The parent or controlling company, Meliá Hotels International, S.A., hereinafter the "Company" or the "Parent Company" is a Spanish public limited company that was incorporated in Madrid, Spain, on 24 June 1986 under the registered name of Investman, S.A. On 1 June 2011, the General Shareholders' Meeting approved the change of name to Meliá Hotels International, S.A. In 1998 the Company moved its registered address to Calle Gremio Toneleros, 24, Palma de Mallorca, and the address remains unchanged since then.

Meliá Hotels International, S.A. and its subsidiaries and associates (hereinafter, the "Group" or the "Company") form a Group comprising companies that are mainly engaged in tourist activities, in general, and more specifically, in the management and operation of hotels under ownership, lease, management or franchise arrangements, as well as in vacation club operations. The Group is also engaged in the promotion of all types of businesses related to the tourist and hotel industry or leisure and recreational activities, as well as the participation in the creation, development and operation of new businesses, establishments or companies, in the tourist and hotel industry or any other leisure or recreational business. Likewise, some companies within the Group carry out real estate activities by taking advantage of the synergies obtained in hotel development as a result of the massive expansion process undertaken.

In any event, all those activities that special laws reserve for companies which meet certain requirements that are not met by the Company are expressly excluded from the corporate purpose; in particular, the activities that the law restricts to Collective Investment Institutions or to Stock Market intermediary firms are excluded.

With over 60 years of history, Meliá Hotels International has consolidated its international presence with 316 hotels in 36 countries, mainly Spain, Latin America, rest of Europe and Asia. With a solid experience in seven brands to attend the different demands of its customers, which asserts its leadership in vacation hotel industry and leisure, Meliá Hotels International aims to position itself amongst the world's leading hotel groups in the upper-medium segment, as well as to be recognised as a world leader in terms of excellence, responsibility and sustainability.

Note 2. Basis of Presentation of the Consolidated Annual Accounts

The Meliá Hotels International Group presents its consolidated annual accounts in accordance with the International Financial Reporting Standards (IFRS) and their interpretations (IFRIC) in force at 31 December 2021, published by the International Accounting Standards Board (IASB) and adopted by the European Union.

These consolidated annual accounts are formulated by the Board of Directors of the parent company and are pending approval by the General Shareholders' Meeting, and they are expected to be approved without changes.

The figures on the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, and the accompanying Notes to the Annual Accounts, all of them in consolidated form, are stated in Euro, rounded to thousands, except where otherwise indicated.

The Group's consolidated annual accounts have been prepared on a historical cost basis, i.e. the fair value of the consideration given or received for goods and services; except for those items listed under the headings 'investment property', 'derivative financial instruments' and 'financial assets at fair value through profit or loss', which are measured at fair value (see Note 5.6). It should be mentioned that the balances from the Venezuelan Group companies have been restated at current cost, in accordance with IAS 29, since Venezuelan economy is considered as hyperinflationary (see Note 3.15).

2.1. Changes in Accounting Policies, Estimates, and Errors.

Changes in EU-IFRS

This fiscal year, the Group has adopted the standards approved by the European Union whose application was not obligatory in 2020.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest Rate Benchmark Reform - Phase 2".
- Amendment to IFRS 4: Deferral of IFRS 9 Application.
- Amendment to IFRS 16: Leases-Leasehold Improvements.
- Amendment to IFRS 3: Reference to the Conceptual Framework.
- Amendments to IAS 16: Proceeds before Intended Use.
- Amendments to IAS 37: Onerous Contracts-Cost of Fulfilling a Contract.
- Improvements to IFRS 2018-2020 Cycle.

Amendment to IFRS 16 "Leases-Leasehold Improvements" relates to the amendment to extend the term for application of the practical solution of IFRS 16 planned for lease improvements related to Covid-19. This Standard allows (not compulsory) the no individual review of certain amendments carried out in lease contracts on the occasion of the pandemic. The Company decided not to apply this practical solution, as detailed in the Consolidated Annual Accounts for 2020.

The accounting policies applied are consistent with those of the previous year, considering the adoption of the standards and interpretations mentioned above which have no greater impact on the consolidated financial statements or the financial position of the Group.

The standards issued prior to the formulation date of these consolidated annual accounts, and which will enter into force in subsequent dates, if adopted by the EU, are the following:

- Amendment to IAS 1: Classification of liabilities as current or non-current.
- Amendment to IAS 1: Breakdown of accounting policies.
- Amendment to IAS 8: Definition of accounting estimates.
- Amendment to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction.
- Amendment to IFRS 17: Insurance contracts- Initial application of IFRS 17 and IFRS 9. Comparative information.
- IFRS 17: Insurance Contracts.

The adoption of the abovementioned standards is not expected to have significant impacts on the Group's financial statements

2.2. True Image

These Consolidated Annual Accounts have been prepared on the basis of the internal accounting records of the parent company, Meliá Hotels International, S.A., and the accounting records of the rest of the companies included in the scope of consolidation as detailed in Annex 1 and Annex 2, duly adjusted according to the accounting principles established in the IFRS adopted by the EU; and fairly present the equity, financial position and results of operations of the Company, and the cash flows for the related year.

2.3. Comparability

These consolidated annual accounts include the figures for year 2021 and, for comparison purposes, those for year 2020, of each of the items in the balance sheet, income statement, statement of comprehensive income, statement of changes in equity and the cash flow statement, all of them in consolidated form. The comparative amounts for 2019 regarding the quantitative information appearing in the notes to the consolidated annual accounts are also included.

2.4. Alternative Performance Measures

The main alternative performance measures (APM) used by the Company are listed below, as well as the basis on which they are calculated, such measures being regarded as the measures of future or past financial performance, financial position or cash flows.

Key financial indicators

The Group uses various subtotals from the EBIT. These subtotals are broken down in the consolidated income statement, where their reconciliation in relation to the EBIT can be observed, as well as their comparative values.

- EBITDAR: Earnings Before Interest, Tax, Depreciation, Amortisation, & Rent. EBIDTAR allows comparability among the hotel business units operated by the Group, regardless of the method through which the operation rights were acquired (ownership or lease).

- EBITDA: Earnings Before Interest, Tax, Depreciation & Amortisation. It offers an estimate of the net cash flow from operating activities. To this end, this indicator is also reported as a subtotal in the consolidated cash flow statement.

Other financial indicators

- EBITDAR and EBITDA without capital gains: The purpose of this indicator is to offer a measurement of the Company's operating income, excluding certain results from the property segment mainly related to asset rotation. Revenues and expenses derived from those activities are excluded from the calculation of EBITDA without capital gains, giving rise to revenues without capital gains, measurement used to calculate margins without capital gains.

  The reconciliation of EBITDAR and EBITDA without capital gains for year 2021, in relation to the subtotals reported in the consolidated income statement, is as follows:

(Thousand €)	Revenues	Expenses	EBITDAR	Leases	EBITDA
Consolidated Income Statement	902,434	(771,557)	130,877	(5,348)	125,529
Results from assets sale	(75,226)	10,704	(64,522)		(64,522)
Without capital gains	827,208	(760,854)	66,355	(5,348)	61,007

  Within Capital gains and fixed assets revenues, EUR 74.4 million is included as a result of the sale of assets transaction described in Note 11, as well as EUR 0.8 million resulting from the value review of investment property (see Note 12).

  In 2020 no Capital Gains of fixed assets were generated. By contrast, impairment of property investments was generated, which is included under 'Other expenses' in the Consolidated Income Statement.

  For comparison purposes, the calculation for year 2020 is shown below:

(Thousand €)	Revenues	Expenses	EBITDAR	Leases	EBITDA
Consolidated Income Statement	528,398	(679,265)	(150,867)	(664)	(151,531)
Investment property valuation results		21,027	21,027		21,027
Without capital gains	528,398	(658,238)	(129,840)	(664)	(130,504)

- EBITDAR and EBITDA margin without capital gains: The margin offers a percentage ratio of the revenues the Company may recognise in the income statement. For the operational decision-making of the Company, the abovementioned revenues and results without capital gains are taken into consideration. There follows the calculation for 2021, which is not an indicative ratio for 2020:

(Thousand €)	2021
Income without capital gains	827,208
EBITDAR without capital gains	66,355
EBITDAR margin without capital gains	8.02%
EBITDA without capital gains	61,007
EBITDA margin without capital gains	7.38%

- Net Debt: This indicator is used to measure the financial leverage. It is calculated as the difference between debt with credit entities, short- and long-term securities issues and lease liabilities less Cash and cash equivalents. The reconciliation of this indicator with the different headings in the consolidated balance sheet for 2021 and 2020 is shown below:

(Thousand €)	31/12/2021	31/12/2020
Bonds and Other Negotiable Securities (Non-Current)	56,659	34,152
Bank Loans (Non-current)	1,126,751	1,064,925
Bonds and Other Negotiable Securities (Current)	77,616	172
Bank Loans (Current)	122,715	260,592
Lease liabilities	1,567,346	1,348,559
Cash and other cash equivalents	(97,858)	(104,650)
Net Debt	2,853,228	2,603,750

- Net debt ratio over EBITDA: This indicator is usually used by financial analysts, investors and stakeholders related to the Company. This is the ratio between the Company's payment commitments (Net Debt) and its capacity to generate cash flows from the transaction (EBITDA without capital gains). There follows the calculation for 2021, which is not an indicative ratio for 2020:

(Thousand €)	2021
Net Debt	2,853,228
EBITDA without capital gains	61,007
Net Debt over EBITDA	46.77

- GAV (Gross Asset Value) and NAV (Net Asset Value): The Company periodically carries out a valuation of its assets through an independent expert.

  The Gross Asset Value (GAV) is the aggregated sum of the result of such valuation for all the assets owned by the Group, and the assets owned by associates weighted by the Group's percentage of interest in such companies.

  The Net Asset Value is the result of reducing the GAV by the amount of the Group's Net Debt and the net debt of the associates owning the valued assets weighted by the Group's percentage of interest on the date of the asset valuation.

Hotel management stats:

The hotel industry uses basic statistical data to analyse how the hotel establishments can generate revenues and how they evolve over time.

The indicators broken down below only affect the hotel business shown as a segment in Note 8 in the consolidated annual accounts.

- Occupancy rate: The percentage ratio obtained by dividing the occupied rooms by the available rooms. Available rooms means the number of physical rooms multiplied by the number of days the room has been ready to be occupied. Likewise, occupied rooms (sold) are calculated as the number of days the physical rooms have been effectively occupied during the period.

  This indicator offers a measurement of the use of the available capacity of the hotels, which is used by the management team to calculate the demand for a specific hotel or group of hotels in a specific time frame. Likewise, it is also used to set the average price per room, depending on whether the demand for rooms increases or decreases.

  The calculation details of the occupancy rate of hotels operated under lease and under ownership by the Group in 2021 and 2020 are broken down as follows:

(Thousand €)	2021	2020
Available Rooms	8,284,748	5,455,660
Occupied Rooms	3,421,989	2,136,015
Occupancy Rate	41.3%	39.2%

  The closing of hotels as a result of the Covid-19 pandemic, whether due to legal obligation or lack of demand, as the case may be, has had a significant impact on the number of available rooms of the Group in 2021 and, especially, in 2020. Despite of the recovery in this sense, travel restrictions in both years have also had a significant impact on the occupancy rate.

- ARR (Average room rate): The average room rate is calculated by dividing the total room revenue (see Note 8.1) by the occupied rooms. It measures the average price per room reached by a hotel in a specific time frame and provides valuable information as for price dynamics and type of customers of a specific hotel or group of hotels. Thus, this measurement is widely used in the industry and by the management team in order to estimate the prices the Company can charge based on the type of customer. Likewise, the changes applied to the average price per room have a different impact on revenues as well as on the business profitability in comparison with those applied to the occupancy rate. The result of the ARR calculation for 2021 and 2020 is as follows:

(Thousand €)	2021	2020
Room Income	403,410	235,447
Occupied Rooms	3,421,989	2,136,015
ARR (euros)	117.89	110.23

- RevPar (Revenue Per available room): Revenue per available room is the result of dividing the total room revenue (see Note 8.1) by the number of available rooms. The management team uses this indicator to evaluate the business performance, since it is correlated with the two key indicators of the operations of a hotel or group of hotels: the occupancy rate and the average price per room. Likewise, the RevPar is used to measure and compare the performance in comparable periods between similar hotels.

  The result of the RevPar calculation for 2021 and 2020 is as follows:

(Thousand €)	2021	2020
Room Income	403,410	235,447
Available Rooms	8,284,748	5,455,660
RevPAR (euros)	**48.69**	**43.16**

  This indicator has slightly improved compared to the previous year, in line with the increase in the occupancy rate and the ARR as stated above.

2.5. Consolidation

Subsidiaries

Subsidiaries are the companies over which the Group exercises effective control, generally accompanied by more than half of the voting rights.

In addition to the shareholding percentage, when assessing whether a controlling interest is held in a company, the Group considers the following aspects:

- Influence over the investee, giving the Group the ability to manage its significant activities.
- Right to the variable returns from its shareholding in the investee.
- Ability to use its influence over the investee to have an impact on the amount of the returns obtained.

According to the full consolidation method, the financial statements of subsidiaries are consolidated as from the date on which control is transferred to the Group and are excluded from the consolidation as from the date on which such control ceases to exist. Intra-group balances and transactions are eliminated in full.

Associates and Joint Ventures

Associates are all companies over which the Group exercises significant influence but not control. Significant influence generally includes between 20% and 50% of the voting rights and means the power to participate in the financial and operating policy decisions of the investee company.

Joint ventures are joint agreements in which the parties that hold joint control under such agreements hold rights over the net assets thereof. The unanimous consent of the parties sharing control is required under these agreements.

Associates and joint ventures are consolidated using the equity method. According to this method, the carrying value of the investment is recognised initially at cost, and is increased or decreased to recognise the Group's interest in the results and in the income and expenses directly recognised in equity of the associate or joint venture after the date of acquisition. The Group's investment in associates and joint ventures includes goodwill identified on acquisition.

The Group's share in profit or loss after the date of acquisition of associates and joint ventures is recognised in the income statement, and its share in movements in other comprehensive income is directly recognised in equity, including the relevant adjustment to the carrying value of the investment.

Where the accumulated losses incurred by an associate or joint venture result in a negative equity, the Group adds the amount of any other item that may be considered to be greater in value than the net investment until said investment is reduced to zero. From that moment on, the Company takes into account any additional losses by recognising a liability, only to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee company or joint venture.

The Group does not currently participate in joint ventures that must be included using the proportional consolidation method.

Consistency in terms of timing and measurement

All subsidiaries included in the scope of consolidation close their fiscal year on 31 December, so the relevant annual accounts for 2021 and 2020 have been used for consolidation purposes or, if the annual accounts have not yet been prepared, the corresponding accounting records, once the appropriate measurement adjustments to ensure compliance with the relevant IFRS have been carried out.

Business combinations

If the business combination is achieved in stages, the carrying value on the acquisition date of the interest in the acquiree's equity previously held by the acquirer is remeasured at fair value on the acquisition date, and any loss or profit arising from this new measurement is recognised in the income statement for the year.

In business combinations, the excess between the cost of the combination and the acquirer 's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as Goodwill, under the heading Intangible Assets.

The excess between the acquirer's interest, where appropriate, after reassessing the identification and valuation of the identifiable assets, liabilities and contingent liabilities, and the cost of the business combination, is recognised in the income statement for the year.

When the Group first applied IFRS, it did not apply IFRS 3 retrospectively to business combinations that occurred before the date of transition, and it availed itself of the exemption provided for in IFRS 1 "First-time Adoption of International Financial Reporting Standards", therefore, the existing goodwill provided for in the Spanish legislation as at 31 December 2003, net of accumulated depreciation to that date, was allocated to the goodwill under the heading Intangible Assets.

Purchase of non-controlling interests

Once control is obtained, any subsequent operations in which the controlling company acquires more non-controlling interests, or sells interests without losing control, are accounted for as transactions with equity instruments. It follows from the above that:

- Any difference between the amounts by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in net equity and attributed to the owners of the controlling company.
- The carrying value of the goodwill is not adjusted, and no gains or losses are recognised in the income statement.

Sale of controlling interests

When the Group ceases to have control over a subsidiary, any retained interest is recognised at fair value at the date when control is lost, and the change in the carrying amount is recognised in the income statement for the year. In the case of companies owning hotels, the result is recognised as Capital gains of fixed assets in the consolidated income statement (see Note 3.11). The fair value is the initial carrying amount for the purposes of the subsequent recognition of the interest retained as associate, joint venture or financial asset.

Loss of significant influence

If the Group no longer exercises significant influence over the associate or joint venture, it measures and recognises the investment maintained at fair value. Any difference between the carrying value of the associate at the time significant influence is lost and the fair value of the investment maintained plus the income obtained on the sale is recognised in the income statement.

Elimination of inter-company transactions

The inter-company balances for inter-company transactions relating to loans, leases, dividends, financial assets and liabilities, sale and purchase of inventories and fixed assets and provision of services, have been eliminated. Regarding the sale and purchase transactions, the unrealised profit margin with regard to third parties has been reversed so that the corresponding assets are stated at cost, thus adjusting the depreciations carried out.

Non-controlling interests

The proportional part of equity corresponding to the Group's non-controlling interests, calculated in accordance with IFRS 10, is recorded under this heading of the balance sheet.

Profit or loss attributed to non-controlling interests

This relates to the share in consolidated profit or loss for the year corresponding to the non-controlling interests.

Translation of the annual accounts of the foreign companies

All the assets and liabilities of companies with a functional currency other than the euro and which are included in the scope of consolidation, are translated to euro at the exchange rate existing at year end.

Items in the profit and loss account have been translated at the exchange rates existing on the dates on which the relevant transactions were carried out.

The difference between the amount of the foreign companies' equity, including the balance of the profit and loss account calculated according to the previous paragraph, translated at the historical exchange rate, and the net equity position resulting from the translation of assets and liabilities as mentioned in the first paragraph, is recorded with a positive or negative sign, as appropriate, in the net equity of the consolidated balance sheet, under the Translation differences heading, net of the portion of such difference corresponding to non-controlling interests, which is recorded under the Non-controlling interests item in equity in the consolidated balance sheet.

Goodwill and fair value adjustments of the balance sheet items upon the acquisition of interests in a foreign company, are recognised as assets and liabilities of the company acquired and, therefore, translated at the exchange rate existing at year end, and the exchange differences that may arise are recognised under the Translation differences heading.

Upon total or partial disposal or reimbursement of contributions of a company with a functional currency other than the Euro, cumulative translation differences since 1 January 2004 (date of transition to IFRS) relating to said company, recognised in equity, are taken to the consolidated income statement as a gain or loss on disposal.

2.6. Accounting Valuations and Estimates

Directors have prepared the Group's consolidated annual accounts using judgments, estimates and assumptions which have an effect on the application of the accounting policies described in Note 3, as well as on the balances of assets, liabilities, income and expenses and the breakdown of contingent assets and liabilities at the issuance date of these annual accounts.

Such estimates and assumptions are based on historical experience and other factors considered reasonable and relevant under the circumstances. The carrying amount of assets and liabilities, which is not readily apparent from other sources, has been established based on these estimates. These estimates and assumptions are periodically reviewed; the effects of the reviews on the accounting estimates are recognised whether in the year in which they are realised, if they have an effect solely on such period, or in the period under review and future periods, if the review affects both periods. However, the uncertainty inherent in the estimates and assumptions could lead to results that may require an adjustment to the carrying amounts of assets and liabilities affected in future periods.

The estimates made are detailed, where appropriate, in each of the explanatory notes of the consolidated balance sheet captions. The estimates and judgment that have a significant impact on the amounts recognised in the consolidated financial statements and may involve adjustments in future years are set out below:

Estimated impairment loss on goodwill and other non-financial assets

The Group verifies annually whether there is an impairment loss in respect of goodwill and other fixed assets, in accordance with Notes 3.1, 3.2 and 3.12. The recoverable amounts of cash-generating units are calculated from its value in use.

These calculations are based on reasonable assumptions in accordance with past yields obtained and future production and market development expectations.

Corporate income tax

The calculation of income tax requires the interpretation of the tax legislation applicable to the countries in which the Group companies operate. There are also several factors related mainly, but not exclusively, to changes in tax laws and changes in the interpretation of tax laws currently in force that require the use of estimates by the directors of the parent company.

Directors of the parent company must carry out significant estimates to determine the amount of the deferred tax assets that can be recognised, by considering the amounts and the dates on which future taxable profits will be obtained and the reversal period of the taxable temporary differences.

Where there is an uncertainty in relation to the income tax treatments, the Group assesses whether a tax authority is likely to accept an uncertain tax treatment. If it concludes that the tax authority is likely to accept an uncertain tax treatment, the effect of the uncertainty on the taxable profit (tax loss), tax bases, unused tax losses and unused tax credits or the corresponding tax rates is reflected. The effect of the uncertainty is reflected using the method that, in each case, better foreshadows the resolution of the uncertainty: the most probable amount or the expected value. In each case, the Company makes an assessment of whether each uncertain tax treatment must be considered separately or jointly with another or several uncertain tax treatments, in line with the approach that better foreshadows the resolution of the uncertainty.

The calculation of income tax is detailed in Note 20.

Fair value of derivatives

The fair value of derivative financial instruments that are not traded in an active market is determined using measurement techniques, as specified in Note 3.5. The Group uses a variety of methods and makes assumptions that are based mainly on market conditions at the consolidated balance sheet date. Most of these measurements are obtained from the financial institutions with which the instruments were contracted.

Fair value of investment property

The Group uses the fair value method in measuring investment property. The estimation of this fair value is mainly carried out based on the appraisals undertaken by independent experts using valuation techniques such as expected discounted cash flows from such assets, as well as regular updates of the Company based on such studies.

Post-employment benefits

The cost of defined benefit pension plans is calculated using actuarial valuations. Actuarial valuations require the use of assumptions on discount rates, asset yields, salary increases, mortality tables and rotation, as well as the retirement age of employees with right to these benefits. These estimates are subject to significant uncertainties due to the long-term settlement of these plans.

The valuation of these commitments has been calculated by reputable independent experts using actuarial valuation techniques. Note 17.2 gives details of the assumptions used to calculate these commitments.

Inflation and exchange rate to be applied to the consolidation of Venezuelan subsidiaries

In October 2021, Venezuela replaced the Bolívar soberano (VES), which was applied until such date, with the Bolívar digital (VED), by dividing the value of the new currency by 1,000,000. (VED 1 = VES 1,000,000).

However, since 2019 and due to the ongoing complex political and economic situation in the country, the Company considers that the different official exchange rates do not reflect the economic situation of the country and, therefore, decided to internally estimate the exchange rate that is most appropriate for the consolidation of the financial statements of its subsidiaries in Venezuela.

This estimated exchange rate, based on the high inflation to which the price of goods and services of the country are subjected, has been calculated based on the last official exchange rate of 2016, updated according to the corresponding inflation rate in each period from then on.

The inflation considered for this calculation in 2021 has been 695.82%; 3,548% in 2020, both estimates based on studies carried out by independent experts. The Central Bank of Venezuela has published inflation figures for 2021 of 686.38%.

The Group will continue to assess the political and economic situation in the country in order to adopt any change in the exchange rate which may be applicable for the consolidation of its Venezuelan subsidiaries.

Covid-19

The health crisis generated by Covid-19 which began in 2020 continues to cause certain degree of uncertainty regarding the development of economic and tourism activities in the following years. Note 4 explains the estimates and assumptions made as a consequence of such situation for the preparation of the consolidated annual accounts.

2.7. Cash Flow Statements

The Cash flow statement includes the cash movements during the fiscal year, calculated by the indirect method. The expressions used in the cash flow statements have the following meanings:

- Cash flows: Inflows and outflows of cash or other cash equivalents, these being understood to be investments for a period of less than 3 months with high liquidity and low risk of changes in value.
- Operating activities: These are the activities that constitute the main source of ordinary income of the Group, as well as other activities that cannot be classified as investment or financing.
- Investment activities: The acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: Activities that result in changes in the size and composition of the equity and of liabilities of a financial nature.

Cash flows from operating activities include the capital gains generated by asset rotation activities, while the net carrying amount of the assets disposed of is recognised under the heading Investment activities.

In relation to lease payments, the total amount of the cash flows paid in each fiscal year is divided between principal (included in financing activities) and interest (included also in financing activities).

Note 3. Accounting Policies

3.1. Intangible Assets

Goodwill

Goodwill generated on consolidation represents the difference between the acquisition price of fully consolidated subsidiaries and the Group's interest in the market value of identifiable assets and liabilities of subsidiaries.

Goodwill generated in acquisitions prior to the date of transition to IFRS is recorded in the consolidated balance sheet at the net value recorded as of 31 December 2003.

Goodwill is not amortized. Instead, goodwill review studies are carried out annually to identify any impairment losses. Impairment losses are recognised if the recoverable value, determined based on the current value of future expected cash flows of the cash-generating units associated with goodwill and discounted at a rate which considers the specific risks of each generating unit, is lower than the amount initially assigned. Impairment loss recognised for goodwill shall not be reversed in subsequent periods. These measurements are carried out internally. Note 10 includes details regarding their calculation.

Other intangible assets

Other intangible assets relate to several software applications, as well as transfer rights and industrial property.

Software applications are valued at cost price and amortized using the straight-line method over their estimated useful life of 5 to 10 years. Software maintenance-related expenses are recognised as an expense when incurred.

The investments in technological innovation incurred by the Group in producing identifiable and unique software programmes controlled by the Group are included under this heading. In addition, these comply with the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company intends to use or sell the intangible asset.
- The Company can use or sell the intangible asset.
- It can be demonstrated how the intangible asset will generate probable future financial benefits.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible asset during its development can be reliably measured.

The directly attributable costs that are capitalised as part of the software programmes include the labour cost of the staff developing the programmes and a suitable percentage of general costs.

Transfer rights relate mainly to the acquisition costs of operating and management rights for various hotels and are amortized using the straight-line method over the term of the agreements related to these rights.

Investments carried out in trademarks, which are initially recognised at cost, are not amortized as their useful life is indefinite. The remaining items included in industrial property are amortized on a straight-line basis over a five-year period.

At each year end, the company assesses whether there is an indication of impairment loss of this type of assets, and if so, the recoverable amount of these assets is estimated.

3.2. Property, Plant and Equipment

Property, plant and equipment is stated at cost, including transaction costs, plus the financial expenses directly attributable to the acquisition, construction and renovation incurred to bring the assets into operating conditions, less accumulated depreciation and any impairment losses.

The repairs which do not extend the useful life or the production capacity of the assets and the maintenance expenses are charged directly to the consolidated profit and loss account. Costs that extend or improve the useful life of the assets or can only be used with the item of property, plant and equipment are capitalised as an increase in their value.

The Group depreciates its property, plant and equipment by the straight-line method over the years of estimated useful life, as follows:

Buildings	40-50 years
Plant	15-18 years
Machinery	10-18 years
Furniture	10-15 years
Software	3-8 years
Vehicles	5-10 years
Other fixed assets	4-8 years

Such depreciation, however, is adjusted for those assets associated with lease agreements, which are depreciated over the shorter of the assets' useful life and the lease term.

The useful life and residual value of property, plant and equipment are reviewed at each consolidated balance sheet date. Land is not subject to systematic depreciation since it is considered to have an indefinite useful life, however it is subject to impairment tests.

The Other fixed assets heading includes the amount of replacement inventories which are valued at average cost as per the stocktaking carried out in the different hotel centres at the year end. Breakages and losses are recorded as Disposals, and their cost is recognised under heading “Other operating expenses” in the consolidated income statement.

