



IDENTIFICATION OF ISSUER

Ending date of reference financial period: 31/12/2020

CIF: A78304516

Registered name: MELIÁ HOTELS INTERNATIONAL S.A.

Registered office: GREMIO DE TONELEROS, 24, POL. IND. SON CASTELLO (PALMA DE MALLORCA) BALEARES

A. Capital Structure

A.1 Complete the following table on the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
01/09/2020	44,080,000.00	220,400,000	220,400,000
Remarks			

Indicate whether there are different classes of shares with different rights attaching thereto:

YES

NO

(At the General Shareholders' Meeting held on July 10, 2020, it was resolved to reduce the share capital of Meliá Hotels International, S.A. by the total amount of ONE MILLION EIGHT HUNDRED AND SIXTY THOUSAND EUROS (1,860,000 €), through the redemption of 9,300,000 treasury shares, of 0.20€ par value each, and representing 4.049% of the share capital of the Company.)

A.2 Provide details of direct and indirect holders of significant shareholdings in the company at year end, excluding directors:

Name or corporate name of shareholder	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Global Alpha Capital Management Ltd	0.00	3.15	0.00	0.00	3.15

(The shareholding of the shareholder Global Alpha Capital Ltd. has been increased as a result of the execution of the capital reduction indicated in section A.1 above. The Company has no further information on the direct holder of the voting rights attributed to Global Alpha Capital Ltd.)

Breakdown of the indirect holding:

Name or corporate name of indirect shareholder	Name or corporate name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights
No data				

State the most significant changes in the shareholding structure during the year:

Most significant movements

(Due to the capital reduction executed by the Company on July 10, 2020, the participation of all the shareholders in the share capital of Meliá Hotels International, S.A. has been proportionally increased.)

Also, the Chairman of the Board of Directors, Mr. Gabriel Escarrer Juliá, acquired on September 22, 2020, through the company Tulipa Inversiones 2018, S.A., a total of 332,224 shares of Meliá Hotels International, S.A., which represents 5.388% of the share capital.)

A.3 In the following tables, list the members of the company's Board of Directors with voting rights attaching to shares of the company:

Name or corporate name of director	% of shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr. Juan Arena De La Mora	0.02	0.02	0.00	0.00	0.05	0.00	0.00
Mr. Gabriel Escarrer Juliá	0.00	5.39	0.00	0.00	5.39	0.00	0.00
Mr. Luis María Díaz de Bustamante y Terminel	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hoteles Mallorquines Consolidados S.L.	24.37	0.00	0.00	0.00	24.37	0.00	0.00
Hoteles Mallorquines Asociados S.L.	13.76	0.00	0.00	0.00	13.76	0.00	0.00
Hoteles Mallorquines Agrupados S.L.	10.83	0.00	0.00	0.00	10.83	0.00	0.00
Mr. Gabriel Escarrer Jaume	0.08	0.00	0.00	0.00	0.08	0.00	0.00

Total percentage of voting rights held by the Board of Directors
54.46

Breakdown of indirect holding:

Name or corporate name of director	Name or corporate name of direct shareholder	% of shares carrying voting rights	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transmitted through financial instruments
Mr. Juan Arena de la Mora	Doña Bárbara Pan de Soraluze Muguero	0.02	0.00	0.02	0.00

Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018 S.A.	5.39	0.00	5.39	0.00
----------------------------	------------------------------	------	------	------	------

A.4 Indicate, if applicable, any family, commercial, contractual or corporate relationships between significant shareholders to the extent they are known to the company, unless they are insignificant or result from the ordinary course of business, except those that are included in Section A.6:

Name or corporate name of related party	Type of relationship	Brief description
Hoteles Mallorquines Agrupados, S.L. / Mr. Gabriel Escarrer Juliá	Corporate	<p>According to that indicated in the Significant Event dated 11 October 2018 (registered with number 270438), the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Agrupados, S.L. and Hoteles Mallorquines Asociados, S.L., for the sole purpose of complying with the notification requirements for significant shareholdings, jointly notified the total percentage of voting rights in Meliá Hotels International, i.e. 10.388 %, resulting from their direct participation.</p> <p>The said notification of significant shareholdings stated that the members of the Escarrer family continue to hold 100% of the share capital (namely, Mr. Escarrer Juliá, his wife and their six children) and that there is no controlling shareholder in any of the 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%.</p>
Hoteles Mallorquines Asociados, S.L. Mr. Gabriel Escarrer Juliá	Corporate	<p>According to that indicated in the Significant Event dated 11 October 2018 (registered with number 270438), the companies Hoteles Mallorquines Consolidados, S.L., Hoteles Mallorquines Agrupados, S.L. and Hoteles Mallorquines Asociados, S.L., for the sole purpose of complying with the notification requirements for significant shareholdings, jointly notified the total percentage of voting rights in Meliá Hotels International, i.e. 13.206 %, resulting from their direct participation. The said notification of significant shareholdings stated that the members of the Escarrer family continue to hold 100% of the share capital (namely, Mr. Escarrer Juliá, his wife and their six children) and that there is no controlling shareholder in any of the companies, although, they have the same shareholders.</p>