Impairment of property, plant and equipment

At each year end, the Company assesses whether there is an indication that an asset may be impaired. If such indication exists, the asset’s recoverable amount is estimated. Regularly, the Group obtains valuations carried out by independent experts of its owned hotel assets whether operated by the Company or leased to third parties, as well as certain hotels under lease. Such valuations are supplemented with the valuations carried out internally.

When determining the value of the assets, the valuation criterion most used by the experts is the discounted cash flow, since hotel investments are generally valued according to the potential future income. In certain cases, other valuation methods are used, such as the comparables method or the residual value method. The latter method is mainly used to value plots and land.

At the end of the years in which valuations by independent experts are not obtained, the Group assesses whether there is an indication that its tangible assets may be impaired. If such indication exists, or when annual impairment test for an asset is required, the Group estimates the asset’s recoverable amount on the basis of the methodology used in the last valuation carried out by the independent expert for the relevant asset or cash-generating unit. An asset’s recoverable amount is the higher of an asset’s fair value less costs to sell or cash-generating unit and value in use, and is determined individually for each asset, unless the asset does not generate cash inflows that are independent of those from other assets or groups of assets.

For owned hotels, the Group considers whether there is any indication that they have suffered an impairment loss mainly based on the operating result of the various cash-generating units, as well as observable external sources of information revealing that the value of the asset during the period has decreased more than expected as a consequence of the passage of time or its normal use, due to changes that may have occurred in the environment in which the hotel operates. In addition, other factors such as geo-political circumstances, economic situation or natural disasters that may affect the recoverable amount of such assets are taken into account.

In assessing value in use, the Group projects future cash flows by considering the budget approved by the governing bodies of the Company for 2022, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for a period of 5 years and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes which reflects changes in the value of money over time in the current market and the specific risks of the asset which have not been adjusted in the estimated future cash flows, mainly the risks of the business and the country in which the asset is located, as well as the significant climate risks that may affect it.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and its carrying value is reduced to its recoverable amount. Losses due to impairment of ongoing activities are recognised in the income statement in the expense category in accordance with the function of the impaired asset.

An assessment is made each year end as to whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. This reversal is recognised in the income statement for the year. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.3. Investment Property

The investments carried out by the Group to obtain lease income or capital gains and which generate cash flows independently of the other assets held by the Group, are recorded under this heading.

After the initial recognition made for the total amount of the costs related to the asset acquisition transaction, the Group has chosen the application of the fair value model, therefore, all investment properties are recognised at fair value and any change in value occurred is included in the consolidated income statement.

At each year end, the Group updates the fair value assessment of each property, either through the valuation made by an independent expert, or by contrasting the main variables used in the last available valuation made by the expert with updated information. The best evidence of the fair value is the current prices in an active market for similar properties. Where this information is not available, future discounted cash flows are estimated, on the basis of the budget approved by the governing bodies of the Company for the next year, and applying growth assumptions in line with the market in which such asset operates.

3.4. Segment Reporting

Information on operating segments is presented according to the internal information as provided to key decision-makers within the Group. Key decision-makers means the Senior Executive Team (SET), which is responsible for allocating resources and evaluating performance of operating segments. The SET is a collegiate body consisting of the Chief Officers of each General Management and the CEO (Chief Executive Officer).

3.5. Financial Instruments

The Group recognises financial assets or financial liabilities in its consolidated balance sheet when it becomes party to the contractual clauses of the related instrument.

Financial Assets

Financial assets within the scope of IRFS 9 are classified, according to the valuation criteria, as financial assets at amortized cost, financial instruments at fair value through other comprehensive income, and at fair value through profit and loss. The classification in one category or another will depend on the characteristics of the financial asset's contractual cash flows and on the management model of the Company used to manage such assets.

Financial assets are initially measured at fair value, except for trade receivables, which are measured at their transaction price if they do not have a significant financial component.

Financial assets at amortized cost

This classification includes the amounts recorded under the Trade and other receivables heading, and all the collection rights included in headings Other non-current financial assets and Other current financial assets.

Such assets are subsequently recognised at amortized cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or are impaired, as well as through the depreciation process.

Non-current deposits and guarantees are measured at amortized cost using the effective interest rate method. They are not discounted, since the effect of the restatement would not be significant.

These assets are maintained in order to obtain contractual cash flows and they only give rise to principal and interest payments on the outstanding principal amount.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include held-for-trading financial assets acquired for the purposes of selling them mainly in the short term, as well as unlisted equity instruments of companies over which no control or significant influence is exercised.

Assets in this category are recognised in the consolidated balance sheet, under the Other current assets heading if they are expected to be settled in the short term or in Other non-current assets if in the long term.

Operations involving the assignment of financial assets

The Company derecognises an assigned financial asset when it assigns the contractual rights to receive the cash flows generated by the asset or, even when retaining such rights, it assumes a contractual obligation to pay them to the assignees and the risks and rewards associated with the ownership of the asset are substantially transferred.

In case of assignment of assets in which the risks and rewards associated with the ownership of the financial asset are substantially retained, the assigned financial asset is not derecognised in the consolidated balance sheet and a related financial liability is recognised for an amount equal to the consideration received, which is subsequently measured at amortized cost. The assigned asset continues to be measured by the same criteria as those used before the assignment. The income derived from the assigned asset and the expenses derived from the related financial liability are recognised in the consolidated income statement without offset.

Impairment of financial assets

The Company applies a simplified approach when calculating the expected credit losses of financial assets at amortized cost and, where appropriate, a value adjustment for the expected credit losses over the entire life of the asset is recognised at each closing date. To do that, the Group has established a matrix of provisions based on its history of credit losses, adjusted by the prospective factors specific for such assets.

Due to the characteristics of the main sector in which the Company operates, the customers of the hotel segment have minimal risk of insolvency.

In relation to the Vacation Club customers, the Company can terminate the contracts, therefore, the impact of the cancellation of such receivable would also imply the derecognition in the accounts of liabilities pending to be executed.

Financial Liabilities

Financial liabilities within the scope of IFRS 9 are classified, according to the valuation criteria, as financial liabilities at amortized cost. These liabilities are initially recognised at fair value adjusted for directly attributable transaction costs. All non-derivative financial liabilities of the Group are included within the category Financial liabilities measured at amortized cost.

Issuance of bonds and other negotiable securities

Debt issues are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortized cost applying the effective interest method. Bonds with a maturity exceeding twelve months are classified as non-current liabilities, while those with shorter maturity than that are included under current liabilities. In the event of issuing convertible bonds, these are recorded as hybrid or combined financial instruments, according to the terms of the issue in question.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Bank loans and credit facilities

Loans are initially recognised at the amount received, net of transaction costs. After initial measurement, they are carried at amortized cost using the effective interest rate method.

Trade creditors and other payables

Trade payables are initially recognised at fair value and are subsequently measured at amortized cost using the effective interest rate method.

Lease liabilities

Note 3.12 provides information on the valuation method and accounting policies regarding this type of liabilities.

Other financial liabilities at amortized cost

The remaining financial liabilities that relate to payment obligations as detailed in Note 14, are also measured at amortized cost using the effective interest rate method. However, financial liabilities with short-term maturities and which have no contractual interest rate are measured at their face value provided the effect of not adjusting the cash flows is not material.

Derivative Financial Instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss or as accounting hedges. In both cases, derivative financial instruments are initially recognised at fair value on the date on which they are arranged, and such fair value is regularly adjusted. Derivatives are carried as assets, under the heading Other financial assets, when the fair value is positive and as liabilities, under the heading Other financial liabilities when the fair value is negative. They are classified as current or non-current depending on the estimated timing of cash flows.

Accounting Hedges

The Company has opted to continue to apply the requirements on accounting hedges under IAS 39, in accordance with paragraph 7.2.21 of IRFS 9.

The Company applies hedge accounting to those operations in which the hedge is expected to be highly effective; that is, when the changes in the fair value or in the cash flows of the items covered by the hedge are offset by the changes in the fair value or cash flows of the hedging instruments with an effectiveness comprised between 80% and 125%. In addition, at the inception of the hedge, the relationship between the hedged item and the derivative financial instrument designated for that purpose is formally documented.

The Group has various interest rate swaps classified as cash flow hedges. Changes in the fair value of these derivative financial instruments are reflected in net equity, under the heading Other measurement adjustments, being allocated by the part considered an effective hedge to the consolidated income statement insofar as the item being hedged is also settled. The fair value is entered in the accounts according to the date of trade.

The fair value of interest rate swaps is determined through the discounted cash flow measurement technique according to the characteristics of each contract, such as the face amount and the collection and payment schedule. The discount factors used to obtain said value are calculated based on the curve of the zero-coupon rates obtained from the deposits and rates listed in the market on the date of measurement. The resulting fair value is adjusted for the own credit risk and that of the counterparty, according to IFRS 13. These values are obtained from studies carried out usually by the financial institutions with which the Group has contracted these instruments.

Derivatives not qualifying for hedge accounting

Any profit or loss arising from changes in the fair value of derivatives which do not qualify to be classified as hedging instruments are directly recognised in the net profit or loss for the year. The fair value of these derivative financial instruments is obtained from studies carried out by independent experts.

3.6. Non-Current Assets Held for Sale and Discontinued Operations

If there are assets whose carrying value is expected to be recovered through a sale rather than by means of their continued use, such assets are recorded under the heading Non-current assets held for sale.

They are recognised at the lower of their carrying amount and fair value less costs to sell. The company recognises an impairment loss for initial or subsequent write-down of the asset to fair value less costs to sell. The company recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised.

In the income statement, income and expenses from discontinued operations are presented separately from the income and expenses from continued operations, under profit/(loss) after taxes. Assets held for sale are not depreciated/amortized.

The non-current assets that are for sale, within the asset rotation segment, but which are still operated by the Group until their sale, are not reclassified under this balance sheet heading and are maintained in the balance sheet according to their nature.

3.7. Inventories (Commercial Inventories, Raw Materials and Other Supplies)

Raw and ancillary materials are measured at their average acquisition cost, which is generally lower than their realisable value, any necessary measurement adjustments being made in case their estimated realisable value is lower than their cost. The acquisition price includes the amount included in the invoice plus all additional expenses incurred until the goods are stored in the warehouse.

3.8. Treasury Shares

Treasury shares are presented as a decrease in the Group's net equity and are stated at cost without carrying out any measurement adjustments.

Gains and losses obtained on disposal of treasury shares are recorded directly against equity.

3.9. Government Grants

Government grants are recognised at fair value only when there is a reasonable certainty that the conditions for receiving the grant will be fulfilled and such grants will be effectively received.

Where the grant relates to an expense item, it is taken to the income statement over the period necessary to match the grant, on a systematic basis, with the costs to be offset by the grant.

Where the grant relates to an asset, the fair value is recognised as deferred income and is taken to the income statement based on the expected useful life of such asset.

3.10. Provisions and Contingencies

Provisions are recognised when the Group:

- Has a present obligation, legal or implicit, because of a past event.
- It is probable that an outflow of funds including economic benefits will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are carried at the present value of the best possible estimate of the amount needed to settle or transfer to a third party the obligation. Adjustments due to updating the provision are recognised as a financial expense as they accrue. Provisions maturing in one year or less with a non-significant financial effect are not discounted.

Provisions are reviewed at each consolidated balance sheet date and are adjusted to reflect the current best estimate of the liability at such date, taking into account the risks and uncertainties relating to the obligation.

On the other hand, contingent liabilities are the possible obligations, arising from past events, the materialisation of which is subject to the occurrence of future events which are not entirely under the Group's control, and those present obligations, arising as a result of past events, that are not likely to give rise to an outflow of resources for their settlement or which cannot be measured with sufficient reliability. These liabilities are not recognised in the accounts, but are disclosed in the notes to the annual accounts (see Note 22).

Post-employment benefits

Post-employment plans are classed as defined contribution plans or defined benefit plans.

Defined contribution pension plans

Defined contribution plans are those plans under which the Group makes fixed contributions to an independent entity and does not have any legal, contractual or implicit obligation to make additional contributions if the independent entity does not hold sufficient assets to satisfy the commitments assumed.

Contributions are recognised as employee benefits when they accrue.

Defined benefit pension plans

Pension plans that are not defined contribution plans are considered as defined benefit plans. In general, defined benefit plans fix the amount of the benefit that the employee will receive on retirement, usually based on one or more factors such as age, number of years of service and remuneration.

The Group recognises in the consolidated balance sheet a provision for defined benefit awards established in collective bargaining agreements in an amount corresponding to the difference between the present value of the committed benefits and the fair value of any assets linked to the benefit commitments which will be used to settle the obligations, less any past service costs still not recognised, if any.

If an asset results from the above-mentioned difference, its valuation may not exceed the current value of the economic benefits that may be available in the form of reimbursements from the plan or reductions in future contributions to the plan.

Past service costs are recognised immediately in the consolidated income statement unless they involve non-vested rights, in which case they are taken to the consolidated income statement on a straight-line basis over the period remaining to the vesting of the past service rights.

The current value of the obligation is determined using actuarial calculation methods and unbiased financial and actuarial assumptions that are mutually compatible. The Company recognises directly in the Consolidated statement of comprehensive income, the profits and losses arising from the change in the current value, and, where applicable, the plan assets, as a result of the changes in actuarial assumptions or adjustments made on the basis of experience.

Certain collective bargaining agreements in force and applicable to some Group companies establish that permanent staff for a specified number of years employed by the Company who opt to terminate their employment contract will be entitled to a cash award equal to a number of monthly salary payments which is proportional to the number of years of service. During the fiscal year, an assessment of these commitments has been performed in accordance with the actuarial assumptions contained in Group's own rotation model, by applying the calculation method known as the Projected Unit Credit Method and the population assumptions corresponding to the PER2020 tables.

The balance of provisions, as well as the capitalisation of payments for future services, cover these acquired commitments, based on an actuarial analysis prepared by an independent expert. This valuation is detailed in Note 17.2.

The Group has duly externalised the pension commitments and obligations stipulated in collective bargaining agreements subject to the Ministerial Order of 2 November 2006. Assets related to these externalisation operations are recognised as a reduction in the balance of the acquired commitments.

3.11. Revenue Recognition

The operating revenues arising from contracts with customers are recognised as the obligations undertaken with such customers are met by the Company.

When recognising such revenues, the 5-stage analysis included in IFRS 15 is carried out, in order to determine the amount and the moment of revenue recognition for each of the contracts with customers of its operating segments:

- Identification of the customer's contract.
- Identification of the performance obligations.
- Determination of the transaction price.
- Allocation of the price to the various performance obligations.
- Revenue recognition according to the fulfilment of each obligation.

Such revenues are shown net of discounts, refunds and value added tax. The Group bases its return estimates on past results, having regard to the type of customer, the type of transaction and the specific circumstances of each agreement.

Sale of rooms and other related services

Revenues deriving from the sale of rooms are daily recognised based on the services provided by each hotel establishment and including "in-house" customers, i.e. those that are still lodged at the hotel at the time daily production is closed. For this type of contracts, the only execution obligation identified is that of the own hotel service, which includes making available the hotel rooms to the customers.

Where the hotel rate includes services such as food and beverage (breakfast, half board or full board), an additional execution obligation is identified, to which a differentiated price is allocated on the basis of the expected cost plus a margin approach. It is worth mentioning that in hotels marketed only under all-inclusive regime (mainly located in America), this is not considered as a differentiated service, however, for the purposes of breakdown, a percentage of the rate is allocated to item 'revenues for food and beverages'.

In any case, the execution obligations undertaken with hotel customers are considered as fulfilled over time, during the stay of the customer in the establishment, and the Group recognises the daily revenues corresponding to the services consumed by the customer on that date.

Within the hotel business segment, the Company manages the customer loyalty programme "Meliá Rewards", which consists of rewarding customers that stay in hotels or use services provided by associates, through a series of points that are exchangeable for rewards such as, among other things, free stays in hotels managed by the Group.

If a hotel customer is member of the loyalty programme and accumulates points for his/her stays, a differentiated performance obligation is identified, to which an amount is allocated depending on the fair value of such points, and will be met at the time the member of the programme uses the points obtained, by deferring until such time the recognition of revenues in the consolidated income statement of the Group, for the amount allocated to such obligation.

Additionally, other services provided directly by the hotels, such as rent of rooms, organisation of events, rent of commercial premises to third parties, etc... are included under heading 'Other business revenues' in the table included in Note 8.1 to these consolidated annual accounts and are recognised depending on the IRFS applicable at the time in which the service is rendered.

Provision of hotel management services

With regard to contracts with hotel owners for the management of their establishments, there are several performance obligations identified in each of the contracts. The main obligation of the Group in such contracts is to provide hotel management services for these establishments. The consideration for these services is established as a percentage of the amount of the total revenues and the gross operating profit (GOP) generated by the management of the Group. Every month, the Company recognises the corresponding revenues in the consolidated income statement depending on the progress of both magnitudes for each of the hotel management contracts, according to the contractual terms and conditions set out in each of them.

The other performance obligations differentiated in the hotel management contracts relate to services linked to such activity, such as fees for reservations made through the own channels of Meliá Group, or licences for use of own or centrally managed software applications. The Company recognises the revenues from the provision of these services as these obligations are met which, in the case of fees for reservations, coincide with the arrival of the customers to the hotel.

These revenues are broken down in Note 8.1 to these consolidated annual accounts.

Sale of vacation club units

With regard to the contracts for the sale of vacation club units, the Group has identified as a performance obligation the provision of the marketed units to Club customers in their corresponding weeks. Regardless of the contract term, such obligation is considered to be met when the customer uses such weeks, moment in which the revenues are recognised in the consolidated income statement. The Group distributes the consideration received proportionally to the number of weeks included in the contract, deferring the revenue recognition until the moment of use and recognising the amount of non-used weeks under heading ‘Capital grants and other deferred income’ in liabilities of the consolidated balance sheet. Non-used weeks are weighted taking into account the percentage of rights not used based on the historical performance of the portfolio of vacation club customers.

The consideration agreed in most of these contracts with customers of the vacation club includes the payment of interest derived from the deferred payments agreed in such contracts. The Group recognises the revenue from such interest over time when the right to receive it is generated, since the customers have the possibility to pay in advance the outstanding amounts.

Fixed assets capital gains

The Company actively manages its real estate assets portfolio. In general, these are sales transactions for asset rotation which can be organised through the direct sale of the asset or through the company owning such asset. The net income of such transactions is shown under heading Operating revenues as Fixed assets capital gains and is calculated as set out in paragraph 71 of IAS 16, by deducting from the fair value of the consideration received the carrying amount of the assets disposed of.

Likewise, this operating segment of the Company includes sales transactions and/or the contribution of hotels to joint ventures and associates for the purposes of maximising present and future cash flows of this portfolio. These transactions involve the derecognition of the hotels in the consolidated accounts and the recognition of the consideration received, whether in cash or the retained interest, or a combination of both.

The Group recognises the retained residual interest in such hotel businesses at fair value, taking any change in the carrying value to the income statement, as detailed in Note 2.5. Therefore, the recognised capital gains tally with the obtained capital gains.

Lease income

Income deriving from leases in investment properties is recognised on a straight-line basis over the term of the lease and is included as operating revenues under the asset management segment.

Interest income

Interest income is recognised using the effective interest rate method for all the financial instruments measured at amortized cost. The effective interest rate is the rate that exactly discounts payments made and received in cash estimated over the expected life of the financial instrument. Interest income is recognised as financial income in the consolidated income statement.

Dividends

Income from dividends is recognised when the right of the Group to receive the corresponding payment is established.

3.12. Leases

The Group assesses at inception of an agreement whether the agreement contains a lease. If this is the case, the corresponding lease liability and right of use are recorded. Otherwise, the lease payments are recognised as an operating expense as the economic benefits of the leased assets are realised.

The lease liability is initially calculated as the present value of the fixed or substantially fixed lease payments which have not been disbursed on that date, discounted by using an incremental rate during the minimum non-cancellable period, and considering the extension options that can reasonably be exercised and the periods with option to terminate that are not reasonably possible to exercise.

The initial recognition of the right-of-use asset includes the initial measurement of the liability, including the payments made before the start of the lease and the initial direct costs, discounting the rewards received. It is a common practice to establish clauses in hotel lease agreements that require some payments to improve the asset by the lessee. In such circumstances, these improvements are not specific and are included as further payments to be discounted, affecting both the liability and the right of use.

Subsequently, the right of use is measured at cost less any accumulated depreciation and impairment losses. The depreciation period is the lease term or the useful life of the underlying asset, whichever occurs first. Additionally, the value is adjusted if new measurements of the liability are made due to circumstances affecting the amounts of the payments or the lease term. Some of these changes require a review of the discount rate used.

The Group applies IAS 36 in order to determine whether a right-of-use asset is impaired and recognises any impairment losses identified.

The Company has applied the following accounting policies, estimates and criteria:

Scope

The Company applies the low-value exemption for lease agreements whose underlying assets do not exceed USD 5,000 and the short-term exemption for lease agreements with a duration of less than one year. Lease and non-lease components are not separated in those assets in which these components are not likely to affect the total lease value.

The Company considers that the hotel management agreements are not within the scope of IRFS 16 application and, therefore, management revenues are recognised under IFRS 15 (see Note 3.11).

Lease payments

In addition to fixed payments (or, basically, fixed) included in lease contracts, the Company includes in lease payments the following circumstances:

Most hotel lease agreements include a contingent payment based on the consumer price index of the country in which the asset is located. This price index is usually reviewed yearly and applied to the payments due, with lease liabilities and rights of use being recalculated based on such review. The index value at the date of lease inception is considered in the calculation of the lease payments.

In lease agreements with variable payment for which a minimum lease payment is set for defined periods, this amount is considered in the initial calculation, with the amount of the variable payment exceeding such minimum lease payment being recognised as an expense in the consolidated income statement.

Lease term

Regardless of the date of execution of the agreement, for the purposes of recognition in the Group's consolidated financial statements, the initial date of the agreement is considered to be the date on which the hotel is effectively occupied, and which corresponds to the opening date.

The Company considers the minimum non-cancellable term as the initial term set forth in the lease agreement, without including the potential extensions if they are unlikely to be exercised. In order to determine whether an extension will be exercised with reasonable certainty, some key features have been defined and taken into account by the Group to determine whether there are economic rewards that justify such exercise: payments not adjusted to market conditions, investments to be made and the particularity of the hotel asset, among others.

Discount rate

Given the difficulty in setting the interest rate implicit in hotel lease agreements, the Group has decided to calculate the incremental borrowing rate as applicable to each agreement. The model for the calculation of incremental rates is based on a risk-free rate, the asset's economic context risks (country) and the risk inherent in the Company, all this weighted by the temporary value of cash flows as determined in the schedule of minimum lease payments stipulated in each lease agreement.

Impairment of right-of-use assets

In general, right-of-use assets do not generate separate cash inflows, therefore, their impairment assessment must be made as part of a cash-generating unit and, consequently, the Group adjusts the calculation of the recoverable amount of such cash-generating unit as described in this Note. In this respect, the Group excludes from the carrying amount of the cash-generating unit the lease liabilities and also excludes from the calculation of the value in use the payments linked to such liabilities. By contrast, the Group includes in the calculation of the value in use the variable payments since they are not included in the lease liability, as well as the lease renewal payments when the term thereof is shorter than the cash flow projection period of the cash-generating unit.

In assessing value in use, the Group projects future cash flows by considering the budget approved by the governing bodies of the Company for 2022, and applying growth assumptions that are consistent with the market in which the asset operates and its historical performance for the remaining period, until a period equal to the lease term is completed. The discount rates used in determining the recoverable amount are also adjusted in a way consistent with the underlying cash flows and the corresponding cash-generating unit. Such cash flows affect with the specific risks of the assets which have not been adjusted in estimated future cash flows, mainly business risks and those of the countries in which the assets are located, as well as significant climate risks that may affect them.

3.13. Corporate income tax

The corporate income tax expense for the year is calculated as the sum of the current tax in each of the subsidiary companies included in these consolidated annual accounts, excepting the existing 3 consolidated tax groups, whose parent companies are: Meliá Hotels International, S.A., Sol Meliá France S.A.S. and Inversiones Explotaciones Turísticas, S.A. that are treated as one unit each.

This calculation arises from the application of the corresponding tax rate to the tax base for the year, after applying the existing tax credits and deductions, plus the change in deferred tax assets and liabilities recorded. This amount is recognised in the consolidated income statement, unless the tax relates to items recognised directly in equity, in which case the corresponding tax expense is also recognised in equity.

Current tax assets and liabilities are the estimated amounts payable to or receivable. The tax rates used are those in force at the consolidated balance sheet date.

Deferred tax assets and liabilities are calculated for all the temporary differences existing at the consolidated balance sheet date as the difference between the carrying amounts of the assets and liabilities and their tax bases.

Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset the current tax assets with current tax liabilities and when they relate to income taxes levied by the same tax authority and on the same taxable entity, or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from goodwill for which depreciation is not deductible for tax purposes, or from the initial recognition of other assets and liabilities in a transaction, except in the case of a business combination, which affects neither accounting nor taxable profit or loss.

Likewise, deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except when the following conditions are jointly met: the parent company is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that they will be recovered by the generation of sufficient taxable profits against which the deferred tax asset and carry-forward of unused tax credits and unused tax losses can be used, excluding the deductible temporary differences arising from the initial recognition of an asset or liability in a transaction, except in the case of a business combination, which affects neither accounting nor taxable profit or loss.

Likewise, deferred tax assets for all taxable differences arising from investments in subsidiaries, associates and joint ventures, are only recognised when the following conditions are jointly met: it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be used.

At each balance sheet date the recovery of the deferred tax assets is reviewed and adjusted to the amount which is expected to be recovered based on the taxable profit available, calculated according to prudence criteria and excluding the potential profits deriving from the disposal of properties, given the uncertainty concerning their realisation dates, which depend on market conditions, and the different tax consequences depending on the nature of the transactions carried out.

Deferred tax assets and liabilities are measured based on their expected materialisation and on the tax legislation and tax rates approved, or substantively approved on the consolidated balance sheet date.

3.14. Transactions in Foreign Currency

Debit and credit balances in foreign currency are measured at the exchange rate in force on the transaction date and at the end of the year are translated at the exchange rate then in force.

Exchange differences are treated as income or expenses in the year in which they occur, except for those arising from financing transactions granted to subsidiaries abroad which have been considered as an increase in the value of the net investment in such businesses since the settlement of such transactions is not foreseen or likely to occur, as provided for in IAS 21 "The Effects of Changes in Foreign Exchange Rates."

3.15. Functional Currency and Hyperinflationary Economies

The Euro is the presentation currency of the Group and its parent company Meliá Hotels International, S.A.

The functional currency of each of the companies within the Group is the currency of the main economic environment in which the company operates. At the end of 2021 and 2020, the Venezuelan economy was classified as hyperinflationary, since it meets the characteristics of the economic environment laid down in IAS 29 "Financial Reporting in Hyperinflationary Economies".

Consequently, the balance sheets of the Venezuelan companies in the scope of consolidation have been restated based on a current cost approach that reflects the effects of changes in the price indices on their non-monetary assets and liabilities.

Likewise, the increase or decrease in purchasing power resulting from the application of the change in the price index to the net monetary position is taken to the profit or loss account of these companies. The restatement effect on the current monetary unit of the remaining items of the profit and loss account of Venezuelan companies is also included in the income statement.

For the purposes of enhancing the true image of the consolidated financial statements and given the obvious economic link between the recognised impacts due to hyperinflation and the devaluation which are recorded in the country in recent years, the Group presents the two effects in the consolidated net equity, by recognising both the effect of the restatement of non-monetary items and the effect of the differences arising from the conversion into euros, directly under the heading Retained earnings in net equity.

The accumulated impacts of both magnitudes broken down separately for 2021 and 2020 are shown below:

(Thousand €)	31/12/2021	31/12/2020
Asset Revaluation	348,605	366,523
Retained earnings decrease	(525,115)	(542,008)

According to certain studies conducted by independent experts, hyperinflation at year end stands at around 695.82%. In 2020, the inflation rate rose to 3,548% (see Note 2.6).

There are no other companies within the scope of consolidation which are considered as hyperinflationary economies at the end of 2021 and 2020.

Note 4. Impacts of COVID-19

The health crisis in 2021 continued to be an additional market variable, at both national and international level, with constant ups and downs throughout the year. Despite this, in 2021, a partial recovery of the activity has been observed, which allows to glimpse the beginning of the overcoming of the pandemic. However, the emergence of other covid-19 at the end of 2021, reflects the volatility of the situation and the high degree of uncertainty on the evolution of the economic activity.

The Group continues to be focused on “the day after”, relying on the comprehensive digital transformation, sustainability and evolution of a more efficient organisational model. This is caused by the post-Covid environment, which is making tourism more demanding in terms of responsibility and awareness of the environment, more digital, more focused on experiences and safety and, therefore, much more competitive. Thus, a new strategic roadmap has been defined which purpose is to promote the commercial and distribution strength, the growth of quality, profitability and sustainability, and the evolution of experiences that are offered to customers under a “total revenue” model or comprehensive revenue management.

The impacts and measures that the Group continues to apply for the management of Covid-19 are shown below:

4.1. Impact on the Business and on Alternative Performance Measures

The evolution of the hotel business has changed throughout the year due to the different scenarios as a result of the pandemic development in the various destinations in which the Group operates.

In this sense, Spain has shown a dual evolution, which is positive in vacation destinations and very positive in destinations with a higher volume of national customers. However, destinations that are more dependent on British customers have registered a lesser degree of recovery. The consolidation of last-minute reservations and the preference for superior rooms stands out.

America region shows different performance in the various countries. Mexico was the first country that recovered the revenues existing before Covid thanks to the demand activation from the United States, while the Dominican Republic had difficulties throughout the year due to the impact of flights availability.

In EMEA, most of the markets registered an emerging recovery, although there are certain difficulties for urban and business segments, due to the prohibition to travel for the majority of companies and the lack of major trade fairs.

Asia region showed different performance depending on the country. China showed a steady growth from the second quarter of the year, with greater confidence of the individual traveller. In Southeast Asia destinations, the restrictions, the lack of international travellers and the mandatory quarantines prevented the recovery of the region, due to a greater dependence on long-haul travellers.

Cuba continued to suffer the negative impact of the pandemic with only 7 hotels opened, one of them converted into a hospital, and the realisation of renovations in important hotels taking advantage of the low activity. The increase in the number of flights during the third quarter of the year resulted in the opening of up to 12 hotels.

As a result of the above and considering the recovery signs observed during the year, revenues without capital gains increased by 57% compared to 2020. The Group’s RevPaR in 2021 has increased by 12.8% all over the world, the occupancy rate increased by 2.1 points and the number of available rooms increased by almost 3 million, which represents 51.9% compared to the previous year. However, although these operating indicators evidence the recovery signs observed in the year, they are significantly below the indicators attained in the years before the pandemic.

Note 2 includes additional breakdowns on the calculation of the alternative performance measures (APM) used by the Company.

It is worth mentioning that, in order to maximise the well-being and safety in the Group’s hotels, and adapting to the new needs and demands from customers, the Company already implemented in 2020 the programme Stay Safe With Meliá, which is certified by Bureau Veritas, in order to manage the necessary preventive measures to be applied against Covid-19.

Considering the current uncertainty scenario, the directors continue to assess and monitor the implementation of additional measures or the modification of the existing ones to adapt the Group’s operations to the pandemic evolution, reviewing and/or adjusting estimates that may affect the carrying value of assets and liabilities in the Consolidated Balance Sheet, as well as certain financial risks: market risk (exchange rate risk and interest risk), credit risk and liquidity risk.

In that sense, they have carried out an assessment which is consistent with the best information available, the results of which include the following noteworthy aspects:

4.2. Estimates and Recoverable Value of Fixed Assets

Considering the complexity and volatility of the current situation, the Group continues to review the value of its assets in case there is an indication of impairment loss, as described in paragraph 12 of IAS 36, such as significant changes in the economic environment with an adverse impact.

Hotel assets under ownership

Regarding hotels under ownership, including hotel assets owned by Group companies fully consolidated and hotel assets owned by associates accounted for using the equity method, as well as investment property, the Group has obtained in 2021 appraisals of certain assets located in different markets in which the activity is developed. Such appraisals made by an independent expert did not have significant impacts on the consolidated financial statements.

The valuations were carried out following the RICS Global Valuation Standards and were based on the discounted cash flows criterion, and they indicate the estimate of the potential impact that this pandemic may have on net revenues, growth expectations and discounts of each asset owned by the Group.

For the other assets, changes in value have been applied to the appraisals made by the independent expert and have been compared to the carrying value at year end.

Rights of use on hotel assets

Regarding hotels under lease, the Company has restated the recoverable value of the rights of use and other assets linked to each contract, including goodwill, based on the updated forecasts included in the estimated business plan of the Group.

The uneven development of the various lease contracts and other assets associated therewith, resulted in a non-significant net impact of EUR 0.4 million, with 8 million relating to associated goodwill, 2.1 million linked to property, plant and equipment and EUR 10.5 million of reversal of impairment of the own rights of use by lease (see Note 8).

In assessing such value in use, the Group has taken as a basis the mentioned updated business plan, projecting the future cash flows per hotel and estimating a residual value according to a long-term growth rate not higher than the expected growth of the economy and the sector in which the asset operates. Estimated future cash flows are discounted using a discount rate before taxes, which has been reviewed with regard to that used as at 31 December 2020, in order to reflect changes in the value of money over time in the current market and the specific risks of the asset which had not already been adjusted in the estimated future cash flows, mainly the risks of the business and the countries in which the assets are located.

The discount rates used, by geographic area, were between 4.5% and 6.5% for Spain, between 5.5% and 7.5% for EMEA and 5% for America.

4.3. Risk Management

Liquidity risk

In response to the negative impact that the crisis generated by Covid-19 has continued to have on the cash flows from operating activities during 2021, many actions have been adopted in order to increase liquidity and strengthen the financial position of the Group. These actions include:

- Transactions for the sale of assets: As mentioned in Note 11, the Company, during the first half of 2021, concluded an asset rotation transaction for a sale price of EUR 188.5 million, as reflected in heading Cash flows from investments in the Cash Flow Statement.
- Personnel cost reduction through the adoption of measures that, according to the legal framework established in each country, have allowed a better adaptation to the situation.
- Non-approval of the distribution of dividends charged to reserves in order to strengthen the Group's equity.
- Financing transactions in the total amount of EUR 419.9 million, without the need of increasing the number of mortgaged hotels. On the other hand, significant debt repayments have been made during the year (see Cash flows from financing in the Cash Flow Statement).
- Strategic agreement with the main European operator of infrastructures of wireless telecommunications, whereby the payments for 20 years have been capitalised, thus increasing liquidity for EUR 7.2 million.
- Within the framework of European subsidies implemented for the support of business solvency as a result of the pandemic, EUR 35 million of funds were received.

The directors and the Management of the Parent Company are constantly monitoring the evolution of the situation, as well as the impacts that it may have on the credit market and they consider that, without prejudice to possible improvements and adaptations that may be applied, the liquid assets included in the consolidated balance sheet, as well as the availability of loan agreements and credit facilities, the applied borrowing policies and the amount of cash flows generated in the worst scenarios, ensure that the Group will meet the obligations included in the consolidated balance sheet as at 31 December 2021 with solvency, and there is no significant uncertainty on the Group's ability to continue as a going concern.

Credit risk

As mentioned in the Note 3.5, due to the nature of the main sector in which the Group operates, the insolvency risk of hotel segment customers is very low. Regarding the Vacation Club customers, the Group can terminate the contracts, therefore, the impact of the cancellation of such receivable would also imply the derecognition of associated liabilities in the accounts.

However, in order to monitor any potential credit risk that may arise in the current scenario, the Company has continued to implement during the year the following measures that were already implemented in 2020:

- Thorough control and communication with Credit & Insurance department in order to anticipate possible temporary receivership, as well as to report immediately any payment default, so that joint actions may be taken.

- To reinforce the monitoring and claim for the payment of receivables, as well as to shorten the periods for claiming debts in order to, as far as possible, shorten the collection periods. Thus, in 2021, the average collection period has been reduced by 13 days.

- To facilitate the management of customer deposits among the Group companies through offsetting between them in order to avoid refunds.

As a result of these measures and the positive evolution of the activity during the year, no significant additional impairments have been recognised in the Consolidated Financial Statement.

4.4. Other Effects

Savings from lease renegotiation

Given the uncertainty regarding the opening and closing of hotels in a very volatile context, the Company has continued to apply the lease renegotiation policy already initiated in 2020. The savings from lease renegotiations executed in the previous year with effect in the first half of 2021 amount to EUR 12.0 million; while the savings agreed in 2021 amount to EUR 11.7 million. Such modifications were mainly recognised in the segments of Spain and EMEA.

Considering that the Company decided not to avail itself of the option of considering some of these lease improvements as negative variable payments for the year and that most of these agreements involved an important modification of the lease, lease liabilities connected with the new terms and conditions entered into have been restated.

Note 5. Financial Risk Management Policy

The General Policy for Risk Control, Analysis and Management of Meliá Group establishes the core principles and guidelines that govern the activities for control and management of risks, both financial and non-financial, faced by the Company. This policy establishes a reduced tolerance for financial risks; therefore, mitigation of risks is a priority in the management of this type of risks in order to minimise the potential adverse effects of these risks on the consolidated annual accounts. The actions planned in such management are reviewed and updated periodically.

Among Geopolitical Risks, it is worth mentioning that, on 31 January 2020, United Kingdom left the European Union thus beginning a transition period which extended until 31 December of the same year. Although United Kingdom remained as the main source of tourists to Spain (data prior to the pandemic), the Company does not expect that this split will involve a significant impact on the customer flow, also taking into account the agreements reached between both parties in terms of trade and cooperation. The Group, however, will continue to follow up the negotiations or events that may affect the tourism industry, particularly, exchange rate movements between the British pound and the euro.

Financial risks associated with the Group's activity are the following: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

In addition to that mentioned in Note 4 in relation to the impact that the Covid-19 pandemic has had on the Group's financial risk management, there follows additional information thereon:

5.1. Interest Rate Risk

The Group's consolidated annual accounts include certain items subject to fixed and variable interest.

It is a policy of the Company to provide partial hedge against changes in interest rates by contracting different financial derivatives that allow it to contract a fixed rate for a specified period that it applies to financing transactions with variable rates.

The structure of the debt as at 31 December 2021, directly impacted by the current pandemic (see Note 4.3) is as follows (these amounts do not include unpaid interest due):

(Thousand €)	Fixed Interest	Variable Interest	Total
Simple Bonds	52,500		52,500
European Commercial Papers (ECP)		77,570	77,570
Other negotiable securities		5,000	5,000
Bank loans	496,638	433,491	930,129
Mortgage-backed loans	175,088	129,292	304,380
Credit facilities		20,349	20,349
Bank lease liabilities		335	335
TOTAL DEBT	724,226	666,036	1,390,263

As at 31 December 2021, the Group has various interest rate swaps contracted which are classed as cash flow hedging instruments. The bank loans and mortgage-backed loans at a variable rate hedged by these swaps are shown in the Fixed Interest column for the part of capital hedged. Additional breakdowns are included in Note 14.3.

In addition, the Company has various guarantees and deposits for different transactions, and which are broken down in Note 22.1.

For comparison purposes, information for year 2020 is as follows:

(Thousand €)	Fixed Interest	Variable Interest	Total
Simple Bonds	30,000		30,000
Other negotiable securities		5,000	5,000
Bank loans	541,087	361,901	902,988
Mortgage-backed loans	166,461	94,008	260,470
Credit facilities		165,168	165,168
Bank lease liabilities		1,071	1,071
TOTAL DEBT	737,549	627,149	1,364,697

The sensitivity, in thousand euro, of 2021 and 2020 profit or loss to interest rate variations (in base points) is as follows:

Variation	2021	2020
+ 25	(1,459)	(1,662)
- 25	1,459	1,662

The above sensitivity analysis has been carried out considering an average increase/decrease throughout the year in the base points indicated in the table. The effect of the interest rate swaps included in Note 14.3 has been considered in this calculation.

5.2. Foreign Exchange Risk

The Group operates internationally and, therefore, is exposed to exchange rate risks on transactions in foreign currencies.

Foreign exchange risk arises from commercial, financial and investment transactions, as well as from the translation of the financial statements of subsidiaries which are denominated in a functional currency other than the presentation currency of the Group.

Despite not having financial instruments contracted (swaps, foreign exchange insurance), in order to mitigate these potential risks, the Group develops policies aimed at maintaining a balance between cash collections and payments of assets and liabilities denominated in foreign currencies.

The table below includes a sensitivity analysis carried out in relation to the main currencies in which the Company operates, on pre-tax profit or loss and on equity of relevant subsidiaries, assuming that all other factors remain the same:

	2021		2020	
(Thousand €)	+10%	-10%	+10%	-10%
Profit & Loss	(4,269)	4,269	(15,871)	15,871
Equity	52,921	(52,921)	59,326	(59,326)

74% of the Group’s financial debt is mainly denominated in Euros (75% in 2020), with 26% of the debt being denominated in other currencies (25% in 2020), thus adjusting to the cash generation in different currencies.

This allows the Group to manage a natural coverage of its debts, given the cash generation in those currencies.

5.3. Liquidity Risk

Exposure to adverse situations experienced by debt or capital markets may prevent or hinder the coverage of financing needs required for the appropriate development of Meliá Group’s activities.

The liquidity policy applied by the Group ensures that payment obligations acquired will be met without having to obtain funds under burdensome terms. To do that, the Group uses different management procedures, such as the maintenance of credit facilities committed for sufficient amount and flexibility, the diversification of the coverage of financing needs through the access to different markets and geographic areas, and the diversification of the maturities of the issued debt.

The table below summarises the maturities of the Group's financial liabilities as at 31 December 2021, based on face amounts by maturity:

(Thousand €)	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple Bonds				52,500	52,500
European Commercial Papers (ECP)	64,320	13,250			77,570
Other negotiable securities		5,000			5,000
Loans	18,668	96,366	898,988	220,487	1,234,509
Credit facilities			20,349		20,349
Lease liabilities	48,916	158,234	603,517	1,657,793	2,468,459
Bank lease liabilities		328	7		335
TOTAL	131,904	273,178	1,522,861	1,930,780	3,858,722

As mentioned in Note 4.3, the Company considers that the borrowing policies applied, the debt maturity dates, the cash situation, and available credit facilities ensure the Group’s capacity to settle the commitments in force as at 31 December 2021.

The average interest rate on these financial liabilities in 2021 is 2.85%. In 2020, the average interest rate was 2.76%. The rates used for Lease Liabilities are excluded from this average interest rate.

Likewise, the Company has an active management policy for the maintenance of the average maturity periods of the borrowings, as well as the recurrent renewals of short- and medium-term credit facilities.

For comparison purposes, the maturities at the 2020 year end were as follows:

(Thousand €)	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Simple Bonds				30,000	30,000
Other negotiable securities			5,000		5,000
Loans	62,948	129,722	795,310	175,478	1,163,458
Credit facilities			165,168		165,168
Lease liabilities	41,802	138,262	574,280	1,405,061	2,159,405
Bank lease liabilities	184	552	335		1,071
TOTAL	104,934	268,537	1,540,092	1,610,539	3,524,102

5.4. Credit Risk

The credit risk arising from the default of a counterparty (customer, supplier, or financial entity) is mitigated by the Group’s policies regarding the diversification of customer portfolios, source markets, oversight of concentration and on-going in-depth debt control. In addition, in some cases the Group carries out other financial operations which allow the reduction of credit risks, such as assignments of receivables.

The Group’s receivable periods range between 21 and 90 days; the average period of collection of receivables in 2021 was 43.46 days; 56.4 days in 2020. The age of trade receivables at the year end is included in Note 15.2.

5.5. Capital Management Policy

The main objectives of the Group’s capital management are to guarantee financial stability in the short and long term, to ensure the necessary liquidity for daily operations and investments, positive evolution of the Meliá Hotels International S.A.’s share value and an appropriate remuneration to shareholders through the distribution of dividends.

The financial position is also backed by the strong support of the banks and the Company’s asset base. The positive perception of, and support to, Meliá by the banks was demonstrated during the 2020 serious economic crisis, during which the banks provided greater liquidity to the Group without requiring any mortgage securities on the assets that were not mortgaged at the beginning of the year. At present, 21.9% (19.1% at the 2020 year end) of the total debt is secured by the Group’s assets.

5.6. Estimation of Fair Value

Fair value means the amount that may be received on the sale of an asset, or paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date.

Regarding assets and liabilities recognised at fair value in the consolidated balance sheet, the following hierarchy levels have been established in accordance with the variables used in the different measurement techniques:

Level 1: Based on prices quoted in active markets
Level 2: Based on other observable market variables, either directly or indirectly
Level 3: Based on non-observable market variables

The amounts of assets and liabilities recognised at fair value as at 31 December 2021 according to the hierarchy levels are as follows:

(Thousand €)	31/12/2021			
	Level 1	Level 2	Level 3	Total
Investment property			104,935	104,935
Financial Assets at fair value:				
Hedging derivatives		40		40
Trading portfolio	159			159
Unlisted equity instruments			19,543	19,543
TOTAL ASSETS	**159**	**40**	**124,478**	**124,677**
Financial liabilities at fair value:				
Hedging derivatives		1,210		1,210
Trading portfolio derivatives		1,498		1,498
TOTAL LIABILITIES		**2,708**		**2,708**

Financial instruments included in Level 1 are measured through observable prices in active markets. They mainly relate to equity instruments in listed companies.

Financial instruments included in Level 2 are measured by financial institutions using measurement techniques, mainly, discounted cash flows, based on observable market data. They mainly relate to interest rate swap financial derivatives.

Investment property included in Level 3 is measured through discounted cash flow techniques supported by studies from independent experts and their internal updates. As mentioned in Note 12, this heading includes investments made by the Group to obtain rental income or capital gains, such as interest in three apartment owners' associations in Spain, one shopping centre in America and other properties in Spain.

For the purposes of estimating future cash flows, expected growth rates are considered, both in lease prices and hotel operations, as appropriate, as well as other variables not directly observable.

Unlisted equity instruments are detailed in Note 14.1.

For comparison purposes, the balances recorded in the different hierarchies at the end of 2020 are included below:

(Thousand €)	31/12/2020			
	Level 1	Level 2	Level 3	Total
Investment property			102,998	102,998
Financial Assets at fair value:				
Trading portfolio	142			142
Unlisted equity instruments			4,060	4,060
TOTAL ASSETS	**142**		**107,058**	**107,200**
Financial liabilities at fair value:				
Hedging derivatives		4,240		4,240
Trading portfolio derivatives		1,626		1,626
TOTAL LIABILITIES		**5,866**		**5,866**

Note 6. Scope of Consolidation

The companies that comprise the Group present individual annual accounts, according to the regulations applicable in the country in which they operate.

Details of the companies included in the scope of consolidation as at 31 December 2021 are included in Annex 1 and Annex 2, which are classified as subsidiaries, joint ventures and associates.

Meliá Brasil Administraçao, whose corporate purpose is the hotel management, operates various hotels under management. As the hotels under management are properties in joint ownership and are not legally authorised to carry out operating activities, Meliá Brasil Administraçao has assumed the operation of such hotels on behalf of the joint owners, given the requirements of local regulations. Income and expenses arising from the operation of these establishments are not included in the consolidated income statement, since the risks and revenues arising therefrom are returned to the joint owners. Only income arising from the management of these establishments is included in the consolidated income statement.

The Tunisian company, Tryp Mediterranee, in which Meliá Hotels International, S.A. holds an 85.4% stake, is in dissolution process and therefore, is excluded from the Group's scope of consolidation since, currently, the Group has no control or significant influence over this company during such process.

The Group holds a 19.94% stake in the Venezuelan companies El Recreo Plaza C.A. and El Recreo Plaza & Cia. C.A. through the direct stake of 20 % held by its subsidiary holding company Meliá Exhold, S.A. and, therefore, the equity method is applied since the Group has significant influence.

The companies Ayosa Hoteles S.L., S'Argamassa Hotelera, S.L. and Meliá Hotels Orlando, LLC. are fully consolidated, although only 50% or less of the voting rights are held. This is because the Group considers that it has the capability to control the variable yields of such companies through the hotel management contracts that the Group has entered into with them.

6.1. Business Combinations

In 2021 and 2020, no business combinations have taken place.

6.2. Other Scope Changes

In 2021, the following changes have also been made to the scope of consolidation:

Additions

In 2021 no additions were made to the scope.

Disposals

In the first half of the year, the Dutch company Mosaico, B.V., which was 20% owned by the Group, was dissolved. This transaction has not involved significant impacts on the Group's consolidated annual accounts.

As a result of the asset rotation transaction carried out on 30 June 2021, as detailed in Note 11, the company Meliá Zaragoza, S.L. that until then was accounted for using the equity method by 50%, was derecognised and in which the Group now holds a 7.5% stake. This company have changed its name to Victoria Hotels & Resorts, S.L.

In the second half of the year Hoteles Paradisus S.L., Adrimelco Inversiones S.L.U. and Casino Paradisus S.A. have been derecognised. These transactions have not involved significant impacts on the Group's consolidated annual accounts.

In December 2021, the take-over merger of the companies Hotel Room Management S.L.U. and Dominican Marketing & Services S.L. by its sole shareholder Dominican Investments S.L.U., was carried out.

Additionally, the take-over merger of the companies Expamihso Spain, S.A.U. and Impulse Hotel Development S.L.U. by its sole shareholder Meliá Hotels International, S.A. was carried out.

Finally, the take-over merger of the companies Hoteles Meliá S.L.U. and Sol Meliá Vacation Network España, S.L.U. by its sole shareholder Network Investments Spain, S.L.U. was also carried out.

These transactions did not have significant impacts on the Company.

Acquisition of minority interests

Acquisition of additional stake in companies accounted for using the equity method

In 2021, the Group increased its stake by 0.165% in the Owners' Association of Meliá Costa del Sol hotel through the purchase of apartments. This transaction has not involved significant impacts on the Group's consolidated annual accounts.

In addition, the Group acquired 0.09% additional stake through the purchase of one apartment in the Owners' Association of Meliá Castilla hotel, without significant impacts on the consolidated annual accounts.

For comparison purposes, changes in 2020 were as follows:

Additions

In December 2020, the company Proyectos Financieros Hayman, S.L., which is wholly-owned by Meliá Group, was included in the scope of consolidation. This company owns land located in Ibiza Island (Spain) and its inclusion resulted in an increase for the amount of EUR 6.5 million under heading Investment Property.

Disposals

In December 2020, the company Inmotel Inversiones Italia S.R.L. merged with the company Sol Meliá Italia S.R.L., both wholly-owned by the Group. This transaction did not have significant impacts on the Company.

Acquisition of additional stake in companies accounted for using the equity method

In 2020, the Group increased its stake by 0.33% in the Owners' Association of Meliá Costa del Sol hotel through the purchase of apartments. This transaction did not involve significant impacts on the Group's consolidated annual accounts.

In addition, the Group increased its stake by 0.28% through the purchase of apartments in the Owners' Association of Meliá Castilla hotel, a transaction that also did not have significant impacts on the Group's consolidated annual accounts.

Likewise, the Group acquired an additional stake in the company Plaza Puerta del Mar, increasing its stake by 0.3%.

6.3. Name Changes

In 2021, the name of the company Sol Group B.V. was changed to Sol Group Exhol, SL. In 2020 no name changes took place.

Note 7. Segment Reporting

The segments included below make up the organisational structure of the company and their results are reviewed by the key decision-makers within the Group:

- Hotel management: This relates to the fees received for operating hotels under management and franchise agreements. It also includes the intra-group charges to the Group's hotels that are under ownership or under lease, as well as other services, such as commissions.
- Hotel business: The results obtained from the operation of hotel units owned or leased by the Group are included in this segment. Likewise, income generated by the food & beverage business is also included since this activity is considered to be fully integrated into the hotel business due to the majority sale of packages whose price includes room and board, and therefore, a real segmentation of the associated assets and liabilities would be unfeasible.
- Other business linked to hotel management: This segment includes additional income from the hotel business, such as casinos or tour-operator activities.
- Real Estate: This segment includes the capital gains on asset rotation, and real estate development and operation.
- Vacation club: It includes the results deriving from the sale of rights of shared use of specific vacation complex units.
- Corporate segments: These relate to structural costs, results linked to the intermediation and marketing of room and tourist service reservations, as well as corporate costs of the Group which cannot be assigned to any of the abovementioned three business divisions.

The segmentation of Meliá Hotels International is due to the diversification of operations existing in the Company based on hotel management, hotel operation, real estate and vacation club.

Certain headings included in the business and geographical segmentation tables are presented in an aggregate manner, due to the impossibility of splitting them into the various specified segments.

The policies for the determination of transfer prices applied by the Company in transactions between Group companies are similar to those applied in transactions with third parties.

7.1. Information by Operating Segments

The segmentation for 2021 of the consolidated income statement and the items in the consolidated balance sheet relating to operations is as follows:

(Thousand €)	Hotel Management	Hotel Business	Other business with hotel management	Real Estate	Vacation Club	Corporate	Disposals	Balance 31/12/21
	Hotel							
INCOME STATEMENT								
Operating income and Results from assets sale	108,366	704,590	15,610	82,617	48,542	115,696	(172,987)	**902,434**
Operating expenses	(110,757)	(602,360)	(15,278)	(16,050)	(38,137)	(161,961)	172,987	**(771,556)**
EBITDAR	**(2,391)**	**102,229**	**332**	**66,567**	**10,405**	**(46,265)**		**130,877**
Leases		(5,285)	(63)					**(5,348)**
EBITDA	**(2,391)**	**96,945**	**269**	**66,567**	**10,405**	**(46,265)**		**125,529**
Depreciation and impairment	(8,333)	(241,774)	(1,224)	(421)	(444)	(18,679)		**(270,875)**
EBIT	**(10,724)**	**(144,830)**	**(955)**	**66,146**	**9,962**	**(64,944)**		**(145,346)**
Net financial income								**(62,846)**
Associates net income		(5,164)		(775)		(3,259)		**(9,198)**
Profit before tax								**(217,390)**
Tax								**19,531**
CONSOLIDATED NET INCOME								**(197,859)**
ASSETS & LIABILITIES								
Property,plant and equipment and intangible assets	28,277	1,452,395	8,383	13,077	69,117	94,857		**1,666,106**
Right of use	1,871	1,412,532	2,308	1,166		11,223		**1,429,100**
Investments in associates		135,408		6,716		33,117		**175,241**
Other non-current assets								**619,177**
Current operating assets	25,240	94,175	6,360	6,412	90,404	447,641	(509,077)	**161,156**
Other current assets								**162,078**
TOTAL ASSETS								**4,212,858**
Borrowings								**1,383,740**
Other non-current liabilities								**527,319**
Current operating liabilities	148,604	382,417	13,340	1,434	133,620	146,477	(459,235)	**366,656**
Other current liabilities								**42,142**
Lease liabilities	1,931	1,550,063	2,578	1,637		11,137		**1,567,346**
TOTAL LIABILITIES								**3,887,203**

Within income from the Hotel Management segment, EUR 52 million of management fees are recorded, of which EUR 3.2 million relates to associates. The remaining income mainly relates to sales commissions.