		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. Mr. Gabriel Escarrer Juliá	Corporate	According to that indicated in the Significant Event dated 11 October 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 complying with the notification requirements for significant shareholdings, jointly notified the total percentage of voting rights in Meliá Hotels International, i.e. 23.379 %, resulting from their direct participation. The said notification of significant shareholdings stated that the members of the Escarrer family continue to hold 100% of the share capital (namely, Mr. Escarrer Juliá, his wife and their six children) and that there is no controlling shareholder in any of the 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, state the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless they are insignificant or result from the ordinary course of business:

Name or corporate name of related party	Type of relationship	Brief description:
No data		

A.6 Describe the relationships, unless insignificant for the two parties, between significant shareholders or shareholders represented on the Board and the directors, or their representatives, in the case of proprietary directors.

Explain, where appropriate, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or those linked to significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and position of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or corporate name of related director or representative	Name or corporate name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship / position

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018, S.A.	N/A	Mr. Gabriel Escarrer Juliá is the Founder of the Meliá Group and in turn holds control of the company Tulipa Inversiones 2018, S.A., a significant shareholder of the company.
Mrs. Maria Antonia Escarrer Jaume	Hoteles Mallorquines Consolidados SL	N/A	Mrs. 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. - being in turn being the natural person representative of the external proprietary director - Hoteles Mallorquines Consolidados, S.L.
Mr. Alfredo Pastor Bodmer	Hoteles Mallorquines Asociados SL	N/A	Prior to his appointment as individual representative of the proprietary director Hoteles Mallorquines Asociados, S.L. Mallorca Asociados, S.L., Mr. Alfredo Pastor Bodmer was an Independent External Director, and subsequently, after the course of 12 years, External Director "others".
Mr. José María Vázquez-Pena Pérez	Hoteles Mallorquines Agrupados SL	N/A	Mr. Jose María Vázquez-Pena is the representative of the proprietary director Hoteles Mallorquines Agrupados, S.A. Mallorca Agrupados, S.L.

A.7 State whether any shareholders' agreements affecting the company pursuant to Articles 530 and 531 of the *Ley de Sociedades de Capital* (Spanish Corporate Enterprises Act) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

YES

NO

According to that indicated in the Significant Event dated 11 October 2018, Mr. Gabriel Escarrer Juliá, his wife and their six 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 companies that a shareholders' agreement was reached, whose purpose was to reinforce, on a temporary basis, the majority system required to adopt a specific and limited number of resolutions by the General Shareholders' Meeting and the Board of Directors in Commercial Companies which affect some specific matters, with each of their signatories maintaining free vote and, therefore, without negotiation on the management of the companies or Meliá. In the signatories' opinion, the Shareholders' Agreement does not have the status of an 'agreement subject to disclosure' as per the Spanish Corporate Enterprises Act, and its registration with the Commercial Register is not required, although, for the sake of transparency, the signatories sent a copy of the Agreement to both Meliá and the CNMW.

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

YES

NO

If any of the abovementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the *Ley de Mercados de Valores* ("Spanish Securities Market Act"). If so, please identify them:

YES

NO

A.9 Complete the following tables on the company's treasury shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
234,014		0,11

(By means of the Significant Event of 21 October 2019 (registration number 282703) the agreement on behalf of its Board of Directors was communicated by the Company, to initiate a program of repurchase of own shares covered by (EU) Regulation No. 596 / 2014 of the European Parliament and its Council, of 16 April 2014, on market abuse and using the authorization granted by the General Meeting of Shareholders held on 4 June 2015, under item 12 of the Agenda.

During the 2020 financial year, the following stock purchase transactions have been notified under the program of repurchase of own shares.