Additionally, heading Other business with hotel management mainly includes income and expenses linked to the tour operator activities of the company Sol Caribe Tours, S.A. for the amount of EUR 3.3 million and EUR 3.2 million, respectively.

Operating income in the Real Estate segment (or Asset management), includes income for the amount of EUR 74.4 million related to the real estate transaction described in Note 11.

Under Property, Plant and Equipment, within the hotel segment, additions for works and renovations in hotels were recognised for the total amount of EUR 54 million (see Note 11).

Eliminations during the year included the inter-segment invoicing for management fees and commissions totalling EUR 73 million. The provision of services to vacation club amounted to EUR 9.6 million.

The segmentation for 2020 of the income statement and the items in the balance sheet relating to operations is as follows:

(Thousand €)	Hotel: Hotel Management	Hotel: Hotel Business	Hotel: Other business with hotel management	Real Estate	Vacation Club	Corporate	Disposals	Balance 31/12/20
INCOME STATEMENT								
Operating income and Results from assets sale	80,213	413,807	18,050	5,271	53,178	78,486	(120,608)	**528,398**
Operating expenses	(98,828)	(476,132)	(22,198)	(24,849)	(44,279)	(133,583)	120,605	**(679,265)**
EBITDAR	**(18,616)**	**(62,325)**	**(4,148)**	**(19,578)**	**8,899**	**(55,097)**	**(3)**	**(150,867)**
Leases		(628)	(38)				2	**(664)**
EBITDA	**(18,616)**	**(62,953)**	**(4,186)**	**(19,578)**	**8,899**	**(55,097)**		**(151,531)**
Depreciation and impairment	(18,735)	(346,653)	(1,324)	(424)	(314)	(38,368)		**(405,817)**
EBIT	**(37,351)**	**(409,606)**	**(5,510)**	**(20,001)**	**8,585**	**(93,465)**		**(557,347)**
Net financial income								**(74,564)**
Associates net income		(18,966)		(4,770)		(8,122)		**(31,858)**
Profit before tax								**(663,770)**
Tax								**51,050**
CONSOLIDATED NET INCOME								**(612,721)**
ASSETS & LIABILITIES								
Property,plant and equipment and intangible assets	37,569	1,557,000	9,805	13,142	68,805	99,123		**1,785,444**
Right of use	2,319	1,171,652	2,834	1,184		8,929		**1,186,918**
Investments in associates		137,424		6,788		34,154		**178,365**
Other non-current assets								**556,095**
Current operating assets	40,149	58,050	1,695	6,221	75,246	362,868	(384,879)	**159,350**
Other current assets								**206,385**
TOTAL ASSETS								**4,072,557**
Borrowings								**1,359,841**
Other non-current liabilities								**523,305**
Current operating liabilities	91,079	293,365	5,965	1,900	108,716	130,604	(338,295)	**293,334**
Other current liabilities								**46,677**
Lease liabilities	2,382	1,332,628	3,096	1,592		8,861		**1,348,559**
TOTAL LIABILITIES								**3,571,716**

Within income from the Hotel Management segment, EUR 27.6 million of management fees was recorded, of which EUR 1.8 million related to associates. The remaining income mainly related to sales commissions.

Additionally, heading Other business with hotel management mainly included income and expenses linked to the tour operator activities of the company Sol Caribe Tours, S.A. for the amount of EUR 11.5 million and EUR 14.3 million, respectively.

Regarding other operating expenses in the Real Estate segment (or asset management), impairment losses were included for the amount of EUR 21 million relating to the change in fair value of investment properties.

Under Property, Plant and Equipment, within the hotel segment, additions for works and renovations in hotels of Spain, United Kingdom and France were recognised in the total amount of EUR 46 million (see Note 11).

Eliminations in 2020 included the inter-segment invoicing for management fees and commissions totalling EUR 50.2 million. The provision of services to vacation club amounted to EUR 13.8 million.

7.2. Information by Geographic Areas

Information by operating segments is the best format to represent the Group's financial information because it provides a better understanding of the yield obtained as well as the annual monitoring. Likewise, the different geographic areas are broken down by revenues and assets according to the countries in which the cash-generating units are located and in which the Group operates (see Note 1):

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	Disposals	31/12/2021
Operating income and Results from assets sale	548,421	169,673	327,295	3,529	(146,484)	902,434
Total Assets	1,763,055	1,497,133	947,277	5,393		4,212,858

(*) EMEA (Europe, Middle East, Africa) :
Includes regions of Africa, Middle East and rest of Europe, excluding Spain

Turnover among the different geographical segments amounted to EUR 146.5 million, of which EUR 75.4 million related to Spain, EUR 13.7 million to EMEA and EUR 57.4 million negative to America.

Regarding operating revenues by country, some noteworthy countries were Mexico, with EUR 159.6 million and the Dominican Republic with EUR 127.4 million in the America segment. In EMEA segment, Germany contributed EUR 78 million.

Likewise, under item Total assets, it is worth underlying the Mexico's contribution for the amount of EUR 381.8 million, and the Dominican Republic's contribution for the amount of EUR 381.2 million, under the America heading. With respect to EMEA segment, noteworthy are the contributions from the United Kingdom and Germany for the amount of EUR 605.7 million and EUR 429 million, respectively.

For comparison purposes, the balances corresponding to the previous year are as follows:

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	Disposals	31/12/2020
Operating income and Results from assets sale	286,231	123,094	233,200	4,954	(119,081)	528,398
Total Assets	1,877,789	1,271,528	916,384	6,855		4,072,557

(*) EMEA (Europe, Middle East, Africa): It includes areas of Africa, Middle East and Europe, excluding Spain.

Turnover among the different geographical segments amounted to EUR 119 million, of which EUR 60 million related to Spain, EUR 11 million to EMEA, EUR 47.2 million negative to America and EUR 0.8 million to Asia.

Regarding operating revenues by country, some noteworthy countries were Mexico, with EUR 115.7 million and the Dominican Republic with EUR 79.6 million in the America segment. In EMEA segment, Germany contributed EUR 63.2 million.

Likewise, under item Total assets, the Mexico's contribution for the amount of EUR 360.4 million, and the Dominican Republic's contribution for the amount of EUR 363.2 million stood out under the America heading. Under the EMEA segment, the United Kingdom's contribution for the amount of EUR 502.1 million stood out.

Note 8. Other Income and Expenses

8.1. Operating Revenues and Fixed Assets Capital Gains

The breakdown of the balance of this caption in the income statement for 2021 and 2020 is as follows:

(Thousand €)	2021	2020
Room sales	403,410	235,447
Food and beverages	204,450	121,711
Other business revenues	82,941	50,687
Hotel management revenues	15,467	8,071
Sale of vacation club units	38,913	39,401
Real estate income	7,276	4,832
Results from assets sale	75,226	
Other revenues	74,751	68,249
TOTAL	902,434	528,398

Other Revenues include grants for the amount of EUR 63.4 million, of which EUR 34.5 million were granted at international level. In addition, it is included a discount for the amount of EUR 21.1 million in the payment of Social Security contributions of employees under temporary lay-off regime (ERTE) due to force majeure of the Group's Spanish companies. Additionally, grants for the amount of EUR 6.8 million were received from the Autonomous Communities in Spain.

In 2020, the amount of grants amounted to EUR 25.1 million, which were received entirely in national territory. Such amount includes EUR 16.9 million for the payment of Social Security contributions of employees under temporary lay-off regime (ERTE) due to force majeure of the Group's Spanish companies.

In 2021, the Company received EUR 74.4 million from the sale of fixed assets as a result of the asset rotation transaction completed by the Group on 30 June 2021, whereby 6 hotels owned by the Group plus the majority of the shares in the company accounted for using the equity method, namely Meliá Zaragoza, S.L., were sold, with the latter being the owner of other 2 hotel establishments. In 2020, the Company did not receive revenues from the sale of fixed assets (see Note 11). In addition, Fixed assets capital gains included EUR 0.8 million relating to the review of the value of investment property (see Note 12).

8.2. Supplies

The breakdown of the balance of this caption in the consolidated income statement for 2021 and 2020 is as follows:

(Thousand €)	2021	2020
Food and beverages consumption	65,928	36,103
Ancillary goods consumption	17,566	11,747
Sundry consumption	8,096	11,021
TOTAL	91,590	58,871

8.3. Staff Costs

Staff Costs are broken down as follows:

(Thousand €)	2021	2020
Wages,salaries and equivalent	234,467	195,441
Social security	59,196	63,832
Other social expenses	11,509	10,454
Allowances	2,191	12,378
TOTAL	307,363	282,106

The average number of employees of Meliá Hotels International, S.A. and its subsidiaries over the last two fiscal years and broken down by job category is as follows:

	2021			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Management staff	155	66	221	148	55	203
Middle management	684	578	1,262	533	439	971
Core staff	5,404	3,909	9,313	4,300	3,001	7,301
TOTAL	6,243	4,553	10,796	4,980	3,494	8,475

The above table includes the average number of employees weighted by the period of reduction in the number of working hours of those employees under temporary lay-off regime (ERTE) or similar situations.

8.4. Other Expenses

The breakdown of the balance of this caption in the consolidated income statement for 2021 and 2020 is as follows:

(Thousand €)	2021	2020
Sundry rentals	6,714	6,470
Maintenance and repairs	72,974	53,049
External services	74,550	52,325
Transport and insurance	18,837	17,971
Banking expenses	11,551	9,935
Advertising and promotions	23,074	15,028
Supplies	53,829	38,874
Travel and ticketing expenses	2,247	1,868
Activity tax	25,836	19,893
Various external services	68,933	61,952
Other expenses	14,060	60,924
TOTAL	372,604	338,288

8.5. Depreciation and Impairment

The breakdown of the balance of this caption in the consolidated income statement for 2021 and 2020 is as follows:

(Thousand €)	2021		2020	
	Impairment	Depreciation	Impairment	Depreciation
Intangible assets	8,885	21,924	36,836	19,518
Property, plant & equipment	2,094	92,679	22,648	100,910
Right of use	(10,523)	155,817	70,054	155,851
TOTAL	456	270,419	129,538	276,279

Depreciation of property, plant & equipment item includes EUR 14.1 million relating to the impact of the accelerated depreciation of assets consisting of hotels operated under operating leases to adapt their useful lives to the term of such lease agreements. In 2020, this impact amounted to EUR 17 million.

The amount of Impairment of Intangible Assets mainly relates to the review of goodwill of one hotel located in France and another located in Italy (see Note 10).

8.6. Bargain Purchase

In 2021 and 2020, no bargain purchases were recognised.

8.7. Financial Income and Expenses

(Thousand €)	2021	2020
Dividend income	1	3
Interest income	6,291	5,442
Other financial income	4,299	4,308
Disposal of financial assets income	(451)	(54)
Total Financial Income	10,140	9,699
Interest expenses	(39,157)	(33,327)
Financial expense leases	(27,422)	(32,507)
Other financial expenses	(4,116)	52
Surplus bad debt provision	(47)	(17,673)
Change in fair value of financial instruments	(696)	(153)
Total Financial Expenses	(71,437)	(83,608)
Exchange differences (Net Value)	(1,550)	(656)
NET FINANCIAL INCOME	(62,848)	(74,563)

The decrease in financial lease expenses for the amount of EUR 5.1 million relates to both the tendency to its decrease as liabilities are reduced through the making of lease payments, and the contractual amendments carried out, which involved a decrease in the update rates (see Note 18).

Note 9. Earnings per Share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders by the average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Parent by the average number of ordinary shares outstanding during the year. Both variables are adjusted by the effect of dilutive potential shares. At the end of 2021 and 2020, there were no potential ordinary shares and, therefore, there was no need for such adjustment.

The table below shows the calculations made in 2021 and 2020 for both variables:

(Thousand €)	BASIC		DILUTED	
	2021	2020	2021	2020
Net income attributed to the parent company	(192,899,524)	(595,928,431)	(192,899,524)	(595,928,431)
Number of ordinary shares	220,400,000	220,400,000	220,400,000	220,400,000
Average weighted treasury shares	(219,796)	(6,331,478)	(219,796)	(6,331,478)
Total number of shares	220,180,204	214,068,522	220,180,204	214,068,522
Earnings per share	(0.88)	(2.78)	(0.88)	(2.78)

In 2021, given the continuation of the Covid-19 impacts, the Board of Directors will not propose to the General Shareholders' Meeting the distribution of dividends, as it did in 2020.

Note 10. Intangible Assets

The breakdown of the cost and accumulated depreciation of intangible assets is as follows:

(miles de €)	Balance 31/12/20	Depreciation and impairment 2021	Additions	Disposals	Transfers	Exchange Differences	Balance 31/12/21
GROSS VALUE							
Goodwill	35,335	(8,010)			579	127	28,031
Transfer rights	28,795		4,250	(3,592)	(8,508)	1,114	22,059
Computer software	211,514		13,250	(52)	174	48	224,934
Other intangible assets	7,121		14			59	7,195
Total Gross Value	**282,766**	**(8,010)**	**17,514**	**(3,644)**	**(7,755)**	**1,349**	**282,219**
ACCUMULATED DEPRECIATION							
Transfer rights	(9,248)	(6,147)		3,592	991	(668)	(11,481)
Computer software	(171,720)	(15,769)		42	(174)	(36)	(187,657)
Other intangible assets	(5,078)	(882)				(57)	(6,016)
Total Accumulated depreciation	**(186,046)**	**(22,798)**		**3,634**	**817**	**(761)**	**(205,154)**
NET CARRYING VALUE	**96,720**	**(30,809)**	**17,514**	**(11)**	**(6,937)**	**587**	**77,065**

The amount recognised in the Provision for depreciation and impairment under Goodwill relates to one hotel under lease located in France and another located in Italy.

The amount of EUR 11 million is included in section Additions of Computer software in relation to the technological innovation project carried out by the Company for the creation of a new technological framework for hotel management, by means of which the Company seeks to improve the technological services provided to its customers.

The amount included in Additions of transfer rights relates to disbursements carried out under the management contracts of two hotels in Spain.

Transfer of Transfer Rights section relates to operating rights of one hotel in Brazil, which contract was terminated and, therefore, the Group considers that the amount to be recovered for the initial acquisition of the said operating rights is of a financial nature and, consequently, has been reclassified under item Other non-current financial assets (see Note 14).

For comparison purposes, the breakdown of these movements in 2020 was as follows:

(Thousand €)	Balance 31/12/19	Depreciation and impairment 2020	Additions	Disposals	Exchange Differences	Balance 31/12/20
GROSS VALUE						
Goodwill	72,267	(36,836)			(96)	35,335
Transfer rights	31,397		904		(3,505)	28,795
Computer software	202,650		9,320	(390)	(66)	211,514
Other intangible assets	7,287				(165)	7,121
Total Gross Value	**313,602**	**(36,836)**	**10,223**	**(390)**	**(3,833)**	**282,766**
ACCUMULATED DEPRECIATION						
Transfer rights	(9,046)	(1,036)			833	(9,248)
Computer software	(153,732)	(18,476)		390	98	(171,720)
Other intangible assets	(5,148)	(7)			78	(5,078)
Total Accumulated depreciation	**(167,927)**	**(19,518)**	**0**	**390**	**1,009**	**(186,046)**
NET CARRYING VALUE	**145,675**	**(56,354)**	**10,223**	**0**	**(2,824)**	**96,720**

EUR 5.8 million were included in section Additions of Computer software, framed in the digital transformation project carried out by the Company.

The amount of depreciation and impairment under Goodwill item included EUR 18.9 million resulting from the assessments made by the Company of its owned assets in the current context strongly impacted by the health crisis.

Likewise, an impairment for the amount of EUR 17.9 million was included due to the derecognition of goodwill related to Melia Milán Hotel, since the deferred tax liability associated with such CGU was also derecognised, after the Company having availed itself of law on asset revaluation published by the Italian Government in 2020.

Goodwill

The amounts resulting from business combinations are recognised in the balance of goodwill, according to Note 2.5. The net carrying values of goodwill existing prior to the adoption of the IFRS are also included.

The amounts concerned by company are as follows:

(Thousand €)	31/12/2021	31/12/2020
Apartotel, S.A.	504	504
Hotel Metropolitan, S.A.S.	1,181	1,181
Cadstar France, S.A.S.	813	813
Ihla Bela de Gestao e Turismo, Ltd.	927	927
Lomondo, Ltd.	5,336	5,209
Hotel Alexander, S.A.S.	887	6,605
Operadora Mesol, S.A. de C.V.	465	465
Sol Maninvest, B.V.	886	886
Prodigios Interactivos, S.A.	14,780	14,780
Sol Melia Italia S.R.L.	2,253	3,966
TOTAL	28,031	35,335

Goodwill has decreased mainly due to the review of the CGU of one hotel under lease located in France, and another located in Italy. On the other hand, goodwill linked to the company Lomondo Ltd. Increases due to exchange rate effect.

Such units are shown in the following table:

Company	Cash Generating Units (C.G.U.)
Apartotel, S.A.	Meliá Castilla, Meliá Costa del Sol and Meliá Alicante Aparthotel hotels
Hotel Metropolitan, S.A.S.	Meliá Paris Vendöme hotel
Cadstar France, S.A.S.	Melia Collection Villa Marquis, Paris Opera & Melia Collection Maison Colbert hotels
Ihla Bela de Gestao e Turismo, Ltd.	Melia Península Varadero, Meliá Las Dunas, Tryp Cayo Santa María, Meliá Cayo Santa María, Tryp Habana Libre & Tryp Cayo Coco
Lomondo, Ltd.	Meliá White House hotel
Hotel Alexander, S.A.S	Meliá Paris Champs Elysées hotel
Operadora Mesol, S.A. de C.V.	Meliá Cozumel, Meliá Puerto Vallarta, Paradisus Cancún & Paradisus Los Cabos hotels
Sol Maninvest, B.V.	Sol Aurora for plava laguna, Sol Garden Istra for plava laguna, Sol Hotel Umag for plava laguna, Adriatic for plava laguna, Sol Sipar for plava laguna, Meliá Coral for plava laguna, Polynesia plava laguna & Sol Stella for plava laguna hotels.
Prodigios Interactivos, S.A.	Hotel Distribution Platform
Sol Melia Italia S.R.L.	Melia Milan hotel

Cash-generating units mainly relate to hotels operated or managed.

The risk factors taken into account by the Company are the expected exchange rates for the currencies in which cash flows are generated by each cash-generating unit and the risk-free interest rates in each of the geographic areas in which the cash flows are generated.

Cash flow included in the measurement includes business and competition risks. The method used is the EBITDA multiple, which is applied to future cash flows and estimating a residual value according to a long-term growth rate not exceeding the expected growth of the economy and of the sector in which the asset operates.

Multiples used, aggregated by geographic areas, are as follows:

EBITDA multiples	2021	2020
Spain	12.9	9
Rest of Europe	12.99 - 14.71	11.63 - 12.58
Latin America	10.42 - 13.21	9.79 - 13.21

Note 11. Property, Plant and Equipment

Movements in the different headings of property, plant and equipment and their accumulated depreciation during the year are as follows:

(Thousand €)	Balance 31/12/20	Depreciation and impairment 2020	Additions	Disposals	Transfers	Exchange Differences	Balance 31/12/21
GROSS VALUE							
Land	445,438			(51,902)		14,420	407,956
Buildings	1,438,359		26,082	(134,571)	126	52,103	1,382,100
Plant and Machinery	479,597		15,212	(54,620)	12	9,762	449,963
Other fixed assets	480,884		12,207	(56,364)	30	11,630	448,386
Works in progress	3,620		483	(385)	(168)	152	3,702
Total Gross Value	2,847,898	0	53,984	(297,842)	(0)	88,068	2,692,107
ACCUMULATED DEPRECIATION							
Buildings	(510,865)	(41,758)		92,253		(18,103)	(478,473)
Plant and Machinery	(319,853)	(25,920)		47,199		(4,683)	(303,256)
Other fixed assets	(328,457)	(27,094)		42,874		(8,661)	(321,338)
Total Accumulated Depreciation	(1,159,174)	(94,772)	(0)	182,327	0	(31,447)	(1,103,067)
NET CARRYING VALUE	1,688,724	(94,772)	53,984	(115,515)	0	56,621	1,589,041

Regarding Property, Plant and Equipment, the Additions relate to investments and renovations in hotels in the total amount of EUR 54 million, of which EUR 10.9 million were made in Spain.

Technology and sustainability are key to advance towards the decarbonisation of the Group's business model and achieve the public commitments acquired for reducing the carbon footprint.

Progress made in the incorporation of sustainability in the entire value chain has allowed to enrich and improve the hotel renovation or building processes, designing a differential value proposal which promotes a new hotel experience that is more attractive, more responsible and more sustainable for customers, hotel owners and the various existing partners.

As a result of these progresses, the renovation projects carried out in 2 hotels operated by the Group in the Balearic Islands and the Canary Islands, were granted with the Rethink Hotel award, as these projects are noteworthy in sustainability and hotel renovation since they include sustainable criteria such as energy efficiency, production of renewable energy, waste management and usage of water cycle.

Disposals in the year include EUR 108 million related to an asset rotation transaction completed by the Group on 30 June 2021, whereby 6 hotels owned by the Group plus the majority of the shares in the company accounted for using the equity method, namely Meliá Zaragoza, S.L., were sold, with the latter being the owner of other 2 hotel establishments. The hotels involved in this transaction will continue to be operated by Meliá Hotels International, S.A. through long-term management contracts. As a result of this asset rotation a net capital gain for the amount of EUR 63.3 million has been generated in the Income Statement (see Note 4).

The 8 hotels included in the mentioned real estate transaction are located in Spain. Except for 2 of the hotels, which renovations were recently concluded, the other assets will undergo major renovations which will allow to take advantage of the tourism recovery expected after their conclusion.

As a result of such transaction, the Group holds 7.5% shareholding without significant influence in the company Victoria Hotels & Resorts, S.L. (formerly named Meliá Zaragoza, S.L.), a company with a value exceeding EUR 200 million, and which now is the owner of the mentioned 8 hotel assets.

This transaction is included in the Group's asset rotation strategy, thus meeting the commitment of increasing liquidity after the crisis caused by Covid-19 (see Note 4).

The Translation Differences have increased the value of tangible assets due to the appreciation of the US dollar and the British pound against the Euro.

For comparison purposes, the information for year 2020 is shown below:

(Thousand €)	Balance 31/12/19	Depreciation and impairment 2020	Additions	Disposals	Transfers	Exchange Differences	Balance 31/12/20
GROSS VALUE							
Land	492,944			(1,574)		(45,932)	445,438
Buildings	1,546,539		31,778	(4,659)	607	(135,906)	1,438,359
Plant and Machinery	486,494		15,021	(1,504)	12	(20,426)	479,597
Other fixed assets	505,919		9,965	(2,476)	537	(33,061)	480,884
Works in progress	7,081		599	(1,184)	(1,155)	(1,720)	3,620
Total Gross Value	**3,038,977**	**0**	**57,363**	**(11,397)**	**0**	**(237,045)**	**2,847,898**
ACCUMULATED DEPRECIATION							
Buildings	(456,136)	(102,235)		4,675	1,734	41,098	(510,865)
Plant and Machinery	(341,728)	14,127		1,171	(1,799)	8,378	(319,853)
Other fixed assets	(317,845)	(35,449)		1,135	65	23,637	(328,457)
Total Accumulated Depreciation	**(1,115,710)**	**(123,557)**	**0**	**6,980**	**0**	**73,112**	**(1,159,174)**
NET CARRYING VALUE	**1,923,267**	**(123,557)**	**57,363**	**(4,416)**	**0**	**(163,933)**	**1,688,724**

Among the additions in the fiscal year, it is worth mentioning the investments made in various renovation works in one hotel in the United Kingdom for the amount of EUR 19 million, as well as additions in Spain for the amount of EUR 20.1 million, mainly in the Balearic Islands, Madrid and the Canary Islands. Investments were also made in renovation works carried out in one establishment in France for the amount of EUR 6.9 million.

Disposals in the fiscal year are mainly related to the renovation works mentioned above.

The Exchange differences generated during the fiscal year are mainly related to the devaluation of the US dollar, the Mexican peso, the Dominican peso, the Brazilian real and the British pound.

Other considerations

There are 10 owned properties that have been mortgaged to secure several loans at the end of 2021, and their net carrying value amounts to EUR 517.74 million; in 2020 the total number of properties was also 10 and their net carrying value amounted to EUR 496.11 million.

As at 31 December 2021 and 2020, the Directors consider that there was enough insurance coverage for their assets.

Net capital gains derived from the revaluation of assets carried out by the parent company, based on various legal regulations and voluntary revaluations prior to 1997, in order to correct the effects of monetary inflation, were as follows:

(Thousand €)	
Restatement of budgets for 1979	24,848
Restatement of budgets for 1980	28,852
Restatement of budgets for 1981	1,197
Restatement of budgets for 1982	26,480
Voluntary restatement before 1990	3,146
Restatement under R.D.L. 7/96	53,213
TOTAL	**137,736**

Asset valuation

As mentioned in Note 3.2, the Company periodically receives valuations carried out by independent experts. In this sense, the Group received appraisals of certain owned assets in 2021, and given the current situation, it has considered for its asset portfolio the evolution of the recoverable amount thereof compared to the values included in the appraisals received in previous years.

Note 12. Investment Property

The balance of investment property includes the net carrying value of investments made by the Group to obtain rental income or capital gains, such as interest in three apartment owners' associations in Spain, one shopping centre in America and other properties in Spain.

Movements recorded in 2021 according to the type of assets included under this heading, are detailed in the following table:

(Thousand €)	Balance 31/12/20	Additions	Disposals	Exchange Differences	Balance 31/12/21
Apartments in Spain	78,200	804			79,004
Shopping Centres in America	4,906	674		474	6,054
Other properties in Spain	19,891	562	(576)		19,877
TOTAL	**102,997**	**2,040**	**(576)**	**474**	**104,935**

Item Additions of Apartments in Spain includes EUR 0.6 million as a result of the value review of the investment property of one of the three owners' associations in which the Groups holds interest. In addition, in Other properties in Spain, the review of the value of one property for the amount of EUR 0.3 million has been recognised. Both amounts are included in Fixed assets capital gains income in the consolidated income statement.

The breakdown of profit or loss for investment property in the Group's consolidated income statement is as follows:

(Thousand €)	Apartments Spain	Shopping Centres America	Other Properties Spain	Total
Operating income		47	92	139
Operating expenses		(114)		(114)
EBITDA	**0**	**(67)**	**92**	**25**
Depreciation				0
Net Financial Income				0
Net Income in Associates	(420)			(420)
Tax				0
CONTRIBUTION TO GROUP NET INCOME	**(419)**	**(67)**	**92**	**(395)**

The contribution of the apartments in Spain relates to the proportional part of the results for the year of the companies which are accounted for using the equity method. Such apartments relate to establishments which are operated by the Group under management through associates, and which generate income for the amount of EUR 2.2 million that are not included in the above table.

The contribution of the shopping centre in America relates to the part in the income statement of the operating company.

The contribution of other properties in Spain relates to the lease of one establishment located in Madrid.

For comparison purposes, the information for year 2020 is shown below:

(Thousand €)	Balance 31/12/19	Additions	Disposals	Exchange Differences	Balance 31/12/20
Apartments in Spain	90,846	797	(13,443)		78,200
Shopping Centres in America	11,318		(5,315)	(1,097)	4,906
Other properties in Spain	14,104	8,056	(2,269)		19,891
TOTAL	**116,267**	**8,853**	**(21,027)**	**(1,097)**	**102,997**

The main movement during the year was an addition for the amount of EUR 6.5 million due to the inclusion of Proyectos Financieros Hayman, S.L. Such company owns land in Ibiza (see Note 6.2).