In relation to the Own Shares Repurchase Program and within the framework of the situation and impact derived from the COVID-19, the Board of Directors' agreement for its definitive suspension and early termination was communicated through Other Relevant Information, No. 2291 of May 18, 2020.

Likewise, after the finalization of the aforementioned Share Repurchase Program, the Company resumed the liquidity agreement entered into between GVC Gaesco Beka Sociedad de Valores, S.A. and the Company on July 7, 2017, which was suspended due to the execution of the Repurchase Program.)

(*) Through:

Name or corporate name of the direct shareholder	Number of direct shares
No data	

Explain any significant changes during the year:

Explain any significant changes

(At the General Shareholders' Meeting held on July 10, 2020, it was resolved to reduce the share capital of Meliá Hotels International, S.A. (the "Company") in the total amount of ONE MILLION EIGHT HUNDRED AND SIXTY THOUSAND EUROS (€1,860,000), through the redemption of 9,300,000 treasury shares, of €0.20 par value each, and representing 4.049% of the share capital of the Company, which correspond, in turn, to the sum of:

- TWO HUNDRED AND NINETY THOUSAND SEVEN HUNDRED AND FIFTY EUROS AND EIGHTY CENTS (290,750.80 €), corresponding to 1,453,754 treasury shares held as treasury stock at that time, with a par value of €0.20 each and representing 0.63% of the share capital, acquired under the authorizations granted by the General Shareholders' Meeting held on June 4, 2015 and June 1, 2011 and within the limits established by articles 144 to 148 and 509 of the Capital Companies Act; and

- ONE MILLION FIVE HUNDRED AND SIXTY-NINE THOUSAND TWO HUNDRED AND FORTY-NINE EUROS AND TWENTY CENTS (€1,569,249.20), corresponding to 7,846,246 treasury shares, with a par value of €0.20 each, representing 3.416% of share capital, acquired under the treasury share buyback program launched by the Board of Directors on October 21, 2019 and finalized on May 18 2020 (the "Buyback Program"), also under the authorization granted by the General Shareholders' Meeting held on June 4, 2015 under item 12 of the agenda.

Consequently, it was resolved to amend Article 5 of the Company's Bylaws, the wording of which is as follows: "ARTICLE 5.-CAPITAL AND SHAREHOLDERS' EQUITY.

5.1.-Capital stock. The share capital is FORTY-FOUR MILLION EIGHTY THOUSAND EUROS (44,080,000.-€), represented by TWO HUNDRED AND TWENTY MILLION FOUR HUNDRED THOUSAND (220,400,000) SHARES of TWENTY CENTS OF EURO (0.20.-€) par value each.

5.2 Shares. The shares are fully subscribed and paid up, constituting a single class and series.")

A.10 Describe the terms and conditions and the duration of the authority currently in force given by the General Shareholders' Meeting to the Board of Directors in order to issue, repurchase, or dispose of treasury shares.

(The General Shareholders' Meeting held on July 10, 2020, adopted, among others, the following resolution:

"To expressly authorize the Board of Directors for the derivative acquisition and disposal of shares of the Company under the following conditions:

- The acquisition and disposal may be carried out by means of 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 made for a price or value of consideration that may not be less than 90% or more than 110% with respect to the closing price of the previous day's session.

- This authorization 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 established at any time in 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 Capital Companies Act, the shares acquired under this authorization, as well as those previously held by the Company, may be delivered, in whole or in part, directly or within the framework of the exercise of option rights, to the employees or directors of the Company and/or its Group.

By means of this resolution and in accordance with Article 249 bis section l) of the Capital Companies Act, the Board of Directors is expressly authorized so that, in turn, it may delegate to Director Delgado the powers referred to in this resolution.

This authorization implies that the authorization granted to the Board of Directors at the General Shareholders' Meeting, dated June 4, 2015, shall be rendered null and void, without affecting the acquisitions formalized thereunder.")

A.11 Estimated free float:

	%
Estimated free float	42.39

A.12 State whether there are any restrictions (bylaw, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those systems for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

YES

NO

A.13 State whether the shareholders acting at a general shareholders' meeting have approved the adoption of measures to neutralise a takeover bid pursuant to the provisions of Law 6/2007.

YES

NO

If applicable, explain the measures adopted and the terms under which these restrictions will cease to apply:

A.14 State whether the company has issued securities that are not traded on a regulated EU market.