In addition, disposals for the amount of EUR 21 million were included due to the impairment of the fair value of the investment properties carried out during the year. Such value adjustment was recorded as operating expense in the consolidated income statement.

The breakdown of net income generated by investment properties in the Group’s consolidated income statement in 2020 is as follows:

(Thousand €)	Apartments Spain	Shopping Centres America	Other Properties Spain	Total
Operating income		24	33	57
Operating expenses		(6,181)		(6,181)
EBITDA		**(6,157)**	**33**	**(6,124)**
Depreciation				0
Net Financial Income		1		1
Net Income in Associates	(2,797)			(2,797)
Tax		(281)		(281)
CONTRIBUTION TO GROUP NET INCOME	**(2,797)**	**(6,437)**	**33**	**(9,201)**

The contribution of the apartments in Spain related to the proportional part of the results for the year of the companies which are accounted for using the equity method. Such apartments relate to establishments which are operated by the Group under management through associates, and which generated income for the amount of EUR 1 million not included in the above table.

The contribution of the shopping centre in America related to the part in the income statement of the operating company. It was noteworthy the impairment of fair value of the shopping centre recognised in 2020.

The contribution of other properties in Spain related to the lease of one establishment located in Madrid.

Note 13. Investments Measured Using the Equity Method

The financial investments relating to shareholdings in associates and joint ventures have been measured using the equity method.

Balances and movements of this heading are as follows:

(Thousand €)	%	Balance 31/12/2020	Net Income 2021	Additions	Disposals	Exchange Differences	Balance 31/12/2021
Meliá Zaragoza, S.L.	50.00%		(1,992)	1,992			
Evertmel Group (*)	49.00%	22,303	(2,144)	260	(3)		20,416
Altavista Hotelera, S.A.	48.74%	31,663	1,402	594			33,658
Melcom Group (*)	50.00%	9,740	607				10,347
Producciones de Parques Group (*)	50.00%	21,124	(2,280)	377	(90)		19,131
Fourth Project 2012, S.L.	50.00%	1,561	345	199	(50)		2,055
Melia Hotels USA Group (*)	50.00%	(794)	(371)	1,274		(109)	
Yagoda Inversiones, S.L.U.	50.00%	132	1	100			233
Sierra Parima, S.A.	50.00%	7,025	(775)			(529)	5,720
TOTAL JOINT VENTURES		**92,755**	**(5,208)**	**4,795**	**(143)**	**(638)**	**91,561**
Homasi, S.A.	35.00%	52,417	52		(228)		52,242
Plaza Puerta del Mar, S.A.	20.01%	5,152	861				6,013
Promedro Group (*)	20.00%	5,718	137				5,855
Turismo de Invierno, S.A.	21.42%	3,419	(143)		(1)		3,274
C.P. Meliá Castilla	31.72%	3,533	(605)	55	(7)		2,976
C.P.Meliá Costa del Sol	21.18%	2,669	185	22	(44)		2,833
El Recreo Group (*)	19.94%	545					545
Inversiones Guiza, S.A.	49.85%				(7)		(8)
Hellenic Hotel Management	40.00%				(76)		(76)
Mosaico Group (*)	20.00%	1,525	(39)		(245)		1,241
Detur Panamá, S.A.	49.93%		(596)	1,233		(637)	
Starmel Group (*)	20.00%	1,173	(1,476)	976			673
Renasala Group (*)	30.00%	9,459	(2,365)	1,017			8,111
TOTAL ASSOCIATES		**85,610**	**(3,990)**	**3,304**	**(607)**	**(637)**	**83,680**
TOTAL		**178,365**	**(9,198)**	**8,098**	**(750)**	**(1,275)**	**175,241**

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.
Producciones de Parques Group which comprises the companies Producciones de Parques, S.L., Tertian XXI S.L.U. and Golf Katmandú,S.L.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc and Melia Hotels Florida Llc.
Promedro Group which comprises the companies Promedro,S.A. and Nexprom,S.A.
El Recreo Group which comprises the companies El Recreo Plaza, C.A. and El Recreo Plaza & Cía. C.A.
Starmel Group which comprises the companies Starmel Hotels JV, S.L, Starmel Hotels OP 2 S.LU, Fuerteventura Beach Property, S.L.U. and Santa Eulalia Beach Property, S.L.U.
Renasala,S.L. Group which comprises the companies Renasala,S.L, Starmel Hoteles OP S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. San Antonio Beach Property, S.L.U.
Melcom Group which comprises the companies Sistemas Ribey Cloud,S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.
Mosaico Group which comprises the companies Mosaico BV and Mosaico Hoteles, S.A.

Additions in the year mainly relate to contributions by shareholders to several companies and to the hedge for the negative holding in Detur Panamá S.A., as well as the derecognition of the negative holding in Meliá Zaragoza, S.L. due to the result obtained until 30 June, date on which the Group sold its holding (see Notes 6 and 11).

On the other hand, the disposals recognised during the year mainly relate to the dividend distribution of Homasi, S.A. and the dissolution of Mosaico BV.

Shareholding movements in associates and joint ventures in 2020 were as follows:

(miles de €)	%	Saldo 31/12/2019	Resultado 2020	Altas	Bajas	Dif.Cambio	Saldo 31/12/2020
Meliá Zaragoza, S.L.	50,00%		(973)	973			
Grupo Evertmel (*)	49,00%	23.543	(2.139)	899			22.303
Altavista Hotelera, S.A.	48,74%	31.375	(129)	417			31.663
Grupo Melcom (*)	50,00%	13.215	(3.475)				9.740
Grupo Producciones de Parques (*)	50,00%	32.541	(11.278)		(139)		21.124
Fourth Project 2012, S.L.	50,00%	3.293	319		(2.051)		1.561
Grupo Melia Hotels USA (*)	50,00%	4	(882)			84	(794)
Yagoda Inversiones, S.L.U.	50,00%	88	(1)	46			132
Sierra Parima, S.A.	50,00%	17.220	(4.770)			(5.425)	7.025
TOTAL NEGOCIOS CONJUNTOS		121.280	(23.329)	2.336	(2.190)	(5.341)	92.755
Homasi, S.A.	35,00%	53.398	1.842		(2.823)		52.417
Plaza Puerta del Mar, S.A.	20,01%	5.111	(40)	82			5.152
Grupo Promedro (*)	20,00%	6.647	(789)		(140)		5.718
Turismo de Invierno, S.A.	21,42%	3.610	(190)		(1)		3.419
C.P. Meliá Castilla	31,72%	5.729	(2.201)	45	(40)		3.533
C.P.Meliá Costa del Sol	21,18%	3.219	(596)	49	(2)		2.669
Grupo El Recreo (*)	19,94%	545					545
Grupo Mosaico (*)	20,00%	668	(44)	1.324	(423)		1.525
Detur Panamá, S.A.	49,93%		(874)	212		662	
Grupo Starmel (*)	20,00%	1.280	(1.756)	1.650	(1)		1.173
Grupo Renasala (*)	30,00%	11.226	(3.882)	2.160	(46)		9.459
TOTAL ENTIDADES ASOCIADAS		91.431	(8.530)	5.522	(3.475)	662	85.610
TOTAL		212.711	(31.858)	7.857	(5.666)	(4.679)	178.365

*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.
Producciones de Parques Group which comprises the companies Producciones de Parques, S.L., Tertian XXI S.L.U. and Golf Katmandú,S.L.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc and Melia Hotels Florida Llc.
Promedro Group which comprises the companies Promedro,S.A. and Nexprom,S.A.
El Recreo Group which comprises the companies El Recreo Plaza, C.A. and El Recreo Plaza & Cía. C.A.
Starmel Group which comprises the companies Starmel Hotels JV, S.L, Starmel Hotels OP 2 S.LU, Fuerteventura Beach Property, S.L.U. and Santa Eulalia Beach Property, S.L.U.
Renasala,S.L. Group which comprises the companies Renasala,S.L, Starmel Hoteles OP S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. San Antonio Beach Property, S.L.U.
Melcom Group which comprises the companies Sistemas Ribey Cloud,S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.
Mosaico Group which comprises the companies Mosaico BV and Mosaico Hoteles, S.A.

Additions during the year mainly related to contributions made in the companies Renasala, S.L. and Starmel Hotels JV, S.L.

On the other hand, the disposals recognised during the year mainly related to the dividend distribution of Homasi, S.A. and the capital reduction of Fourth Project.

In addition, Net income heading included the impairment of these companies' assets.

Investments using the equity method on Meliá Zaragoza, S.L. and Detur Panamá, S.A. amounted to zero, since the negative holding in these companies was partially offset by long-term loans payable to the Group by such companies and for which there were no related guarantees.

Details of the balance sheet and profit and loss account of the most significant associates and joint ventures by volume of assets and net income are as follows:

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	Starmel Group (*)	Renasala Group (*)	Total
EBITDA	**8,424**	**12,932**	**8,894**	**2,004**	**2,851**	**35,105**
Depreciation	**(5,736)**	**(3,488)**	**(3,086)**	**(2,792)**	**(4,708)**	**(19,810)**
Financial Income	(240)		10	1	(997)	(1,225)
Financial Expenses	(5,636)	(6,376)	(3,036)	(5,869)	(5,788)	(26,704)
Other financial profit/loss	(682)	(1)	27	27	1	(627)
Net financial profit/loss	**(6,558)**	**(6,377)**	**(2,998)**	**(5,840)**	**(6,784)**	**(28,557)**
Profit/loss before tax	**(3,870)**	**3,068**	**2,810**	**(6,628)**	**(8,642)**	**(13,262)**
Income tax	(506)	(1,854)	66	(754)	759	(2,288)
NET INCOME	(4,376)	1,214	2,876	(7,382)	(7,882)	(15,550)

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	Starmel Group (*)	Renasala Group (*)	Total
NON-CURRENT ASSETS	**195,259**	**167,364**	**134,440**	**82,535**	**214,130**	**793,728**
Cash and other cash equivalents	3,356	4,067	8,809	8,657	1,738	26,626
Other current assets	34,785	2,363	38	2,304	4,906	44,395
CURRENT ASSETS	**38,141**	**6,430**	**8,846**	**10,960**	**6,644**	**71,022**
TOTAL GENERAL ASSETS	233,400	173,794	143,286	93,495	220,774	864,749
Non-current financial liabilities	139,292	65,489	43,020	71,076	161,847	480,724
Other non-current liabilities	6,824	81,394	15,078	13,672	3,234	120,202
NON-CURRENT LIABILITIES	**146,116**	**146,883**	**58,099**	**84,748**	**165,081**	**600,926**
Current financial liabilities	11,552	2,046	4,759	4,648	16,696	39,701
Other current liabilities	33,532	4,177	11,797	3,589	7,772	60,868
CURRENT LIABILITIES	**45,084**	**6,222**	**16,557**	**8,237**	**24,467**	**100,568**
TOTAL GENERAL LIABILITIES	191,200	153,105	74,656	92,985	189,548	701,494

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.
Starmel Group which comprises the companies Starmel Hotels OP 2,S.L.U, Starmel Hotels JV, S.L, Fuerteventura Beach Property,S.L.U. and Santa Eulalia Beach Property, S.L.U.
Renasala Group which comprises the companies Renasala,S.L, Starmel Hotels OP S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. and San Antonio Beach Property, S.L.U.
Melcom Group which comprises the companies Ribey Cloud, S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture, S.L.

Evertmel Group, Melcom Group and Altavista Hotelera, S.L., are owners of hotels which are operated by other Group companies through lease agreements.

Starmel Group and Renasala Group are made up of companies which own and operate hotels. In addition, they have contracts entered into with the parent company of the Group through which management fees are invoiced.

For comparison purposes, amounts for 2020 are shown below:

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	Starmel Group (*)	Renasala Group (*)	Total
EBITDA	**7,303**	**4,866**	**10,802**	**(1,577)**	**(4,076)**	**17,317**
Depreciation	**(6,138)**	**(3,488)**	**(8,268)**	**(2,900)**	**(4,868)**	**(25,662)**
Financial Income	214	1,690		8	130	2,041
Financial Expenses	(5,657)	(8,195)	(3,271)	(4,555)	(7,022)	(28,699)
Other financial profit/loss	1			(4)	1	(3)
Net financial profit/loss	**(5,442)**	**(6,505)**	**(3,271)**	**(4,552)**	**(6,891)**	**(26,661)**
Profit/loss before tax	**(4,278)**	**(5,127)**	**(736)**	**(9,029)**	**(15,835)**	**(35,006)**
Income tax	(87)	(1,823)	472	250	2,897	1,708
NET INCOME	(4,364)	(6,950)	(265)	(8,780)	(12,939)	(33,297)

(Thousand €)	Evertmel Group (*)	Melcom Group (*)	Altavista Hotelera, S.L.	Starmel Group (*)	Renasala Group (*)	Total
NON-CURRENT ASSETS	**200,733**	**170,141**	**134,451**	**84,896**	**235,014**	**790,050**
Cash and other cash equivalents	7,442	47	189	5,620	1,888	14,183
Other current assets	30,631	20,811	100	2,781	2,897	58,474
CURRENT ASSETS	**38,073**	**20,858**	**290**	**8,402**	**4,784**	**72,657**
TOTAL GENERAL ASSETS	238,806	191,000	134,741	93,298	239,798	862,707
Non-current financial liabilities	146,970	74,591	46,918	77,023	170,955	516,457
Other non-current liabilities	6,820	85,184	15,127	1,464	26,855	135,451
NON-CURRENT LIABILITIES	**153,791**	**159,776**	**62,045**	**78,487**	**197,810**	**651,909**
Current financial liabilities	7,364	9,288	4,574	1,488	8,118	30,832
Other current liabilities	32,281	2,462	6,754	3,110	5,461	50,067
CURRENT LIABILITIES	**39,645**	**11,750**	**11,328**	**4,598**	**13,579**	**80,899**
TOTAL GENERAL LIABILITIES	193,436	171,525	73,373	83,085	211,389	732,808

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L., Kimel S.L. and Jamaica DevCo S.L.
Starmel Group which comprises the companies Starmel Hotels OP 2,S.L.U, Starmel Hotels JV, S.L, Fuerteventura Beach Property,S.L.U. and Santa Eulalia Beach Property, S.L.U.
Renasala Group which comprises the companies Renasala,S.L, Starmel Hotels OP S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. and San Antonio Beach Property, S.L.U.
Melcom Group which comprises the companies Ribey Cloud, S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture, S.L.

Note 14. Other Financial Instruments

14.1. Other financial assets

The table below includes the breakdown by categories of financial instruments, recorded in the heading Other financial assets of current and non-current assets of the consolidated balance sheet for years 2021 and 2020:

(Thousand €)	31/12/2021			31/12/2020		
	Long Term	Short Term	Total	Long Term	Short Term	Total
1. Financial instruments at amortized cost:						
Loans to associates	86,265	41,081	127,346	76,119	61,783	137,903
Other loans	64,252	2,839	67,091	41,580	2,588	44,168
Other items	14,746	2,543	17,290	14,103	2,428	16,530
2. Financial instruments at fair value through other comprehensive income:						
Cash flow hedges	40					
3. Financial instruments at fair value through profit or loss:						
Trading Portfolio		159	159		142	142
Unlisted equity instruments	19,541		19,541	4,060		4,060
TOTAL	184,845	46,622	231,426	135,862	66,941	202,803

The table does not include the headings Trade and other receivables and Cash and other cash equivalents, which also relate to financial assets, as described in Note 3.5. Additional breakdowns are included in Note 15 to that effect.

Financial instruments subsequently measured at amortized cost

The table below shows a breakdown by nature of financial assets included in this item for 2021 and 2020:

(Thousand €)	31/12/2021			31/12/2020		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Loans to associates	86,265	41,081	127,346	76,119	61,783	137,903
Other loans	25,329	2,839	28,168	8,791	2,588	11,379
Deposits	1,327	884	2,211	1,261	902	2,163
Guarantee deposits	11,064	1,606	12,670	11,230	1,473	12,703
Vacation Club customers	39,315		39,315	34,024		34,024
Financial deposits		53	53		52	52
Other items	1,963		1,963	378		378
TOTAL	165,263	46,463	211,726	131,802	66,799	198,601

Note 21 Information on related parties includes a breakdown of the balances recorded as loans to associates.

Loans granted to several companies with which the Company does business in various operating segments are included under heading Other loans; the most significant amounts are as follows:

- Loans granted to various unrelated companies with which the Group has a business relationship for the amount of EUR 17.8 million.
- Loans to owners of several hotels operated by the Group under lease and management, for the amount of EUR 10.3 million.

Long-term guarantees granted by the Company basically relate to the rent for hotels leased by the Group through accepted promissory notes. Since such guarantees are granted to ensure compliance with an obligation associated with such agreements, they are not recognised at current value but at face value.

The balance of Vacation club customers relates to the amounts financed in the long-term to this segment customers in the sale of timeshare rights. They are recognised at face value because these financing agreements include a market interest rate.

Likewise, balance of Short-term vacation club customers is broken down in Note 15.2 Trade and Other Receivables.

The Financial deposits item includes long-term amounts in banks and with a maturity over 3 months, therefore, these cannot be considered as other cash equivalents.

Financial instruments at fair value through other comprehensive income

Cash flow hedge activities relate to interest rate swaps. Hegde activities are explained in Note 14.3.

Financial instruments at fair value through profit or loss

Long-term trading portfolio includes equity instruments listed in official markets, the market prices of which are used to determine the fair value of these investments, as well as unlisted equity instruments included under this category, the movement of which is detailed in the table below:

(Thousand €)	%	Balance 31/12/2020	Additions	Disposals	Balance 31/12/2021
Hotelera Sancti Petri, S.A.	19.50%	2,634			2,634
Port Cambrils Inversions, S.A.	10.00%	980			980
Inveragua RD, S.A.S	14.24%	131			131
Valle Yamury, S.A.	8.00%	358			358
Victoria Hotels & Resorts, S.L.	7.50%		15,516		15,516
Other financial assets		42		(33)	9
TOTAL INVESTMENT		4,145	15,516	(33)	19,628
IMPAIRMENT LOSSES		(85)			(85)
NET CARRYING VALUE		4,060	15,516	(33)	19,543

For comparison purposes, movements for year 2020 were as follows:

(Thousand €)	%	Balance 31/12/2019	Balance 31/12/2020
Hotelera Sancti Petri, S.A.	19.50%	2,634	2,634
Port Cambrils Inversions, S.A.	10.00%	980	980
Inveragua RD, S.A.S	14.24%	131	131
Valle Yamury, S.A.	7.21%	358	358
Other financial assets		42	42
TOTAL INVESTMENT		**4,145**	**4,145**
IMPAIRMENT LOSSES		**(85)**	**(85)**
NET CARRYING VALUE		**4,060**	**4,060**

The registered offices, activities and accounting information in thousand euro of the investees in which the Group holds a non-significant shareholding at the 2021 year end are included below:

(Thousand €)	REGISTERED OFFICE	ACTIVITY	Capital	Reserves	Net Income	%	TBV	NBV
Hotelera Sancti Petri, S.A.	Gremio Toneleros, 24 Palma de Mallorca (Spain)	Owner and operator hotel	11,900	1,050	2,120	19.50%	2,939	2,634
Port Cambrils Inversions, S.A.	Rambla Regueral, 11 Tarragona (Spain)	Owner and operator hotel	6,000	669	190	10.00%	686	980
Valle Yamury, S.A. (*)	Velázquez, 106 Madrid (Spain)	Holding and owner	4,970	(1,439)	(375)	8.00%	252	279
Inveragua RD, S.A.S.	Avda. Lope de Vega, 4 Santo Domingo (Dominican Rep.)	Holding	819	(149)	(4)	14.24%	95	131
Victoria Hotels & Resorts, S.L. (**)	Paseo del Club Deportivo, 1 Madrid (Spain)	Owner and operator hotel	15,340	188,075	2,345	7.50%	15,432	15,516
Other companies (*)								3
			39,029	**188,204**	**4,276**		**19,404**	**19,543**

(*) No Financial Statements are available as at 31 December 2021 for these companies
(**) The companies Victoria Hotels & Resorts, S.L., Crisalian, S.L.U. and Lierinto. S.L.U. are included.

14.2. Other Financial Liabilities

The table below shows the breakdown by categories of financial instruments, recorded in the headings Bonds and other negotiable securities, Bank borrowings and Other financial liabilities of current and non-current liabilities of the consolidated balance sheet for 2021 and 2020:

(Thousand €)	31/12/2021			31/12/2020		
	Long Term	Short Term	Total	Long Term	Short Term	Total
1. Financial instruments at fair value through other comprehensive income:						
- Cash flow hedges	326	884	1,210	2,759	1,482	4,240
2. Financial instruments at fair value through profit or loss:						
- Trading portfolio derivatives	553	945	1,498	919	707	1,626
3. Other financial liabilities at amortized cost:						
- Bonds and other negotiable securities	51,659	82,616	134,275	34,152	172	34,324
- Bank borrowings	1,126,751	122,715	1,249,465	1,064,925	260,592	1,325,517
- Lease liabilities	1,379,126	188,220	1,567,346	1,189,401	159,158	1,348,559
- Other financial liabilities	5,133	39,075	44,208	7,851	42,630	50,480
TOTAL	**2,563,546**	**434,455**	**2,998,002**	**2,300,006**	**464,741**	**2,764,747**

Balances under heading Trade creditors and other payables which are also considered as financial liabilities, are not included, as explained in Note 3.5. Additional breakdowns are included in Note 19 to that effect.

The following table shows the reconciliation of changes in assets and liabilities from financing activities. Debt issues and redemptions (Bonds and other negotiable securities and Bank borrowings), as well as Derivative financial instruments (hedges and trading portfolio) have been considered:

(Thousand €)	Bonds and Bank borrowings	Financial instruments at fair value	
		Assets	Liabilities
BALANCE AT 31/12/2019	921,389	0	5,578
Financing cash flow	469,500		
Exchange differences	(31,048)		
Changes in fair value			288
Scope Variations			
BALANCE AT 31/12/2020	1,359,841	0	5,866
Financing cash flow	(2,798)		
Exchange differences	26,697		
Changes in fair value		40	(3,157)
BALANCE AT 31/12/2021	1,383,740	40	2,708

Lease payments are broken down in Note 18.

Financial instruments at fair value through other comprehensive income

Cash flow hedge activities relate to interest rate swaps. Hegde activities are explained in Note 14.3.

Financial instruments at fair value through profit or loss

Trading portfolio derivatives relate to interest rate swaps. Derivative activities are explained in Note 14.3.

Bonds and other negotiable securities

The table below shows the debt issues recorded under this heading and their balances at the end of 2021 and 2020:

(Thousand €)	31/12/2021			31/12/2020		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Bonds and debentures	51,659	206	51,865	29,665	117	29,782
European Commercial Papers (ECP)		77,358	77,358			
Other negotiable securities		5,052	5,052	4,487	56	4,542
TOTAL	51,659	82,616	134,275	34,152	172	34,324

Euro Commercial Paper Programme (ECP)

In May 2021, the commercial paper programme (“Euro-Commercial Paper Programme” or ECP) was renewed, with maturity date on 26 May 2022, subject to English law, for the maximum amount of EUR 300 million, whereby debt instrument issues can be made in Europe with a maturity of less than 364 days, up to the said amount.

In 2021, a total of EUR 149.2 million of issues was made, and there were outstanding issues for the amount of EUR 77.6 million at year end.

Other negotiable securities

In 2018, the subsidiary Sol Meliá Europe, B.V. carried out a debt issue for the amount of EUR 5 million, maturing on 18 November 2022, within a facility with the following characteristics:

Issuer	Sol Meliá Europe, B.V.
Guarantor	Meliá Hotels International S.A.
Calculation Agent	UBS AG, London Branch
Fiscal Agent and paying agent	The Bank of New York Mellon
Maximum face amount	150,000,000
Currency	EUR / USD
Due date (facility)	04/08/2023

Simple bonds

On 19 November 2018, the parent company issued simple bonds for the total amount of EUR 30 million with the following characteristics:

Issue price	30,000,000€
Face amount	100,000€
Maturity	12 years
Debts rank	Senior unsecured
Issue price	100%
Issue date	19/11/2018
Maturity date	19/11/2030
Coupon	Fixed 3.30%
Repayment price	100%

On 25 May 2021, an increase in the face amount of the bond for the amount of EUR 22.5 million was carried out. Such issue was at a price equal to 98.385% of the face amount.

Bank borrowings

The breakdown by nature and by maturity of the Group's bank borrowings at the end of 2021 and 2020 is as follows

(Thousand €)	31/12/2021			31/12/2020		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Bank loans	825,958	99,128	925,086	720,989	177,716	898,705
Mortgage loans	280,437	19,846	300,283	236,186	21,400	257,586
Credit policies	20,349		20,349	107,415	57,753	165,168
Bank lease liabilities	7	328	335	334	727	1,061
Interest		3,413	3,413		2,997	2,997
TOTAL	1,126,751	122,715	1,249,465	1,064,925	260,592	1,325,517

The total amount drawn down against credit facilities was EUR 20.4 million (EUR 165.2 million in 2020), and at the 2021 year end an additional balance of EUR 306.2 million was available. (In 2020 the available balance was EUR 211.3 million).

Bank debt increases for new bank financing in 2021 amount to EUR 270.8 million. In 2020, the amount was EUR 575 million.

The Group's mortgage loans are secured by 10 hotels with a total net carrying amount of EUR 517.74 million; in 2020 the net carrying amount of the mortgaged assets amounted to EUR 496.11 million, as stated in Note 11.

Maturity of bank borrowings is as follows:

(Thousand €)	2022	2023	2024	2025	2026	> 5 years	Total
Bank loans	99,128	199,810	286,595	144,570	119,363	75,620	925,086
Mortgage loans	19,846	32,676	31,247	28,004	47,522	140,989	300,283
Credit policies					20,349		20,349
Bank lease liabilities	328	7					335
Interest	3,413						3,413
TOTAL	122,715	232,493	317,842	172,574	187,234	216,609	1,249,465

Lease liabilities

Note 18 Leases includes a breakdown of Lease liabilities.

Other financial liabilities

The table below shows the breakdown of the items under this heading at the end of fiscal years 2021 and 2020:

(Thousand €)	31/12/2021			31/12/2020		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Trade bills payable	11		11	21		21
Fixed asset suppliers		13,126	13,126	5	18,937	18,943
Guarantees received	871	341	1,212	859	1,002	1,861
Other payables	78	3	81	305	1,003	1,307
Debt to associates	4,173	24,916	29,089	6,661	18,804	25,464
Dividends payable		441	441		513	513
Other financial liabilities		249	249		2,371	2,371
TOTAL	5,133	39,075	44,208	7,851	42,630	50,480

The amount of Debt to associates is broken down in Note 21.

14.3. Hedge Activities and Derivatives

The breakdown by maturity of the fair values of the Group's derivative financial instruments at the end of 2021 and 2020 is as follows:

(Thousand €)	31/12/2021			31/12/2020		
	Long Term	Short Term	Total	Long Term	Short Term	Total
Hedge derivatives assets	40		40			
TOTAL	40		40			
Hedging derivative liabilities	326	884	1,210	2,759	1,482	4,240
Trading portfolio derivatives	553	945	1,498	919	707	1,626
TOTAL	879	1,829	2,708	3,678	2,189	5,866

Within the framework of the Group's interest rate risk management policies (see Note 5.1), the Company, at the end of the fiscal year, has several interest rate swaps, which, based on the contractual terms, qualify as cash flow hedging instruments; therefore, changes in their fair value are taken directly to the Group's equity.

The items hedged by these operations are recorded under heading Bank borrowings. These financial instruments are used to exchange interest rates, so that the Company receives variable interest from the bank in exchange for a fixed interest payment on the same face amount. The variable interest received from the derivative offsets interest payments on the financing hedged. The final result is a fixed interest payment on the financing hedged.

In 2021, the positive impact on net equity of these derivative financial instruments, after taking the portion pertaining to the hedged item to the income statement and without considering the tax impact, amounted to EUR 3.2 million. In 2020, the impact was negative for the amount of EUR 0.9 million.

Likewise, as at 31 December 2021, the notional value of the interest rate swaps that qualify as hedges amounted to EUR 164.4 million, and in 2020 such value amounted to EUR 216.6 million.

The liabilities relating to derivatives held for trading at the end of 2021 relate to interest rate swaps contracted in the framework of the interest rate risk management performed by the Company (see Note 5.1). These interest rate swaps are not considered as accounting hedges because they do not meet the requirements for their application according to IFRS 9.

As at 31 December 2021, the notional value of these financial instruments amounted to EUR 79.1 million, and in 2020 such value amounted to EUR 36.4 million.

Maturity by year is as follows:

(Thousand €)	2022	2023	2024	2025	>4 years	Total
Hedge derivatives assets		40				40
TOTAL		40				40
Hedging derivative liabilities	884	448	(116)	(37)	31	1,210
Trading portfolio derivatives	945	423	118	12		1,498
TOTAL	1,829	871	2	(26)	31	2,708

For comparison purposes, movements for year 2020 were as follows:

(Thousand €)	2021	2022	2023	2024	>4 years	Total
Hedging derivative liabilities	1,482	1,208	885	457	209	4,240
Trading portfolio derivatives	707	531	290	98		1,626
TOTAL	2,189	1,739	1,175	555	209	5,866

To determine these fair values, discounted cash flow techniques have been used based on the embedded amounts determined by the interest rate curve in accordance with the market conditions at the measurement date. These measurements have been carried out by the financial institutions from which these products are obtained.

Note 15. Current Assets

15.1. Inventories

There follows a breakdown of this heading at the end of 2021 and 2020:

(Thousand €)	31/12/2021	31/12/2020
Hotel Business	**18,411**	18,498
Vacation Club Business	**1,169**	724
Real Estate Business	**4,666**	4,406
Advances to suppliers	**1,044**	762
TOTAL	25,290	24,389

The Group does not have firm purchase or sale commitments and there are no limitations on availability of inventories.

15.2. Trade and Other Receivables

The breakdown of this heading at the end of 2021 and 2020 is as follows:

(Thousand €)	31/12/2021	31/12/2020
Trade receivables	83,177	53,578
Other receivables	52,690	81,383
TOTAL	135,866	134,961

Trade

Trade receivables by business line at year end are as follows:

(Thousand €)	31/12/2021	31/12/2020
Hotel	37,414	4,525
Real Estate	239	983
Club Melia	11,117	14,163
Other operating activities	34,407	33,908
TOTAL	83,177	53,578

The Group has signed a non-recourse factoring agreement with a financial institution under which it periodically assigns the accounts receivable relating to certain customers of the hotel business, and collects the amounts concerned in advance. As a result of the "non-recourse" classification of the assignment of receivables transaction abovementioned, trade receivables are derecognised once assigned, therefore, they are not included in the table above.

Due to the Covid-19 pandemic, the Group has not carried out new assignments since March 2020. On 30 November 2021, the Group proceeded with the early termination of such Factoring agreement, therefore, as at 31 December 2021, there is no balance assigned in this regard. As at 31 December 2020 the balance was for the amount of EUR 0.5 million.

The aging of trade receivables at year end from the maturity date was as follows:

(Thousand €)	2021	%	2020	%
Less than 90 days	65,541	79%	21,334	40%
More than 90 and less than 180	6,733	8%	9,880	18%
More than 180	10,903	13%	22,364	42%
TOTAL	83,177	100%	53,578	100%

Other receivables

The breakdown by nature of the balances included in this item for 2021 and 2020 is as follows:

(Thousand €)	31/12/2021	31/12/2020
Prepayments and accrued income	5,513	9,639
Loans to employees	177	171
Taxes refundable	24,423	41,696
Receivables from associates	12,134	10,552
Receivables	10,285	19,028
Current accounts	157	297
TOTAL	52,690	81,383

These balances relate to commercial transactions carried out by the Group. Receivables from associates are broken down in Note 21.

15.3. Cash and Other Cash Equivalents

Cash and other cash equivalents are broken down by geographic areas as follows:

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	31/12/2021
Cash	9,972	13,235	69,642	1,066	93,915
Other cash equivalents	773		3,170		3,943
TOTAL	10,746	13,235	72,812	1,066	97,858

(*) EMEA (Europe, Middle East, Africa): It includes areas of Africa, Middle East and Rest of Europe, excluding Spain.

Cash equivalents relate to short-term deposits, the maturities of which may range from one day to three months depending on the Group's cash needs.

The main balances comprising the Group's cash, based on the currency in which they are denominated, are in US dollar, Dominican peso and Euro.

Balances under this heading for 2020 were as follows:

(Thousand €)	SPAIN	EMEA (*)	AMERICA	ASIA	31/12/2020
Cash	10,429	11,658	62,805	2,968	87,859
Other cash equivalents	991		15,800		16,791
TOTAL	11,420	11,658	78,604	2,968	104,650

(*) EMEA (Europe, Middle East, Africa) :
Includes regions of Africa, Middle East and rest of Europe, excluding Spain

Note 16. Equity

16.1. Share Capital

The share capital as at 31 December 2019 stipulated in the Bylaws was EUR 45,940,000 represented by 229,700,000 shares with a par value of Euro 0.2 each. The shares were fully subscribed and paid-up, and constituted a single class and series.

The General Shareholders' Meeting held on 10 July 2020 agreed a capital reduction through the redemption of treasury shares. This resolution was subsequently executed by the Board of Directors. On 1 September 2020, the deed of such capital reduction was registered with the Commercial Registry of Mallorca, through the redemption of 9,300,000 shares held as treasury stock, with a par value of EUR 0.20 each, representing 4.049% of share capital. As a result of this transaction, the Company's share capital resulting from this reduction was fixed at EUR 44,080,000, represented by 220,400,000 shares with a par value of Euro 0.20 each. The shares are fully subscribed and paid-up, and constitute a single class and series.

All shares carry the same rights and are listed on the stock exchange (Continuous Market - Spain), except for treasury shares.

The Ordinary General Shareholders' Meeting held on 10 July 2020, renewed the authority of the Company's Board of Directors to agree the share capital increase, without having to consult the General Shareholders' Meeting beforehand, up to 50% of the share capital. Consequently, the Board of Directors can exercise this right, in one or more times, deciding in each case, not only the timing or appropriateness, but also the amount and conditions which it considers should apply within a maximum period of five years, starting from the date of said Meeting. If the capital increase is made excluding the shareholders' pre-emptive subscription rights, such authority of the Board of Directors is limited to 20% of the share capital.

The voting rights held by the main shareholders with direct and indirect stake in Meliá Hotels International, S.A. as at 31 December 2021 and 2020, are as follows:

Shareholder	31/12/2021 % Shareholding	31/12/2020 % Shareholding
Hoteles Mallorquines Consolidados, S.A.	24.37	24.37
Hoteles Mallorquines Asociados, S.L.	13.76	13.76
Hoteles Mallorquines Agrupados, S.L.	10.83	10.83
Tulipa Inversiones 2018, S.A.	5.39	5.39
Global Alpha Capital Management Ltd.	5.12	3.15
Rest of shareholders (less than 3% individual)	40.54	42.51
TOTAL	100.00	100.00

In October 2018, Mr. Gabriel Escarrer Juliá (Founder and Non-Executive Chairman of the Board of Directors) ceased to exercise control over the Group, although he currently still owns 5.388% of the shares in Meliá Hotels International, S.A., indirectly, through the company Tulipa Inversiones 2018, S.A.

Notwithstanding the foregoing, the members of the Escarrer Family (namely, Mr. Escarrer Juliá, his spouse and their 6 children) hold 100% of the shares in the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Agrupados, S.L. and Hoteles Mallorquines Asociados, S.L., although no controlling shareholder exists in any of them.

16.2. Reserves

The table below shows the breakdown of heading Other Reserves of the consolidated Statement of changes in equity at the end of 2021 and 2020:

(Thousand €)	31/12/2021	31/12/2020
Legal reserve	8,816	8,816
Revaluation reserves Royal Decree-Law 7/1996, of 7th June	1,190	1,380
Reserves for actuarial gains and losses	(5,155)	(4,901)
Voluntary reserves	313,822	292,511
Consolidated reserves attributed to the controlling company	116,758	116,758
TOTAL	435,431	414,564

The consolidated reserves attributed to the controlling company include the necessary homogenisation adjustments to present the consolidated equity in accordance with the International Financial Reporting Standards (IFRSs) and the International Financial Reporting Committee Interpretations (IFRICs), as described in Note 2.

Regarding restricted reserves, Meliá Hotels International, S.A. and its subsidiaries incorporated under the Spanish law are obliged to transfer 10% of the profits of each year to a reserve fund until this fund reaches at least 20% of the share capital. This reserve, provided that other reserves are not available, may only be used to offset losses.

16.3. Treasury Shares

Breakdown and movements of treasury shares under liquidity contract and treasury share buy-back programme are as follows:

(Thousand €)	Shares	Average Price €	Balance
BALANCE AT 31/12/2020	234,014	14.45	3,382
Additions	11,667,219	6.33	73,857
Disposals	(11,624,219)	6.34	(73,640)
BALANCE AT 31/12/2021	277,014	12.99	3,599

There are no securities loaned to banks as at 31 December 2021.

The number of shares held by the Company as at 31 December 2021 is 277,014, representing 0.126% of the share capital. Treasury shares do not exceed the 10% limit established by the Spanish Corporate Enterprises Act.

The price of Meliá Hotels International, S.A.'s shares at year end was EUR 6.002. At the 2020 year end, the share price amounted to EUR 5.72.

For comparison purposes, movements for year 2020 were as follows:

(Thousand €)	Shares	Average Price €	Balance
BALANCE AT 31/12/2019	3,440,825	8.19	28,191
Additions	6,128,194	4.04	24,772
Disposals	(6,260,194)	4.05	(25,350)
Additions by repurchase program	6,225,189	5.45	33,901
Reduction in share capital	(9,300,000)	6.25	(58,132)
BALANCE AT 31/12/2020	234,014	14.45	3,382

There were no securities loaned to banks as at 31 December 2020.

The number of shares held by the Company as at 31 December 2020 was 234,014, representing 0.106% of the share capital.

As regards the Treasury Share Buy-Back Programme, the Board of Directors, at its ordinary meeting held on 18 May 2020, unanimously decided the early termination of such Programme, in order to strengthen the financial solvency and liquidity of the Group.

In executing such Buy-Back Programme, the parent company acquired a total of 7,846,246 treasury shares in 2019 and 2020, representing 3.416% of the share capital, and invested a total of EUR 46,051,882, with the maximum amount allocated of number of shares being 8.5 million and the maximum monetary amount being EUR 60 million.

On 10 July 2020, the Board of Directors, according to the delegation granted in its favour by the General Shareholders' Meeting held on the same day, agreed to execute the capital reduction through the redemption of 9,300,000 treasury shares (see Note 16.1).

16.4. Retained Earnings

This heading includes the profit/(loss) for previous years of the parent company, as well as the retained earnings of the other companies included in the scope of consolidation as from the date they were included therein.

Movements during 2021 included under this heading mainly related to the distribution of negative results for the previous year, for the amount of EUR 564 million from fully consolidated companies, and for the amount of EUR 31.9 million of losses from associates.

Movements during 2020 included under this heading mainly related to the distribution of profit for the previous year, for the amount of EUR 106.6 million from fully consolidated companies, and for the amount of 6.3 of profits from associates.

16.5. Measurement Adjustments

The Measurement adjustments heading in the consolidated Statement of changes in equity, includes a breakdown of Translation differences and Other measurement adjustments recognised in the consolidated balance sheet.

Translation differences

Among the total Translation differences, the amount of EUR 163.4 million negative relates to fully consolidated companies and EUR 58.8 million negative to companies accounted for using the equity method. In 2020, the amounts were EUR 188.2 million negative and EUR 58.7 million also negative, respectively.

According to IAS 21.15, certain financing transactions relating to subsidiaries abroad have been considered as an increase in the value of the investment. During the year, EUR 18.3 million in positive translation differences has been recognised under this heading, while in 2020, EUR 36.3 million in negative translation differences was recognised.

Other measurement adjustments

Movements during the year mainly related to income and expenses attributed to equity, as well as to transfers to the consolidated income statement of derivative financial instruments classified as hedges, net of their tax effect, for the amount of EUR 2.1 million negative. In 2020, the amount was EUR 0.5 million positive.

16.6. Non-Controlling Interests

The equity interest relating to rights held by third parties outside the Group is included under this heading, including the relevant proportional stake in the result (profit/(loss)).

The consolidated amounts, before carrying out intra-group eliminations, of assets and liabilities of subsidiary companies and their investees with non-controlling interests, as well as their relevant stake in the result (profit/(loss)) for the fiscal year, are included below:

(Thousand €)	Minority percentage	Total Assets	Total Liabilities	Total Net Assets	Non-controlling interests	Non-controlling interests profit/(loss)
Invers. Explot. Turísticas, S.A.	45.07%	143,229	108,140	35,089	8,210	328
Realizaciones Turísticas, S.A.	3.73%	187,980	34,203	153,777	5,812	357
Adprotel Strand, S.L.U.	25.00%	221,157	161,752	59,404	23,050	199
MIA Exhold, S.A.	0.31%	402,066	155,537	246,529	3,504	(151)
Other companies		256,650	231,691	24,959	(18,271)	(5,693)
TOTAL		1,211,080	691,323	519,757	22,306	(4,959)

(*) This includes non-controlling interests in its subsidiaries (See Annex 1).

The movements in the year mainly relate to the profit/(loss) as well as the translation differences recognised in these companies and their subsidiaries.

The result of non-controlling interests reflected in section Other companies relates to the profit/(loss) of companies operating hotels which, due to the pandemic situation, have negative results.

For comparison purposes, amounts for 2020 are shown below:

(Thousand €)	Minority percentage	Total Assets	Total Liabilities	Total Net Assets	Non-controlling interests	Non-controlling interests profit/(loss)
Invers. Explot. Turísticas, S.A.	45.07%	146,495	113,978	32,517	7,722	(2,674)
Realizaciones Turísticas, S.A.	3.73%	204,681	53,821	150,860	5,455	(76)
Adprotel Strand, S.L.U.	25.00%	208,954	162,090	46,865	21,245	(3,876)
MIA Exhold, S.A.	0.31%	381,452	145,918	235,534	1,438	(60)
Other companies		262,470	237,840	24,631	(10,354)	(10,106)
TOTAL		1,204,053	713,646	490,407	25,507	(16,791)

Note 17. Other Non-Current Liabilities

17.1. Capital Grants and Other Deferred Income

The breakdown of this heading in the consolidated balance sheet is as follows:

(Thousand €)	31/12/2021	31/12/2020
Capital grants	3,807	4,020
Deferred income from customer loyalty programmes	21,082	19,131
Vacation Club deferred income	279,859	265,759
Other deferred income	8,129	3,514
TOTAL	312,876	292,424

Capital grants mainly relate to grants to finance property, plant and equipment purchases. During the fiscal year, the total amount recorded under this item in the consolidated income statement was EUR 213 thousand. In 2020, income from grants amounted to EUR 215 thousand.

Regarding loyalty programmes, a portion of the selling price of hotel rooms is assigned as fair value of the points which will be recognised as income in the consolidated income statement at the time they are redeemed by the customers.

Deferred income from vacation club reflects the amount allocated to the weeks not yet enjoyed by the customers, net of the costs directly attributable to the execution of these contracts. This deferred income is recognised as income in the consolidated income statement at the time the customers exercise the rights acquired under their vacation club membership agreement.

17.2. Provisions

The Group maintains in non-current liabilities a balance for the amount of EUR 25.7 million in respect of provisions for contingencies and expenses. As stated in Note 3.10, this heading includes the Group's post-employment benefit obligations with staff, provisions for taxes from previous years which are at appeal or resolution stage and for urban-planning related legal disputes with public bodies, as well as the provisions recorded to cover the various liabilities and contingencies arising from operations, commitments acquired and guarantees given in favour of third parties, risks deriving from legal claims and lawsuits and potential liabilities deriving from the different interpretations to which the applicable legislation is open.

The breakdown by type of obligations is as follows:

(Thousand €)	31/12/2020	Additions	Disposals	31/12/2021
Provision for retirement, seniority bonus and personnel obligations	12,942	500	(1,698)	11,743
Provision for taxes and liabilities	13,541	639	(268)	13,913
TOTAL	26,483	1,139	(1,966)	25,656

Provisions for retirement, seniority bonus and personnel

At the end of each fiscal year, actuarial studies are carried out to assess the past services corresponding to commitments established in supra-enterprise collective agreements. In 2021, the estimated accrued amount was EUR 12.2 million, with an impact of EUR 1.1 million on the income statement for 2021. In 2020, the total amount accrued was EUR 14.1 million, with an impact of EUR 1.3 million on the income statement.

The assessment of these commitments undertaken by the Company has been conducted in accordance with the actuarial assumptions of the model which pertains to the Group, using the calculation method known as the Projected Unit Credit and the demographic assumptions established by the PER2020 tables, using a capitalisation rate of 0.73%, and a salary increase assumption of 2.10%. In addition, the probability of tenure of employees until retirement has also been applied, based on the Group’s experience in respect of employees leaving the Company, giving rise to the following rotation ratios according to the employee's current age:

Ages Range	% Rotation
< 45	7.72%
45 - 55	3.65%
> 55	2.89%

Likewise, a significant part of these commitments has been outsourced in compliance with the legislation in force. At the 2021 year end, the balance of assets linked to the post-employment benefit plans amounted to EUR 0.6 million, liabilities being presented in their net amount. At the 2020 year end the balance for this item was EUR 1.1 million.

On the other hand, the negative amount recognised in the consolidated Statement of comprehensive income of EUR 0.3 million relates to changes in the percentages and actuarial assumptions for the calculation of the remunerations and retirement bonuses in respect of the Group’s post-employment benefits commitments to its employees. In 2020, the amount, also negative, recognised in the consolidated Statement of comprehensive income was EUR 0.6 million.

For comparison purposes, information for 2020 is shown below:

(Thousand €)	31/12/2019	Additions	Disposals	31/12/2020
Provision for retirement, seniority bonus and personnel obligations	11,391	1,612	(61)	12,942
Provision for taxes and liabilities	18,415	5,423	(10,296)	13,541
TOTAL	29,805	7,035	(10,357)	26,483

Provision for liabilities

In relation to the investigation opened by the European Commission in March 2017 on the compliance with antitrust rules in the hotel distribution sector, it is worth mentioning that in May this year, the fine for the amount of EUR 6.7 million imposed by the mentioned body was paid, an amount for which a provision was made the previous year.

Note 18. Leases

18.1. Rights of Use

The opening and final balance of Right-of-use assets, as well as movements during the year and the depreciation amounts for each type of underlying asset for 2021 and 2020 are detailed below:

(Thousand €)	Balance 31/12/20	Depreciation and impairment 2021	Variations	Exchange Differences	Balance 31/12/21
GROSS VALUE					
Buildings	2,479,495		274,982	34,264	2,788,741
Plant and Machinery	1,001		25	31	1,057
Other fixed assets	16,289		5,813		22,102
Total Gross Value	**2,496,785**	**0**	**280,820**	**34,295**	**2,811,900**
ACCUMULATED DEPRECIATION					
Buildings	(1,296,161)	(142,142)	77,327	(4,957)	(1,365,933)
Plant and Machinery	(591)	(131)		(9)	(731)
Other fixed assets	(13,115)	(3,021)			(16,136)
Total Accumulated Depreciation	**(1,309,867)**	**(145,294)**	**77,327**	**(4,966)**	**(1,382,800)**
NET CARRYING VALUE	1,186,918	(145,294)	358,146	29,330	1,429,100

Variations mainly relate to the incorporation of two hotels in United Kingdom for the amount of EUR 58.1 million, one in Luxembourg for the amount of EUR 19.6 million, one in Germany for the amount of EUR 109 million and one in Spain for the amount of EUR 52 million.

In relation to the hotel incorporated in Spain, and following the sustainability commitment, energy self-efficiency and use of renewable sources have been implemented. Thus, domestic hot water in this hotel is produced by using the hotel energy obtained through heat recovery from air conditioning systems, and the swimming pool in the rooftop has been heated for the winter season. Likewise, in this hotel there are solar panels installed which will provide energy, thus reducing the environmental impact of the building and its carbon footprint.

During the year, the early derecognition of two hotels leased in Spain was carried out, representing a decrease in the value of the Right of use for the amount of EUR 3.7 million.

In addition, several contractual amendments were carried out, which increased the value in the Right of use by EUR 123 million, of which EUR 90.6 million were made in Spain and 26.6 in Germany. Such contractual amendments include maturity extensions of certain contracts and renegotiations of lease payments.

Exchange differences are due to the appreciation of the British pound and the US dollar against the euro, and mainly affect four hotels located in the United Kingdom and one hotel located in the USA.

For comparison purposes, the movements in 2020 were as follows:

(Thousand €)	Balance 31/12/19	Depreciation and impairment 2020	Variations	Exchange Differences	Balance 31/12/20
GROSS VALUE					
Buildings	2,378,295		163,901	(62,701)	2,479,495
Plant and Machinery	639		363		1,001
Other fixed assets	16,169		120		16,289
Total Gross Value	**2,395,102**	**0**	**164,384**	**(62,701)**	**2,496,785**
ACCUMULATED DEPRECIATION					
Buildings	(1,133,502)	(222,540)	21,158	38,723	(1,296,161)
Plant and Machinery	(464)	(130)		4	(591)
Other fixed assets	(9,881)	(3,235)			(13,115)
Total Accumulated Depreciation	**(1,143,847)**	**(225,905)**	**21,158**	**38,726**	**(1,309,867)**
NET CARRYING VALUE	1,251,255	(225,905)	185,542	(23,975)	1,186,918

Variations were mainly related to the incorporation of one hotel in Amsterdam for the amount of EUR 78.1 million, and other in Italy for the amount of EUR 18.4 million, as well as several contractual amendments which increased the value of the Rights of use by EUR 76 million. Such contractual amendments included maturity extensions of certain contracts and renegotiations of lease payments as a result of the need to adapt the lease conditions to the current situation caused by the pandemic generated by Covid-19.

Exchange differences were due to the depreciation of the British pound and the US dollar against the euro, and mainly affected two hotels located in the United Kingdom and one hotel located in the USA.

18.2. Lease Liabilities

There follows a breakdown of fixed lease payments (not discounted) expected to be made by the Company in the coming years:

(Thousand €)	2021	2020
Less than 1 year	207,149	180,064
Between 1 and 5 years	603,517	574,280
More than 5 years	1,657,793	1,405,061
TOTAL	2,468,459	2,159,405

The average term of the lease agreements is 7.76 years. In the case of hotels 9.53 years, and 3.05 years for other lease agreements. In 2020, the average term was 6.36 years, in the case of hotels was 7.70 years, and 3.17 years for other lease agreements.

For the amount above reflected, EUR 23.3 million of payments is included relating to lease agreements other than hotel lease. In 2020, the amount was EUR 23 million.

The performance of lease liabilities was as follows:

(Thousand €)	2021	2020
OPENING BALANCE	1,348,559	1,436,295
Financial expense leases	27,422	32,507
Fixed lease payments	(187,575)	(274,206)
Other variations (increases or decreases)	378,940	153,964
TOTAL	1,567,346	1,348,559

Variation in fixed payments is caused by the inclusion in the 2020 payments of EUR 91.3 million relating to the disbursement made in 2020 for the renewal of the agreement of Meliá White House hotel of the previous year.

The increase in liabilities is mainly related to the incorporation of two hotels in United Kingdom for the amount of EUR 57.1 million, one in Luxembourg for the amount of EUR 19.6 million, one in Germany for the amount of EUR 109 million and one in Spain for the amount of EUR 52 million.

During the year, the early derecognition of two centres in Spain were carried out, representing a decrease in liabilities for the amount of EUR 3.7 million.

In addition, several contractual amendments which increased the value in liabilities by EUR 123 million, of which EUR 90.6 million were made in Spain and 26.6 in Germany. Such contractual amendments include maturity extensions of certain leases and renegotiations of lease payments.

Translation differences included under heading Other increases/decreases, which have increased the amount of liabilities by EUR 21.8 million are due the appreciation of the British pound and the US dollar against the euro, and mainly affect four hotels located in the United Kingdom and one hotel located in the USA.

Other payments not included in lease liabilities

As mentioned in Note 2, the Company decided to avail of low value and short-term exemptions. The amount relating to this type of agreements, as well as the expenses relating to the variable lease payments not included in the measurement of lease liabilities are included below:

(Thousand €)	2021	2020
Variable leases	5,348	664
Short-term leases	2,125	2,162
Low value leases	3,240	3,305
TOTAL	10,713	6,130

Under Variable leases item, the portion of the lease payment which depends on indexes or rates based on the performance of the hotels is included, as well as the lease payment of one hotel agreement which is fully variable and, therefore, is not included within the calculation of lease liabilities.

The Group has entered into several lease agreements of hotels which opening is planned for future years. There follows a breakdown of the disbursements planned for fixed lease payments included in such contracts:

(Thousand €)	2021	2020
Less than 1 year		5,941
Between 1 and 5 years	6,990	47,353
More than 5 years	1,250	280,175
TOTAL	8,240	333,470

Note 19. Trade Creditors and Other Payables

The breakdown of this heading at the end of 2021 and 2020 is as follows:

(Thousand €)	31/12/2021	31/12/2020
Trade creditors	252,959	202,762
Other payables	113,697	90,572
TOTAL	366,656	293,334

The balance of trade creditors includes any payables to suppliers of goods, supplies and other services pending payment and/or for which the invoices have not yet been received, which at the end of the year amounted to EUR 205.4 million. At the previous year end, this balance amounted to EUR 161.7 million.

Likewise, this heading mainly includes prepayments from customers in the hotel business, which, at the end of 2021 amounted to EUR 47.5 million; EUR 41 million at the end of 2020.

In addition to the activity reduction since the beginning of the pandemic, the Group has renegotiated fees with strategic suppliers as part of the policy for the management of the current crisis, maintaining the relationship with key suppliers which guarantee the business continuity while adapting to the liquidity limitation as a consequence of the pandemic.

19.2. Other Payables

The main items included in Other payables are set out below:

(Thousand €)	31/12/2021	31/12/2020
Accruals and deferred income	3,987	1,963
Accrued wages and salaries	58,654	37,739
Taxes payable	23,975	14,972
Social security contributions payable	10,109	7,467
Trade payables, associates	15,260	26,768
Other liabilities	1,712	1,662
TOTAL	113,697	90,572

These balances relate to commercial transactions carried out by the Group. Payables to associates are included in section Commercial transactions in Note 21.

Note 20. Tax Situation

The companies within the Group are subject to the tax legislation applicable in the countries in which they carry out their activities. Current tax regulations in some of these countries do not coincide with the Spanish regulations. As a consequence of the above, the information included in this note should be construed in the light of the peculiarities of the applicable tax regulations for the benefit of legal entities, with reference to applicable tax bases, tax rates and deductions.

20.1. Years Open to Inspection

According to the legal provisions in force, tax returns may not be considered to be final until they have been inspected by the tax authorities or the statute of limitations period has elapsed, which may be extended by administrative procedure.