YES

NO

If applicable, list the different classes of shares, if any, and the rights and obligations attaching to each class of shares.

B. General Shareholders' Meeting

B.1 Indicate and, as applicable, describe any differences between the quorum established by the Spanish Corporate Enterprises Act (or "LSC" according to its acronym in Spanish) for General Shareholders' Meeting and that set by the company.

YES

NO

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:

YES

NO

Describe how it is different from that contained in the LSC.

	Qualified majority other than that established in Article 201.2 LSC for the cases set forth in Article 194.1 LSC	Other cases requiring a qualified majority
% established by the company for adoption of resolutions	0.00	60.00

(Pursuant to Article 28.2 of the Bylaws, in order that the General Shareholders' Meeting may validly approve the change in the Company's object, the request for delisting of the Company's shares, or the transformation or winding up of the Company, a favorable vote of SIXTY PERCENT (60%) of the share capital with voting rights present or represented at the General Shareholders' Meeting will be required, both at first and second call.

Nevertheless, when, at second call, the Shareholders representing less than FIFTY PERCENT (50%) of the subscribed share capital with voting rights are in attendance, the resolutions mentioned in this section may only be passed with the favorable vote 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 favorable vote of the abovementioned qualified majority, 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 Bylaws require a higher majority) shall apply.

On the other hand, Article 28.3 of the Bylaws states that in order 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, a favourable vote of at least SIXTY PERCENT (60%) of the share capital with voting rights present or represented at the General Shareholders' Meeting will be required, both at first and second call.)

B.3 State the rules for amending the company’s Bylaws. In particular, indicate the majorities required to amend the bylaws and any provisions in place to protect shareholders’ rights in the event of amendments to the bylaws.

(According to Article 30.1.h) of the Bylaws, the General Shareholders’ Meeting has the authority to approve any amendments to the Bylaws.

Pursuant to Article 24 of the Bylaws, the Ordinary or Extraordinary General Shareholders’ Meeting shall be validly convened at first or second call when 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 in the Company’s object, 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 subscribed share capital with voting rights must be in attendance at the first call to the General Shareholders’ Meeting. At the second call, the attendance of shareholders representing twenty-five (25%) of the subscribed share capital with voting rights will suffice.

According to Article 28 of the Bylaws, in order to approve the resolutions of the General Shareholders’ Meeting, a simple majority of votes of shareholders present or represented at the Meeting will be required, except in the circumstances where the Law or the Bylaws provide for an increased majority. Therefore, in order that the General Shareholders’ Meeting may validly approve the change in the Company’s object, the request for delisting of the Company’s shares, or the transformation or winding up of the Company, a favorable vote of sixty percent (60%) of the share capital with voting rights 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 subscribed share capital with voting rights are in attendance, the resolutions mentioned in this section may only be passed with the favorable vote 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 year of this report and the two previous years:

Date of General Meeting	Attendance data					Of which, free float				
	% physically present	% present by proxy	% distance voting		Total	% physically present	% present by proxy	% distance voting		Total
			Electronic voting	Other				Electronic voting	Other	
10/07/2020	54,29	6,76 %	0.00%	10,12 %	71,17 %	0.00 %	6,76%	0.00%	10,12 %	16,88 %
18/06/2019	52.43%	10.37%	0.00%	14.03%	76.83%	0.02 %	10.37 %	0.00%	14.03%	24.42%
06/06/2018	52.38%	19.91%	0.00%	5.00 %	77.29%	0.00 %	19.91 %	0.00%	5.00 %	24.91%
08/06/2017	52.50%	35.15%	0.00%	0.00 %	8.65 %	0.00 %	35.15 %	0.00%	0.00 %	35.15%

(Given the context of restrictions on movement and attendance at meetings due to the health and social distance measures required by the health authorities, and following the recommendations of the new Good Governance Code for Listed Companies, the Company has opted for the implementation of telematic attendance and voting measures, thus allowing

shareholders and investors to actively and informedly participate in the Ordinary General Meeting of 2020 through a digital platform designed for this purpose.)