In this respect, the years open to inspection in the various countries in which the Group operates are as follows:

	Corp. Inc. Tax	Personal Income Tax	VAT	I.G.I.C. [general indirect Canaries tax]	I.R.A.P. [Italian regional tax on productive activities]	PIS/COFINS [social integration programme/contribution for the financing of social security]
Spain	2018-2021	2019-2021	2019-2022	2019-2022		
France	2019-2021	2020-2022	2020-2022			
England	2016-2021	2017-2022	2017-2022			
Italy	2016-2021	2017-2022	2017-2022		2016-2021	
Germany	2012-2021	2013-2022	2013-2022			
Holland	2018-2021	2018-2022	2018-2022			
China	2017-2021	2018-2022	2018-2022			
USA	2019-2021					
Mexico	2016-2021		2018-2022			
Dominican Rep.	2019-2021		2018-2022			
Venezuela	2017-2021	2018-2022	2018-2022			
Brazil	2017-2021	2018-2022				2018-2022

20.2. Deferred Tax Assets and Liabilities

The balance details of the Group's deferred tax assets and liabilities in 2021 and 2020 is as follows:

(Thousand €)	Balance sheet	
	31/12/2021	31/12/2020
Non-current deferred tax asset is as follows:		
Tax credits activated by deductions pending application	6,516	6,582
Tax credits activated by tax bases pending offset	70,405	53,793
Temporary differences for:		
Tax value of Tryp goodwill	4,570	8,379
Cash flow hedges (SWAP)	361	1,172
Tax deductible provisions at the payment time or when liability is generated	54,934	53,294
Different criteria for tax and accounting depreciation	12,298	12,837
Inter-group results elimination	6,689	3,470
Financial expenses not deducted	24,930	27,297
Accounting (non-tax) revenues to be distributed over several years	76,129	72,703
Leases	70,317	70,548
Other	2,248	7,160
TOTAL ASSETS	**329,397**	**317,235**
Non-current deferred tax liability is as follows:		
Fair values in business combinations	24,234	27,055
Finance lease operations	10,812	13,140
Fixed assets restatement and revaluation	57,596	63,735
Property investments fair value adjustment	15,396	15,589
Differences in accounting and tax values of assets	6,660	9,959
Accounting revaluation for merger	2,389	2,433
Sales under reinvestment deferral	3,644	3,791
Accounting (non-tax) expenses to be distributed over several years	9,148	10,134
Leases	839	1,120
Other	52,058	45,914
TOTAL LIABILITIES	**182,776**	**192,870**

Deferred taxes recognised in 2021 and 2020 by the Group are as follows:

(Thousand €)	Deferred tax Assets	Deferred tax Liabilities
BALANCE 31/12/2019	**297,297**	**221,888**
Expenses / Income of the period	46,977	(2,651)
Translation differences and others	(27,039)	(26,367)
BALANCE 31/12/2020	**317,235**	**192,870**
Expenses / Income of the period	4,349	(19,003)
Translation differences and others	7,813	8,909
BALANCE 31/12/2021	**329,397**	**182,776**

Deferred tax assets and liabilities are calculated considering the future changes in the tax rate approved in all geographic areas.

20.3. Tax Credits for Loss Carryforwards

The tax loss carryforwards of the companies within the Group, detailed by geographic area and maturity date, are detailed below:

(Thousand €)	2,022	2023-2027	2028-2034	Subsequent years	Total 31/12/2021
Spain				621,740	621,740
Rest of Europe				240,011	240,011
America and rest of the world			32,994	21,444	54,438
TOTAL			**32,994**	**883,195**	**916,189**

Within the Rest of Europe area, England stands out with EUR 98.1 million, Germany with EUR 59.1 million, France with 41.1 million, Italy with EUR 27.6 million, Austria with EUR 9.1 million, the Netherlands with EUR 3 million and Luxembourg with EUR 2 million, and within America and the rest of the world, Mexico stands out with EUR 33 million and Brazil with EUR 21.4 million.

The Group's main capitalised tax losses and deferred tax assets generated are detailed below:

(Thousand €)	31/12/2021	
	Capitalised Tax Losses	Deferred Tax Assets
Spain	132,625	33,156
United Kingdom	59,124	18,456
Germany	30,321	5,761
Mexico	29,940	8,982
Italy	13,830	3,319
Holland	3,000	731
TOTAL	268,840	70,405

For comparison purposes, the tax loss carryforwards detailed by geographic area and maturity date at the 2020 year end are detailed below:

(Thousand €)	2021	2022-2026	2027-2033	Subsequent years	Total 31/12/2020
Spain				588,308	588,308
Rest of Europe				172,002	172,002
America and rest of the world			28,504	19,050	47,554
TOTAL	0	0	28,504	779,360	807,864

The Group's main capitalised tax losses and deferred tax asset for the previous year are detailed below:

(Thousand €)	31/12/2020	
	Capitalised Tax Losses	Deferred Tax Assets
Spain	89,669	22,417
United Kingdom	45,065	8,562
Germany	42,378	13,487
Mexico	28,028	8,408
Italy	3,830	919
TOTAL	208,970	53,793

20.4. Tax Credits

The Group's available tax credits, by geographic areas and maturity, are detailed below:

(Thousand €)	2,022	2023-2027	2028-2034	Subsequent years	Total 31/12/2021
Spain		3,008	5,693	5,158	13,859
Rest of Europe	166	1,063			1,229
TOTAL	166	4,071	5,693	5,158	15,088

Accumulated tax credits at year end in the Rest of Europe entirely relate to France.

43.19% of tax credits have their corresponding deferred tax asset duly recognised.

For comparison purposes, available tax credits by geographic area and maturity date, at the 2020 year end are detailed below:

(Thousand €)	2021	2022-2026	2027-2033	Subsequent years	Total 31/12/2020
Spain		3,051	4,324	4,948	12,323
Rest of Europe	166	1,063			1,229
TOTAL	166	4,114	4,324	4,948	13,552

The information set out in Article 86 of Law 27/2014 of 27 November on Corporate Income Tax applicable to mergers and divisions of business lines carried out in previous years is included in the first notes to the annual accounts approved following each of these operations and is summarised as follows:

- Inmotel Inversiones, S.A.: 1993, 1996, 1997 and 1998
- Meliá Hotels International, S.A.: 1999, 2001, 2005, 2009 and 2012.
- Prodigios Interactivos, S.A.: 2019

20.5. Reconciliation of the Consolidated Accounting Income and the Aggregated Tax Base

(Thousand €)	2021	2020
Consolidated Net Income	**(197,859)**	**(612,721)**
Income tax expense	(19,531)	(51,050)
Adjustments for impairment and provisions	(31,976)	201,772
Finance lease transactions	8,076	1,254
Non-deductible expense/income	(3,193)	42,965
Exchange differences	(22,440)	(26,277)
Inflation adjustments	52,080	15,136
Other adjustments	120,490	19,792
PREVIOUS TAXABLE INCOME	(94,353)	(409,129)
Offset of tax-loss carryforwards	(7,523)	
Tax losses not recognised	(3,485)	(933)
GROSS TAX BASE	(105,361)	(410,062)
TAX EXPENSE AT RATE APPLICABLE BY LAW (25%)	0	0
Effect of tax rate applicable in other countries		0
CORPORATE INCOME TAX FOR THE PERIOD	3,201	1,923

The Group's tax expense is zero and the income tax expense which amounts to EUR 3.2 million relates to the current tax of certain foreign subsidiaries which have not generated tax losses.

20.6. Income Tax Expense

The table below reflects the amounts recorded as an expense for the fiscal years 2021 and 2020, the balances being detailed by items, and differentiating between current tax and deferred tax:

(Thousand €)	2021	2020
	Expense / (Income)	Expense / (Income)
Current Tax		
Income tax for the period	3,201	1,923
Other taxes for the fiscal year	1,068	(2,113)
Adjustments to income tax of prior years	(448)	(1,231)
Deferred Tax		
Net variation in credits for tax losses	(16,125)	(25,446)
Net variation in tax credits	75	12
Other deferred tax	(7,302)	(24,195)
TOTAL INCOME TAX EXPENSE	(19,531)	(51,050)

The heading Other taxes for the fiscal year relates to taxes similar to the income tax as well as other taxes in developing countries based on income or assets.

All Adjustments to income tax in fiscal years prior to 2021 and 2020, relate to changes between the final tax and the tax estimate made during the previous year.

20.7. Status of the Main Tax Inspections and Litigation

The main inspections and litigation processes of a tax nature for the Group which could have a negative impact on the Group, take place in America. In particular, the following stand out:

- Commencement of a tax audit and investigation regarding the Corporate Income Tax from 2017 to 2019 and the Value Added Tax and withholdings and income on account for the period between November 2017 and December 2019 initiated in respect of the tax group headed by Meliá Hotels International S.A.
- Litigation in Mexico in relation to Income Tax assessments for 2012 issued against Corporación Hotelera Hispano Mexicana, S.A. de C.V. The purpose of the process is the adequacy of the documentary evidence to prove and apply certain tax losses. The figures under discussion amount to MXN 481 million (EUR 20.7 million).
- Litigation in Mexico in relation to Income Tax assessments for 2015 issued against Operadora Mesol, S.A. de C.V. The purpose of the process is the adequacy of the documentary evidence to prove and apply certain consultancy costs. The figures under discussion amount to MXN 27 million (EUR 1.1 million).
- Inspection in process in the Dominican Republic for Income Tax assessments for 2018 and 2019 issued against Infinity Vacations Dominicana SAS. The purpose of the inspection focuses on the application of certain tax incentives for investment. The figures under discussion amount to DOP 1,144 (EUR 17.6 million).

The Group has adequately made provisions for any liabilities which may arise from the existing tax inspections and litigation. However, as a result, among others, of the different interpretations of the current legislation, additional liabilities may arise from an inspection. The Group assesses the uncertain tax treatments and reflects the effect of the uncertainty on the taxable profit (tax loss), tax bases, unused tax losses or unused tax credits and the corresponding tax rates. On this account, the Group has recognised an amount of EUR 25.7 million under Other deferred tax liabilities.

Note 21. Information on Related Parties

The following are considered to be related parties:

- Associates and joint ventures that are accounted for using the equity method, as detailed in Annex 2 of the notes to these annual accounts
- Significant shareholders of the controlling company.
- Members of the Board of Directors and members of the SET.

All transactions with related parties are arm's length transactions under market conditions.

21.1. Transactions with Associates and Joint Ventures

Commercial transactions

Commercial transactions carried out with associates and joint ventures mainly relate to hotel management activities and other related services. The table below shows the amount recognised in operating revenues in the consolidated income statement, and the balances outstanding at the end of 2021 and 2020:

(Thousand €)	31/12/2021			31/12/2020		
	Net Income 2021	Assets	Liabilities	Net Income 2020	Assets	Liabilities
Evertmel Group (*)	47	324	13,156	107	(479)	9,363
Meliá Zaragoza, S. L.	3,190			205	621	24
Producciones de Parques, S.L. (JV)	1,127	1,521	193	932	605	264
Melcom Group (*)	(596)	14		40	755	11,136
Altavista Hotelera, S. L.	32	486	10	28	456	3,947
Fourth Project 2012, S.L.	23	31		31	11	197
Meliá Hotels USA, LLC		(360)		(65)	324	
Sierra Parima	50	11		72	10	39
Jamaica DevCo	49	1,693	1,454	37	1,080	717
TOTAL JOINT VENTURES	3,922	3,719	14,813	1,386	3,383	25,689
Turismo de Invierno, S.A.	183	813	86	225	820	21
C.P. Meliá Castilla	1,192	1,564	25	834	991	90
C.P.A.M.Costa del Sol	1,279	330	34	547	1,213	211
Nexprom, S.A.	1,087	449	20	391	881	114
Starmel Group (*)	1,443	1,488	121	1,037	1,084	255
Renasala Group (*)	1,629	3,836	154	1,168	1,519	384
Plaza Puerta del Mar	227			53		
Mosaico Hoteles S.A.					752	
Inversiones Guiza, S. A.	(15)	14	6	(14)	12	3
Detur Panamá, S. A.	5	(79)	2	66	(102)	1
TOTAL ASSOCIATED COMPANIES	7,031	8,415	448	4,309	7,169	1,080
TOTAL	10,953	12,134	15,260	5,695	10,552	26,768

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L. and Kimel S.L.
Producciones de Parques Group which compprises the companies Producciones de Parques, S.L., Tertian XXI S.L.U. and Golf Katmandú,S.L.
Grupo Starmel which compprises the companies Starmel Hotels JV, S.L, Starmel Hotels OP 2 S.LU, Fuerteventura Beach Property, S.L.U. and Santa Eulalia Beach Property, S.L.U.
Renasala Group which comprises the companies Renasala,S.L, Starmel Hoteles OP, S.L.U, Torremolinos Beach Property, S.L.U, Palmanova Beach Property, S.L.U. Puerto del Carmen Beach Property, S.L.U. San Antonio Beach Property, S.L.U.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc. and Melia Hotels Florida Llc.
El Recreo Group which comprises the companies El Recreo Plaza, C.A. and El Recreo Plaza & Cía.
Melcom Group which comprises the companies Sistemas Ribey Cloud,S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.

The main changes during the year to trading liabilities relate to the payment of invoices for the lease of hotels that are operated by the Group and owned by associates or joint ventures.

Financing transactions

The breakdown of the financing maintained by the Group with associates at the end of 2021 and 2020 is as follows:

(Thousand €)	31/12/2021			31/12/2020		
	Net Income 2021	Assets	Liabilities	Net Income 2020	Assets	Liabilities
Evertmel Group (*)	(2,063)	17,173	17,040	779	20,779	15,977
Meliá Zaragoza, S. L.				189	11,442	
Altavista Hotelera, S. L.	220	17,796	2	219	13,920	
Grupo Melcom (*)	861	36,565	1,052	864	37,368	1,082
Producciones de Parques Group (*)			2,021			631
Fourth Project 2012, S.L.	(120)		4,409	(139)		6,641
Melia Hotels USA Group (*)	397	3,637		(266)	3,258	
Sierra Parima	(23)	155		759		
Jamaica DevCo	698	24,427		288	24,335	
TOTAL JOINT VENTURES	**(31)**	**99,753**	**24,524**	**2,694**	**111,102**	**24,331**
Turismo de Invierno, S.A.				3		41
C.P. Meliá Castilla			3			77
C.P.A.M.Costa del Sol			35			317
Nexprom, S.A.		5				146
Starmel Group (*)	686	6,629	1,917	716	6,073	360
Renasala Group (*)	1,000	20,226	2,609	1,002	20,228	233
Mosaico Hoteles S.A.					498	
Detur Panamá, S. A.	228	732		(139)	2	
TOTAL ASSOCIATED COMPANIES	**1,914**	**27,592**	**4,564**	**1,583**	**26,801**	**1,173**
TOTAL	**25,606**	**127,345**	**29,088**	**4,277**	**137,903**	**25,504**

(*) Companies pertaining to the same business line are jointly presented:
Evertmel Group which comprises the companies Evertmel, S.L, Mongamenda S.L. and Kimel S.L.
Producciones de Parques Group which comprises the companies Producciones de Parques, S.L., Tertian XXI S.L.U. and Golf Katmandú,S.L.
Grupo Starmel which compprises the companies Starmel Hotels JV, S.L, Starmel Hotels OP 2 S.LU, Fuerteventura Beach Property, S.L.U. and Santa Eulalia Beach Property, S.L.U.
Renasala Group which comprises the companies Renasala,S.L., Starmel Hotels OP,S.LU, Torremolinos Beach Property ,S.L.U, Palmanova Beach Property, S.L.U, Puerto del Carmen Beach Property, S.L.U, San Antonio Beach Property. S.L.U.
Melia Hotels USA, LLC Group which comprises the companies Melia Hotels USA,Llc. and Melia Hotels Florida Llc.
Melcom Group which comprises the companies Sistemas Ribey Cloud,S.L., Pelícanos Property, S.L.U., Bellver Property, S.L.U. and Melcom Joint Venture S.L.

At each year end, interest is calculated on the average balance of the current accounts, including debit or credit balances, depending on the special circumstances of each joint venture or associate, and the return thereof is made according to the needs. These balances accrue interest at market rates, which is settled annually based on the daily balance of the account. The interest rate applied in 2021 and 2020 was 2%.

Lease transactions

The amounts corresponding to lease agreements with associates and joint ventures are broken down below. Lease payments are included withfor the amount reflected in column Net Income, including the variable amounts, if any, which are not discounted in calculating lease liabilities.

(Thousand €)	31/12/2021		31/12/2020	
	Net Income 2021	Liabilities	Net Income 2020	Liabilities
Evertmel, S. L. (JV)	(7,342)	48,619	(7,546)	54,213
Altavista Hotelera, S. L.	(3,380)	22,375	(3,473)	27,004
Grupo Melcom (*)	(11,403)	33,131	(7,466)	6,688
Fourth Project 2012, S.L.	(2,218)	16,572	(2,396)	19,051
Jamaica DevCo	(736)	8,140	(745)	8,829
TOTAL JOINT VENTURES	**(25,079)**	**128,837**	**(21,625)**	**115,785**

Guarantees and deposits

At the end of 2021, the Group has deposits with associates or joint ventures for the amount of EUR 0.7 million.

In 2020, the main deposits with associates and joint ventures were as follows:

The Group acted as joint and several guarantor in the mortgage loan granted by Banco Santander to Melia Zaragoza S.L. The outstanding amount at the end of the fiscal year amounted to EUR 7.3 million. In addition, other deposits with associates continued to be registered for the amount of EUR 0.9 million.

21.2. Transactions with Significant Shareholders

Balances by type of transaction carried out with significant shareholders are as follows:

(Thousand €)	Transaction type	2021	2020
Tulipa Inversiones 2018, S.A.	Services rendered	213	525
Tulipa Inversiones 2018, S.A.	Leases	139	91
TOTAL		352	616

21.3. Transactions with Executives and Members of the Board of Directors

Board meeting and committee attendance fees paid to the directors in 2021 and 2020 were as follows:

(Thousand €)	2021	2020
External independent directors	525	470
Mr. Luis María Díaz de Bustamante y Terminel	107	104
Mr. Fco Javier Campo García	119	107
Mr. Fernando D´Ornellas Silva	111	110
Mrs. Carina Szpilka Lazaro	95	83
Mrs. Mª Cristina Henriquez de Luna	78	68
Mrs. Cristina Aldamiz-Echevarría de Dura	16	
Proprietary directors	217	208
Mr. Gabriel Escarrer Julia	43	54
Mrs. María Antonia Escarrer Jaume	37	
Mr. Sebastián Escarrer Jaume		11
Holeles Mallorquines Consolidados S.A.	28	68
Holeles Mallorquines Asociados S.A.	54	54
Hoteles Mallorquines Agrupados S.L.	54	22
Other external director	38	77
(*) Mr. Juan Arena de la Mora	38	77
Executive director	54	54
Mr. Gabriel Juan Escarrer Jaume	54	54
TOTAL	834	809

(*) Mr. Juan Arena de la Mora was an External Independent Director in 2020.

In 2020, the External Proprietary Director, Mr. Sebastián Escarrer Jaume resigned and Hoteles Mallorquines Agrupados S.L. was appointed in his place as External Proprietary Director, with Mr. Jose Maria Váquez- Pena being its natural person representative.

Remuneration of executive directors and members of the senior management in 2021 and 2020, considering accrued amounts, was as follows:

(Thousand €)	2021		2020	
	Fixed Remuneration	Variable Remuneration	Fixed Remuneration	Variable Remuneration
Executive directors	694	457	578	
Mr. Gabriel Juan Escarrer Jaume	694	457	578	
High direction	1,759	837	1,467	
TOTAL	2,453	1,294	2,045	

In addition, the amount of EUR 84 thousand was accrued by the Executive Director in 2021 relating to long-term savings systems and other items. The amount accrued for these items in 2020 amounted to EUR 85 thousand.

In line with best Corporate Governance practices and given the current economic situation, the following measures as regards remuneration have been adopted:

The Vice Chairman & Chief Executive Officer, as well as the SET (Senior Executive Team), continued with a reduction in their fixed remuneration by 25% during the first half of 2021 (from January to May 2021).

By the same token, the remuneration of the members of the Board of Directors for attendance at the Delegated Committees (attendance fees) was reduced by 50% during the first half of 2021.

The long-term remuneration scheme of the Chief Executive Officer was suspended in 2021. However, the Board of Directors, at the proposal by the Appointments, Remuneration and CSR, set the objectives of short-term variable remuneration of the CEO in the second half of the year.

The Company has not assumed any obligation and has not granted any advance payment or loans to directors. On the other hand, the Group has arranged a civil liability policy (D&O) for the Group’s directors and executives, under the terms and conditions that are common in insurance policies of this nature, with a premium for 2021 of EUR 282,359; EUR 250,000 in 2020. There are no share-based payments.

Note 22. Contingent Assets and Liabilities

The Group has commitments with third parties in respect of assets and liabilities not recognised in the consolidated balance sheet given the remote probability that they give rise to an outflow of economic resources or because the commitments must not be recognised in accordance with current regulations. Such contingent assets and liabilities are detailed below by amount and item.

22.1. Guarantees and Deposits

The Group secures several operations through bank guarantees and for various items, for the amount of EUR 41.4 million.

The Group has granted collateral and bank guarantees for operations undertaken by associates for the amount of EUR 0.7 million.

For comparison purposes, information for year 2020 is shown below:

The Group secured several operations through bank guarantees and for various items, for the amount of EUR 48.3 million.

The Group had granted collateral and bank guarantees for operations undertaken by associates for the amount of EUR 8.1 million.

22.2. Other Contingent Liabilities

Corporación Hotelera Metor, S.A., a subsidiary which is 76% owned, is involved in a dispute with its minority shareholder, claiming that all agreements and transactions carried out with such shareholder be declared invalid. The Company has undertaken the necessary actions to ensure that the resolution of such dispute does not have a significant impact on the Group's financial statements. In addition, there is no economic assessment, since this is a dispute concerning the control and the challenging of certain corporate agreements.

Note 23. Other Information

Situations of conflicts of interest in which directors are involved:

According to the requirements of Articles 229 and 230 of the Revised Text of the Spanish Corporate Enterprises Act, the members of the Board of Directors confirmed that neither they, nor any persons with whom they have ties, as referred to in Article 231 of the aforesaid Act, carry out any activities on their own account or for third parties which may involve any effective competition, present or future, with the Company or which, in any way whatsoever, would place them in a position of permanent conflict with the interests thereof, except for the following:

The Vice Chairman and Chief Executive Officer, as well as two directors of the Company (Mr. Luis María Díaz de Bustamante y Terminel and Ms María Cristina Henríquez de Luna Basagoiti) have refrained themselves from participating in the discussions and voting of the matters considered at the meetings of the Board of Directors in relation to decisions regarding which they, or one person linked to them, had a potential conflict of interest, direct or indirect, with the Company.

Direct and indirect shareholdings controlled by the members of the Board of Directors are the following:

Shareholder / Board Member	Nr.direct and indirect voting rights	% total voting rights	Position on the Board
Mr. Gabriel Escarrer Juliá	11,874,749	5.3878%	Chairman
D. Gabriel Escarrer Jaume	166,666	0.0756%	Vice President and Chief Executive
Hoteles Mallorquines Agrupados, S.L.	23,861,289	10.8264%	Director
Hoteles Mallorquines Asociados, S.L.	30,333,066	13.7627%	Director
Mr. Jose María Vázquez Pena	42,500	0.0190%	Director
Mr. Luis Mª Díaz de Bustamante y Terminel	300	0.0001%	Secretary and Director
Mr. Alfredo Pastor Bodmer	6,000	0.0026%	Director

The Directors and persons related to them, other than those already mentioned, or persons acting on their behalf, have not undertaken during the fiscal year other transactions with the parent company or other Group companies, which fall out of the scope of the Group's ordinary course of business, or which are not based on market conditions.

Information on the deferral of payments to suppliers

The information required pursuant to 3rd additional provision of Law 15/2010, of 5th July, is included below. The table below shows the breakdown related to Meliá Hotels International, S.A. and its Spanish subsidiaries for 2021 and 2020:

(Thousand €)	2021	2020
Supplier average payment period	71.44	80.46
Ratio of transactions paid	72.89	78.46
Ratio of transactions pending payment	60.15	93.79
TOTAL PAYMENTS MADE	398,644	298,776
TOTAL OUTSTANDING PAYMENTS	50,990	44,669

Given the negative economic impact associated with the Covid-19 pandemic and the decrease in revenues, mainly because of the occupancy levels of hotel establishments and other business units, certain payment deferrals have been maintained with the Group's main suppliers, therefore, such measure has improved, although it is expected that it will continue to be reduced in the coming months thanks to the business recovery.

Audit fees

Fees for auditing the subsidiaries which are part of the consolidated annual accounts amounted to EUR 972 thousand, of which the amount of EUR 426 thousand has been invoiced by Deloitte, S.L. in Spain. At international level, Deloitte has invoiced EUR 454 thousand. The remaining amount of EUR 92 thousand relates to other audit firms. Likewise, fees invoiced during the year for other services provided to subsidiaries by other companies pertaining to the network of auditors of the consolidated annual accounts amounted to EUR 248 thousand.

In 2020, fees for auditing the subsidiaries which were part of consolidated annual accounts amounted to EUR 895 thousand, of which the amount of EUR 415 thousand was invoiced by Deloitte S.L. in Spain. At an international level, Deloitte invoiced EUR 393 thousand. The remaining amount of EUR 87 thousand related to other audit firms. Likewise, fees invoiced in 2020 for other services provided to subsidiaries by other companies pertaining to the network of auditors of the consolidated annual accounts amounted to EUR 183 thousand.

Environmental risks

The Group has taken the challenge of being an international benchmark for excellence, responsibility and sustainability in line with the society's demands for receiving a responsible and sustainable service which is committed to preserving the planet.

The Group's commitment, therefore, takes on a special significance given the nature of the activity developed and the importance of tourism in the world economy, as well as its high level of dependence on social and environmental factors, such as climate and natural resources.

In 2021, management and reporting to the recommendations of TCFD (Taskforce on Climate-related Financial Disclosures) were carried out through an in-depth assessment of the risks and opportunities arising from the climate change in 4 of our main destinations: Europe, Mexico, the Dominican Republic and the United Kingdom.

In addition, in terms of management of water resources, the Company uses the tool Aqueduct Water Risk Atlas, which allows to identify areas with higher risk of hydric stress globally, monitor our portfolio located in such areas and adopt the necessary preventive measures. Additionally, for the third consecutive year, the Group has voluntarily participated in the CDP Water Security, an internationally renowned ranking which measures water security and quality.

Likewise, and in line with the acquired commitments in terms of the environment and working towards the achievement of the goals set, the Group continues to promote improvement measures focused on prioritising renewable energy acquisition, promoting investments aimed at reducing emissions, and permanently monitoring energy and water consumptions in order to identify deviations, improvements and corrective actions.

The consolidated Management Report includes all the non-financial information with regard to environmental issues as required by Law 11/2018 of 28 December 2018.

Note 24. Events After the Reporting Date

There have been no events between the end of the reporting period and the preparation of these consolidated annual accounts which may involve any adjustments to evidence conditions that existed at the year end, and no events have taken place after the year end which could affect the capacity of the users of the Financial statements to make proper evaluations and economic decisions.