B.5. Indicate whether any item on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

YES

NO

B.6. Indicate whether the Bylaws contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

YES

NO

Number of shares required to attend General Shareholders' Meetings	300
Number of shares required for distance voting	1

(The Company made available to the shareholders an explanatory document on the exercise of the rights of information, remote voting, representation and remote attendance at the General Shareholders' Meeting:

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/ShareholdersDocs/2020/4.%20MHI_JGA%202020_Doc%20informacion%20derechos%20voto%20asistencia%20e%20informacion_ENG.pdf

It also made available to its shareholders and proxies, a Telematic Participation Platform that allowed remote attendance to offer the same opportunities for participation as a face-to-face meeting, with shareholders and their proxies being able to follow the meeting through its live broadcast, cast votes or make interventions.)

B.7. Indicate whether it has been established that certain decisions other than those established by Law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

YES

NO

B.8 State the address and method for accessing the company's website to find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company's website.

(Address for accessing the company's website is: www.meliahotelsinternational.com, and the Company's corporate governance documentation is displayed by clicking on 'Shareholders and Investors' section, where the information on General Shareholders' Meetings is also included: <https://www.meliahotelsinternational.com/en/shareholders-investors/corporate-governance/general-meeting-of-shareholders>)

In addition, the Company makes available to shareholders and their representatives its Telematic Participation Platform for the General Shareholders' Meeting and the Electronic Forum: [https://www.councilbox.com/melia/.](https://www.councilbox.com/melia/))

C. Structure of the Company's Management

C.1 Board of Directors:

C.1.1. Maximum and minimum number of directors established in the Bylaws and the number set by the General Shareholders' Meeting:

Maximum number of directors	15
Minimum number of directors	5
Total number of directors set by the General Shareholders' Meeting	11

C.1.2. Complete the following table identifying the members of the Board:

Name or corporate name of director	Representative	Director category	Position on the Board	First appointment date	Last appointment date	Election procedure
Mr. Gabriel Escarrer Julia		Proprietary	Chairman	07/02/1996	18/06/2019	Resolution at General Shareholders' Meeting
Mr. Gabriel Escarrer Jaume		Executive	Vice Chairman- Chief Executive Officer	07/04/1999	08/06/2017	Resolution at General Shareholders' Meeting
Hoteles Mallorquines Consolidados SL	Mrs. María Antonia Escarrer Jaume	Proprietary	Director	23/10/2000	08/06/2017	Resolution at General Shareholders' Meeting
Hoteles Mallorquines Asociados SL	Mr. Alfredo Pastor Bodmer	Proprietary	Director	18/06/2019	18/06/2019	Resolution at General Shareholders' Meeting
Hoteles Mallorquines Agrupados SL	Mr. José María Vázquez Pena Pérez	Proprietary	Director	10/07/2020	10/07/2020	Resolution at General Shareholders' Meeting
Mr. Juan Arena de la Mora		Independent	Director	31/03/2009	06/06/2018	Resolution at General Shareholders' Meeting
Mr. Luis M ^a Diaz de Bustamante Terminel		Independent	Secretary Director	30/11/2010	08/06/2017	Resolution at General Shareholders' Meeting
Mr. Fernando d'Ornellas Silva		Independent	Independent Coordinator Director	13/06/2012	08/06/2017	Resolution at General Shareholders' Meeting

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
 TRANSLATION FOR INFORMATION PURPOSES ONLY

Mr. Francisco Javier Campo García		Independent	Director	13/06/2012	08/06/2017	Resolution at General Shareholders' Meeting
Mrs. Carina Szpilka Lázaro		Independent	Director	25/02/2016	10/07/2020	Resolution at General Shareholders' Meeting
Mrs. Cristina Henríquez de Luna Basagoiti		Independent	Director	18/06/2019	18/06/2019	Resolution at General Shareholders' Meeting
Total number of directors					11	

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name or corporate name of director	Director category at time of leaving	Date of last appointment	Date director left	Specialised committees of which he/she was a member	Indicate whether the director left before the end of the term
Mr Sebastián Escarrer Jaume	Propietary	08/06/2017	16/05/2020	-	YES

Cause of termination, if before the end of the term of office and other observations; information on whether the director has sent a letter to the other members of the board and, in the case of termination of non-executive directors, explanation or opinion of the director who has been removed by the general meeting.

(Mr. Sebastián Escarrer Jaume resigned as External Proprietary Director on May 16, 2020 through voluntary resignation, as informed by means of Other Relevant Information sent to the CNMV on May 18, 2020. Mr. Sebastián informed of his resignation through a letter addressed to the Secretary and Chairman of the Board where he indicated that his resignation was due to personal reasons.)