Annex 1. Subsidiaries

		COMPANIES OPERATING HOTELS	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	TOTAL
	(F1)	APARTHOTEL BOSQUE, S. A.	Camilo José Cela, 5 (Palma de Mallorca)	Spain	100.00%		100.00%
(A)		ARESOL CABOS S.A. de C.V.	Km 19,5 Ctra. Cabo San Lucas (S.Jose del Cabo)	Mexico		99.69%	99.69%
(A)		AYOSA HOTELES, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		49.00%	49.00%
(A)		BISOL VALLARTA, S. A. de C. V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico		99.68%	
						0.01%	99.69%
(A)		CALA FORMENTOR, S. A. de C. V.	Boulevard Kukulkan (Cancún)	Mexico		92.40%	
						7.29%	99.69%
(A)		CARIBOTELS DE MEXICO, S. A. de C. V.	Playa Santa Pilar, Aptdo 9 (Cozumel)	Mexico		16.41%	
						29.63%	
						53.70%	99.74%
(A)		CIBANCO SA IBM FIDEICOMISO EL MEDANO	Playa El Medano s/n, (Cabo San Lucas)	Mexico		100.00%	100.00%
	(F1)	COLÓN VERONA,S.A.	Canalejas, 1 (Sevilla)	Spain	100.00%		100.00%
		COM.PROP. SOL Y NIEVE (*)	Plaza del Prado Llano (Sierra Nevada)	Spain	93.27%		93.27%
(A)		CORP.HOT.HISP.MEX., S. A. de C. V.	Boulevard Kukulkan km.12,5 (Cancún)	Mexico		9.22%	
						90.47%	99.69%
(A)		CORP.HOTELERA METOR, S. A.	Faustino Sánchez Carrión s/n (Lima)	Peru		75.87%	75.87%
(A)		DESARROLLOS SOL, S.A.S.	Lope de Vega, 4 (Santo Domingo)	Dominica Rep.		61.79%	
						37.91%	99.69%
(A)	(F2)	HOTEL ALEXANDER, S. A. S.	20, Rue du sentier 75002 (Paris)	France		100.00%	100.00%
(A)	(F2)	HOTEL COLBERT S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00%	100.00%
(A)	(F2)	HOTEL FRANCOIS S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00%	100.00%
(A)	(F2)	HOTEL MADELEINE PALACE, S.A.S.	8, Rue Cambon 75001 (Paris)	France		100.00%	100.00%
(A)	(F2)	HOTEL ROYAL ALMA S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00%	100.00%
(A)		INFINITY VACATIONS DOMINICANA	Instal.Hotel Circle,Avda.Barceló,Bávaro (P.Cana)	Dominica Rep.	0.03%		
						99.97%	100.00%
		INNSIDE VENTURES, LLC	1029, Orange St. Wilmington (Delaware)	USA		100.00%	100.00%
(A)	(F7)	INVERS. EXP. TURISTICAS, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	54.93%		54.93%
(A)		INVERS. INMOB. IAR 1997, C. A.	Avenida Casanova con C/ El Recreo (Caracas)	Venezuela		99.69%	99.69%
(A)		INVERSIONES AGARA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dominica Rep. Dom.		99.69%	99.69%
(A)		INVERSIONES AREITO, S.A.	Avda. Barceló, s/n (Bávaro)	Dominica Rep.	64.54%		
						35.46%	100.00%
(A)	(F1)	INV. HOTELERAS LA JAQUITA, S.A.	Avda. de los Océanos, s/n (Tenerife)	Spain		28.64%	
					70.80%		99.44%
		LOMONDO Limited	Albany Street-Regents Park (Londres)	Great Britain		100.00%	100.00%
		LONDON XXI Limited	336-337 The Strand (Londres)	Great Britain		100.00%	100.00%
(A)		MELIÁ HOTELS INTERNATIONAL, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain			100.00%
		MELIA HOTELS ORLANDO, LLC.	Brickell Avenue Suite 1000, 800	USA		50.00%	50.00%
(A)	(F1)	PRODISOTEL, S.A.	Mauricio Legendre, 16 (Madrid)	Spain		100.00%	100.00%
	(F1)	REALIZACIONES TURÍSTICAS, S.A.	Mauricio Legendre, 16 (Madrid)	Spain	95.97%		
						0.30%	96.27%
(A)		S' ARGAMASSA HOTELERA S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		50.00%	50.00%
(A)		SOL MELIÁ DEUTSCHLAND, gmbh	Am Schimmersfeld 5 (Ratingen)	Germany	100.00%		100.00%
(A)		SOL MELIÁ ITALIA S.R.L.	Via Masaccio 19 (Milán)	Italy	100.00%		100.00%
(A)		SOL MELIÁ LUXEMBOURG, S.A.R.L.	1 Park Drai Eechelen, L1499	Luxembourg	100.00%		100.00%
	(F1)	TENERIFE SOL, S. A.	Playa de las Américas (Tenerife)	Spain	50.00%		
						48.13%	98.13%

		MANAGEMENT COMPANIES	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	TOTAL
	(F1)	APARTOTEL, S. A.	Mauricio Legendre, 16 (Madrid)	Spain	99.79%		99.79%
		GESMESOL, S. A.	Elvira Méndez, 10 - Edif. Bco do Brasil	Panama	100.00%		100.00%
(A)		ILHA BELA GESTAO E TURISMO, Ltd.	31 de Janeiro, 81 (Funchal - Madeira)	Portugal	100.00%		100.00%
	(F1)	MARKSERV, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Holland	51.00%		
						49.00%	100.00%
		MELIÁ BRASIL ADMINISTRACAO	Avenida Cidade Jardim, 1030 (Sao Paulo)	Brazil		20.00%	
						80.00%	100.00%
(A)		MELIÁ MANAGEMENT, S.A.	Lope de Vega, 4 (Santo Domingo)	Dominica Rep. Dom.		100.00%	100.00%
(A)		MELIA VIETNAM COMPANY LIMITED	13th Floor, Plaza Saigon Building, 39 Le Duan Street, Ben	Vietnam	100.00%		100.00%
		NEW CONTINENT VENTURES, Inc.	800 Brickell Avenue Suite 1000 (Miami)	USA		100.00%	100.00%
		OPERADORA COSTARISOL, S.A.	Avenida Central, 8 (San José)	Costa Rica	100.00%		100.00%
(A)		OPERADORA MESOL, S. A. de C. V.	Blvd. Kukulkan Km 16.5 No 1 T.5. Zona Hot (Cancún)	Mexico	100.00%		100.00%
		PT SOL MELIÁ INDONESIA	Ed.Plaza Bapindo-Menara Mandiri Lt.16	Indonesia	95.00%		
			Jl.Jend.Sudirman Kav.54-55 (Jakarta)			5.00%	100.00%
	(F1)	SOL MANINVEST, B. V.	Strawinskylaan 915 WTC, Toren A,1077 XX (Amsterdam)	Holland	100.00%		100.00%
(A)		SOL MELIÁ BALKANS EAD	Región de Primorski,Golden-Sands-Varna	Bulgaria	100.00%		100.00%
(A)		SOL MELIÁ HOTEL MANAG. SHANGHAI CO, LTD.	Suite 13-1A1,13th Floor,Hang Seng Bank Tower,1000	China	100.00%		100.00%
		SOL MELIÁ GREECE, HOTEL & TOURISTIC	14th Chalkokondili Str & 28th October str (Atenas)	Greece	100.00%		100.00%
						0.10%	
		SOL MELIÁ PERÚ, S. A.	Av. Salaberri, 2599 (San Isidro - Lima)	Peru	99.90%		100.00%

		COMPANIES WITH SUNDRY ACTIVITIES	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	TOTAL
(A)	(F1)	ADPROTEL STRAND, S.L.	Mauricio Legendre, 16 (Madrid)	Spain	50.00%	25.00%	75.00%
(A)		BAJA SERVICIOS ADMINISTRATIVOS S.A	Ctra Transpeninsular, km 19,5 (Los Cabos)	Mexico	100.00%		100.00%
	(F1)	CASINO TAMARINDOS, S. A.	Retama, 3 (Las Palmas)	Spain	100.00%		100.00%
		CREDIT CONTROL CORPORATION	Brickell Avenue, 800 (Miami)	USA	100.00%		100.00%
	(F1)	DORPAN, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
		GUARAJUBA EMPREENDIMENTOS, S.A.	Avda. Jorge Amado s/n, Bahía	Brazil	100.00%		100.00%
	(F1)	HOGARES BATLE, S.A.	Gremio Toneleros, 42 (Palma de Mca.)	Spain	51.49%		
						46.70%	98.19%
(A)	(F2)	HOTEL METROPOLITAN, S.A.S.	20, Rue du sentier 75002 (Paris)	France		100.00%	100.00%
(A)	(F1)	HOTELPOINT, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
		IMPACT HOSPITALITY V3NTURES, LLC	Celebration Place, 225 (Miami)	USA		100.00%	100.00%
		INFINITY VACATIONS S.A. DE C.V.	Bvld.Kukulcan Km 16,5 Benito Juarez (Cancún)	Mexico	0.01%		
						99.99%	100.00%
(A)		INMOBILIARIA DISTRITO CIAL., C. A.	Avda. venezuela con Casanova (Caracas)	Venezuela		89.26%	89.26%
	(F1)	MELIA EUROPE & MIDDLE EAST, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	NAOLINCO AVIATION,S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	NETWORK INVESTMENTS SPAIN, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		100.00%	100.00%
(A)	(F1)	PRODIGIOS INTERACTIVOS, S.A.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	PROYECTOS FINANCIEROS HAYMAN, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	RENÉ EGLI, S.L.U.	Playa La Barca, Pájara (Las Palmas de G.Canaria)	Spain	100.00%		100.00%
	(F1)	SECURISOL, S. A.	Avda.Notario Alemany s/n Hotel Barbados (Calviá)	Spain	100.00%		100.00%
(A)		SEGUNDA FASE CORP.	Carretera 3, Intersecc. 955 (Rio Grande)	Puerto Rico		100.00%	100.00%
(A)		SERVICIOS ARTEMISA, S.A.de C.V.	Boulevard Kukulkan Km 12 (Cancún)	Mexico	100.00%		100.00%
(A)		SERVICIOS INTEGRALES DE PERSONAL IRIS, S.A.de C.V.	Paseo de la Marina Sur (Puerto Vallarta)	Mexico	100.00%		100.00%
(A)		SERVICIOS PERSONALES ORFEO, S.A.de C.V.	Boulevard Kukulkan Km 16,5 (Cancún)	Mexico	100.00%		100.00%
(A)		SERVICIOS PITEO, S.A.de C.V.	Avda Tulum 200, Sm 4 (B.Juarez)	Mexico	100.00%		100.00%
		SOL CARIBE TOURS, S. A.	Vía Grecia - Edif. Alamanda 6B (Panamá)	Panama		100.00%	100.00%
		SOL GROUP CORPORATION	800 Brickell Avenue, Suite 1000, FL, 33131 (Miami)	USA		100.00%	100.00%
	(F1)	SOL MELIÁ EUROPE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Holland	100.00%		100.00%
		SOL MELIÁ FUNDING	Regatta Office Park West Bay Road P.O.Box 31106	Cayman Islands		100.00%	100.00%
(A)		SMVC DOMINICANA, S.A.	Lope de Vega, 4 (Santo Domingo)	Dominica Rep.		100.00%	100.00%
	(F1)	SMVC ESPAÑA S.L.	Mauricio Legendre,16 (Madrid)	Spain		100.00%	100.00%
(A)		SMVC MÉXICO, S.A de C.V.	Boluevard Kukulkan (Cancún)	Mexico		100.00%	100.00%
		SMVC PANAMÁ S.A.	Antigua escuela las Américas, Lago Gatún	Panama		100.00%	100.00%
		VACATION CLUB SERVICES INC.	Bickell Avenue, 800 (Miami)	USA		100.00%	100.00%
		HOLDING COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
(A)	(F2)	CADSTAR FRANCE, S.A.S.	12, Rue du Mont Thabor (Paris)	France		100.00%	100.00%
	(F1)	DESARROLLOS HOTELEROS SAN JUAN EXHOLD, S. L.	Sarria, 50, 08029 Barcelona	Spain		99.69%	99.69%
	(F1)	DOMINICAN INVESTMENTS, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99.69%	99.69%
	(F1)	FARANDOLE, B. V.	Eduard Van Beinumstraat, 40 1077 CZ (Amsterdam)	Holland		99.69%	99.69%
	(F1)	HOTELES SOL MELIÁ, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	INVERS. HOTELERAS LOS CABOS, S.A.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99.69%	99.69%
		INVERS. TURIST. DEL CARIBE, S. A.	Lope de Vega, 4 (Santo Domingo)	Dominica Rep	100.00%		100.00%
		MELIÁ HOTELS INTERNAT. UK LIMITED	Albany Street , Regents Park, London NW1 3UP	Great Britain	100.00%		100.00%
	(F1)	MIA EXHOL, S. A.	Sarria, 50, 08029 Barcelona	Spain	82.26%		
						17.43%	99.69%
	(F1)	NEALE EXPA SPAIN, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain		99.69%	99.69%
	(F1)	PUNTA CANA RESERVATIONS, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	SAN JUAN INVESTMENTS EXHOLD, S. L.	Sarria, 50, 08029 Barcelona	Spain		99.69%	99.69%
	(F1)	SOL GROUP, EXHOL, SL.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
(A)	(F2)	SOL MELIÁ FRANCE, S.A.S.	20 Rue du Sentier (Paris)	France	100.00%		100.00%
	(F1)	SM INVESTMENT EXHOL, S. L.	Sarria, 50, 08029 Barcelona	Spain	100.00%		100.00%
		SOL MELIA VACATION CLUB LLC.	Bickell Avenue, 800 (Miami)	USA		100.00%	100.00%
		DORMANT COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
		BEDBANK TRADING, S.A.	Rue St.Pierre, 6A (Fribourg)	Switzerland	100.00%		100.00%
		COMP. TUNISIENNE GEST. HOTELIÉRE	18 Boulevard Khézama n° 44, 4051 Sousse (Túnez)	Tunisia		100.00%	100.00%
(A)		DESARROLLADORA DEL NORTE, S. en C.	PMB 223, PO Box 43006, (Rio Grande)	Puerto Rico		49.85%	
						49.85%	99.69%
	(F1)	GEST.HOT.TURISTICA MESOL	Gremio Toneleros, 42 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	GONPONS INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
	(F1)	HOTELES SOL, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%
		INVERSIONES INVERMONT, S. A.	Av. Venezuela, Edif. T. América (Caracas)	Venezuela	100.00%		100.00%
(A)		SMVC PUERTO RICO	Sector Coco Beach, 200 Carretera 968 (Río Grande)	Puerto Rico	100.00%		100.00%
		SOL MELIA JAMAICA, LTD.	21, East Street (Kingston CSO)	Jamaica	100.00%		100.00%
		SOL MELIÁ MARROC, S.A.R.L.	Rue Idriss Al-Abkar, 4 - 1° Etage	Morocco		100.00%	100.00%
		SOL MELIÁ SERVICES, S. A.	Rue de Chantemerle (Friburgo)	Switzerland		100.00%	100.00%
	(F1)	THIRD PROJECT 2012, S. L.	Gremio Toneleros, 24 (Palma de Mallorca)	Spain	100.00%		100.00%

(A) Audited companies
(F1) Companies which comprise the consolidated tax group with Meliá Hotels International, S.A.
(F2) Companies which comprise the consolidated tax group with Sol Meliá France, S.A.S.
(F7) Companies which comprise the consolidated tax group with Inextur, S.A.
(*) Shareholding in this company is through the ownership of apartments representing 93.27% , and which are recognised under the heading property, plant and equipment.

Annex 2. Associated and Joint Ventures

		COMPANIES OPERATING HOTELS	REGISTERED OFFICE	COUNTRY	DIR.HOLD.	IND.HOLD.	TOTAL
(A)		C.P.APARTOTEL M.CASTILLA (*)	Capitán Haya, 43 (M adrid)	España	32.14%		
						0.09%	32.23%
		C.P.APARTOTEL M.COSTA DEL SOL (*)	Paseo Marítimo 11 (Torremolinos)	España	3.29%		
						18.75%	22.04%
		DETUR PANAMÁ S. A.	Antigua Escuela Las Américas (Colón)	Panamá	49.93%		49.93%
(A)		NEXPROM, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	España	17.50%		
						2.50%	20.00%
		PLAZA PUERTA DEL MAR, S.A.	Plaza Puerta del Mar, 3 (Alicante)	España	12.60%		
						7.81%	20.41%
(A)	(F5)	PRODUCCIONES DE PARQUES, S.L. (JV)	Avda. P.Vaquer Ramis , s/n (Calviá)	España	50.00%		50.00%
(A)	(F3)	STARMEL HOTELS OP, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30.00%	30.00%
(A)	(F4)	STARMEL HOTELS OP 2, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		20.00%	20.00%
(A)	(F5)	TERTIAN XXI, S.L.U. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		50.00%	50.00%
		TURISMO DE INVIERNO, S.A.	Plaza Pradollano, s/n Sierra Nevada (Granada)	España	21.42%		21.42%
		OWNER COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
(A)	(F7)	ALTAVISTA HOTELERA, S.L.	Avda. Pere IV, 272 (Barcelona)	España	7.55%		
						41.19%	48.74%
(A)	(F8)	BELLVER PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	España		50.00%	50.00%
		EL RECREO PLAZA & CIA., C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Carac as)	Venezuela		1.00%	
						18.94%	19.94%
(A)	(F6)	EVERTMEL, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España	49.00%		49.00%
(A)		FOURTH PROJECT 2012, S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	España		50.00%	50.00%
(A)	(F4)	FUERTEVENTURA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		20.00%	20.00%
		MELIA HOTELS FLORIDA, LLC. (JV)	Brickell Avenue Suite 1000, 800	EE.UU.		50.00%	50.00%
	(F6)	MONGAMENDA, S.L. (JV)	Alexandre Rosselló, 15 (Palma de Mallorca)	España		49.00%	49.00%
(A)	(F3)	PALMANOVA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30.00%	30.00%
(A)	(F8)	PELÍCANOS PROPERTY, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	España		50.00%	50.00%
(A)	(F3)	PUERTO DELCARMEN BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30.00%	30.00%
(A)	(F3)	SAN ANTONIO BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30.00%	30.00%
(A)	(F4)	SANTA EULALIA BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		20.00%	20.00%
(A)	(F3)	TORREMOLINOS BEACH PROPERTY, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		30.00%	30.00%
		COMPANIES WITH SUNDRY ACTIVITIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
	(F5)	GOLF KATMANDU, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		50.00%	50.00%
(A)		INVERSIONES GUIZA, S. A.	Avda. Lope de Vega, 4 (Sto. Domingo)	Rep. Dom.		49.84%	49.84%
(A)		JAMAICA DEVCO S.L.	Gremio Toneleros, 24 (Palma de Mallorca)	España	49.00%		49.00%
	(F6)	KIMEL MCA, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España		49.00%	49.00%
(A)		SIERRA PARIMA, S.A.	Avda. Barceló, s/n (Bávaro)	Rep.Dom.	50.00%		50.00%
		DORMANT COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
		HELLENIC HOTEL MANAGEMENT	Panepistimiou, 40 (Atenas)	Grecia	40.00%		40.00%
		YAGODA INVERSIONES, S.L.U.	Gremio Toneleros, 24 (Palma de Mallorca)	España		50.00%	50.00%
		HOLDING COMPANIES	**REGISTERED OFFICE**	**COUNTRY**	**DIR.HOLD.**	**IND.HOLD.**	**TOTAL**
		EL RECREO PLAZA, C.A. (JV)	Avda.Fco.de Miranda Torre Oeste,15 Of.15(Caracas)	Venezuela		19.94%	19.94%
		HOMASI, S.A.	C/ Cavanilles 15,Pl.baja (Madrid)	España	34.99%		34.99%
	(F8)	MELCOM JOINT VENTURE (JV)	C/ Recoletos 3, 1° (Madrid)	España	50.00%		50.00%
		MELIA HOTELS USA, LLC. (JV)	Brickell Avenue Suite 1000, 800	EE.UU.		50.00%	50.00%
		MOSAICO HOTELES, S. A.	C/ cavanilles, 15 - Bajo Madrid 28000	España	20.00%		20.00%
		PROMEDRO, S. A. (JV)	Avda. del Lido s/n (Torremolinos)	España	20.00%		20.00%
(A)	(F3)	RENASALA, S.L. (JV)	Zurbarán, 9 (Mad rid)	España	30.00%		30.00%
	(F8)	SISTEMAS RIBEY CLOUD, S.L.U. (JV)	C/ Recoletos 3, 1° (Madrid)	España		50.00%	50.00%
(A)	(F4)	STARMEL HOTELS JV, S.L. (JV)	Gremio Toneleros, 24 (Palma de Mallorca)	España	20.00%		20.00%

(A) Audited companies
(JV) Joint Ventures
(F3) Companies which comprise the consolidated tax group with Renasala, S.L.
(F4) Companies which comprise the consolidated tax group with Starmel Hoteles JV, S.L.
(F5) Companies which comprise the consolidated tax group with Producciones de Parques, S.L.
(F6) Companies which comprise the consolidated tax group with Evertmel, S.L.
(F7) Companies which comprise the consolidated tax group with Inextur, S.A.
(F8) Companies which comprise the consolidated tax group with Grupo Melcom

(*) Shareholding in these companies is through the ownership of apartments representing 32.23% and 22.04%, respectively, and which are recognised under the heading Investment property.

Preparation of the Consolidated Management Report and Consolidated Annual Accounts for 2021

The Board of Directors of Meliá Hotels International, S.A., in compliance with the commercial regulations in force, on 28 February 2022 prepared the Consolidated Annual Accounts and Consolidated Management Report for 2021, following the format and labelling requirements set out in the Delegated Regulation EU 2019/815 of the European Commission.

The members comprising the Board of Directors of Meliá Hotels International, S.A. by means of this Statement hereby sign these Consolidated Annual Accounts and the Consolidated Management Report for 2021 prepared unanimously, for verification by the auditors and subsequent approval by the General Shareholders' Meeting.

Signed Mr. Gabriel Escarrer Juliá
Chairman

Signed Ms Cristina Henríquez de Luna Basagoiti
Director

Signed Mr. Gabriel Escarrer Jaume
Vice Chairman and Chief Executive Officer

Signed Hoteles Mallorquines Agrupados, S.L.
(Represented by Mr. José Mª Vázquez-Pena Pérez)
Director

Signed Mr. Juan Arena de la Mora
Director

Signed Ms Mª Antonia Escarrer Jaume
Director

Signed Mr. Fernando d'Ornellas Silva
Director

Signed Mr. Francisco Javier Campo García
Director

Signed Hoteles Mallorquines Asociados, S.L.
(Represented by Mr. Alfredo Pastor Bodmer)
Director

Signed Ms Carina Szpilka Lázaro
Director

In witness whereof, this Statement is signed by all the Board members who comprise the Board of Directors of the Company.

Signed Mr. Luis Mª Díaz de Bustamante y Terminel
Secretary and Director

Meliá Hotels International, S.A. and its subsidiaries

Independent assurance report of the Non-Financial Information included in the 2021 Management Report of Meliá Hotels International, S.A. and its Subsidiaries for the year ended on December 31st in 2021

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Deloitte.

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of Meliá Hotels International, S.A.:

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the non-financial information included in the Management Report (hereinafter, MR) of Meliá Hotels International, S.A. and its Subsidiaries (hereinafter Meliá), for the year ended on December 31st in 2021.

The MR includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their core option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to the verification of the information identified in the table of "Non-financial and diversity information requirements (Law 11/2018)", Annex of the MR "GRI Standards table of contents" and Annex "EU Taxonomy eligibility report" of the MR (hereinafter the Annexes of the MR).

Responsibilities of the Directors

The preparation and content of Meliá's MR are the responsibility of the Board of Directors of Meliá Hotels International, S.A. The non-financial information included in the Annexes of the MR was prepared in accordance with the content specified in current Spanish corporate legislation, in accordance with GRI standards in their core option.

The responsibilities of the Board of Directors also include the design, implementation, and maintenance of such internal control as is determined to be necessary to enable the Annexes of the MR to be free from material misstatement, whether due to fraud or error.

The Directors of Meliá are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the Annexes of the MR is obtained.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in the International Standard on Assurance Engagements 3000 Revised in force, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also substantially lower.

Our work consisted in requesting information from management and the various units of Meliá that participated in the preparation of the Annexes of the MR, reviewing the processes used to compile and validate the information presented on them and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Meliá personnel to understand the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.

- Analysis of the scope, relevance and completeness of the contents included in the Annexes of the MR based on the materiality analysis performed by Meliá and described in the "Materiality Analysis" of the MR, also taking into account the contents required under current Spanish corporate legislation.

- Analysis of the processes used to compile and validate the data presented in the Annexes of the MR.

- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the "Materiality Analysis" of the MR.

- Verification, by means of sample-based review tests, of the information relating to the contents identified in Annexes to the MR, and the appropriate compilation thereof based on the data furnished by Meliá's information sources.

- Obtainment of a representation letter from the Directors and Management.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, establishes the obligation to disclose information on the manner and to what extent the activities of the business are associated with economic activities considered environmentally sustainable in relation to the objectives of climate change mitigation and climate change adaptation for the first time for year 2021 provided that the Management Report is published after 1 January 2022. Consequently, the Management Report does not include comparative information. Additionally, certain information has been incorporated for which Meliá Directors have chosen to apply the criteria that, in their opinion, best allow compliance with the new obligation and that are defined in Annex "UE Taxonomy eligibility report". Our conclusion has not been modified in relation to this issue.

Conclusion

Based on the procedures performed and the evidence obtained, no matter has come to our attention that causes us to believe that the non-financial information included in the Annexes of the Management Report of Meliá Hotels International, S.A. and its Subsidiaries, for the year ended on December 31st in 2021, was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards.

Other information

The calculation of greenhouse gas emissions (GHG) of scope 3 and the estimation of waste, given their nature, are subject to uncertainty having been performed according to the methodology and assumptions specified in the MR and in accordance with the available information. A modification in the parameters used in the estimation could impact the total amount of emissions and the carbon footprint presented.

Use and distribution

This report has been prepared in response to the requirement established in the commercial regulations in force in Spain, so it may not be suitable for other purposes and jurisdictions.

DELOITTE, S.L.

Xavier Angrill Vallés
February 28th 2022

Meliá Hotels International, S.A. and Subsidiaries

Auditor's report on the system of Internal Control over Financial Reporting (ICFR) of the Meliá Hotels International Group for 2021

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails

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AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE MELIÁ HOTELS INTERNATIONAL GROUP FOR 2021

To the Directors of Meliá Hotels International, S.A.:

As requested by the Board of Directors of Meliá Hotels International, S.A. and Subsidiaries ("the Meliá Hotels International Group") and in accordance with our proposal-letter of October 14, 2021, we have applied certain procedures to the information relating to the ICFR system included in section F of the Annual Corporate Governance Report ("ACGR") of the Meliá Hotels International Group for 2021, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Directors are responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Meliá Hotels International Group in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Meliá Hotels International Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Meliá Hotels International Group's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Meliá Hotels International Group's annual financial reporting for 2021 described in the information relating to the ICFR system. Therefore, had we applied procedures additional to those described below or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, we do not express an audit opinion in the terms provided for in that Law.

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The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Meliá Hotels International Group in relation to the ICFR system - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model ACGR established in CNMV Circular no. 5/2013, of 12 June 2013, and subsequent modifications, being the most recent CNMV Circular 3/2021 of 28 September (hereinafter, the Circulars of the CNMV).

2. Questioning of personnel responsible for the drawing up of the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning at the Meliá Hotels International Group.

3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR system descriptive information. In this regard, the aforementioned documents include reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.

4. Comparison of the information detailed in point 1 above with the knowledge on the Meliá Hotels International Group's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Meliá Hotels International Group to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.

6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements established by article 540 of the consolidated text of the corporate enterprises act Corporate Enterprises Act, and by the aforementioned CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Pablo Hurtado

28 February 2022