C.1.3 Complete the following tables regarding the members of the Board and their categories:

EXECUTIVE DIRECTORS

Name or corporate name of director	Position held in the company's organisation chart
Mr. Gabriel Escarrer Jaume	Vice Chairman and Chief Executive Officer
Profile	
<p>Gabriel Escarrer represents the second generation of the founding family of what is now Meliá Hotels International, a multinational company with a presence in more than 40 countries and a member of the Ibex 35, with more than 390 hotels on 4 continents. After graduating from the Wharton School, Gabriel Escarrer Jaume worked at Salomon Brothers investment bank in New York, where he participated in the successful IPO of Meliá Hotels International, founded by his father, Gabriel Escarrer Juliá, in 1956. Escarrer combines a strong vision and a financial focus, with a purely hotel vocation, and after joining the company, he led the strong drive for the company's expansion, bringing Meliá greater financial solidity in an increasingly complex environment in the international tourism sector, as well as a solid competitive position. Since he was appointed Vice Chairman and CEO of the Group in 2009, Escarrer also drove unprecedented cultural and organizational change, with a clear focus on corporate responsibility. In 2016, following the Founder's</p>	

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

relinquishment of his executive powers, he became the top executive, leading since then an intense process of digital and cultural transformation of the company, which has positioned it at the forefront of the industry in digitalization, and which, together with the process of financial consolidation and the evolution of the business model, allowed Meliá Hotels International to be better prepared for the major disruption that would be caused by the COVID-19 pandemic in the entire tourism industry, starting in the early 2020s. Rated as one of the top 10 business managers in Spain and one of the most influential CEOs in Spain according to Forbes magazine, in 2019 he was appointed Chairman of Exceltur, the Spanish Tourism Alliance for Excellence, assuming strong leadership at the helm of the sector most punished by the pandemic. A staunch defender of the values on which the family business is based, under his leadership, Meliá Hotels International was recognized in 2019 as the most sustainable hotel company in the world according to the Corporate Sustainability Assessment conducted by the sustainable investment agency SAM, and as the seventh company with the most internationally sustainable management, according to the Wall Street Journal.

Total number of executive directors	1
% of the Board	9.09%

EXTERNAL PROPRIETARY DIRECTORS

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Mr. Gabriel Escarrer Juliá	Tulipa Inversiones 2018, S.A.
Profile	
<p>In 1956 Mr. Gabriel Escarrer Juliá was only 21 years old when he founded what is now called the Meliá Hotels International group, by acquiring and managing 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. Prior to that and for 6 years, Escarrer worked in tour operations, where he had access to the emerging tourism industry, of which he later became a visionary, pioneer and transforming entrepreneur.</p> <p>Over his six decades as 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, where today the Group is still growing and is considered as one of the reference companies in the hotel sector. Over these years, Escarrer built strategic alliances that strengthened the Group’s positioning in destinations such as Cuba and Indonesia, and in the 1990s, he extended the strategy to urban hotels in Spain, Europe, Asia and Americas, an approach that has led him to be considered one of the drivers of the internationalisation of the Spanish enterprise.</p> <p>One decisive event in the history of the company took place in the 80s, when the Group founded by Escarrer acquired two of the most important hotel chains at that time in Europe: Hotasa and Meliá, which represented the incorporation of nearly 70 hotels in just one year. Thanks to this acquisition, the Group founded by Escarrer achieved national and international presence, as well as a valuable brand recognition.</p> <p>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.</p> <p>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, Mr. Gabriel Escarrer Juliá resigned its executive powers in December 2016, which were transferred to his son Mr. 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.</p> <p>As a result of its extensive experience in the tourism industry, Mr. Gabriel Escarrer Juliá has received numerous awards which demonstrate its important contribution to national and international hospitality. One of the most important for the founder of Meliá Hotels International was the granting of the Doctor Honoris Causa degree by the Universidad de les Illes Balears (UIB) in December 1988. In 1998 he received the “Personalidad Turística del Siglo” (Tourism Personality of the Century) award winning a large majority in a survey of 300 executives and professionals in the travel industry.</p> <p>A year later, he obtained other 3 prestigious awards: “Mejor Empresario de la Construcción y Promoción Inmobiliaria” (Best Entrepreneur in Construction and Real Estate Promotion) awarded by the Máster en Dirección de Empresas Constructoras e Inmobiliarias (M.D.I.) and the ‘Actualidad Económica’ magazine; Corporate Hotelier of the World, awarded by the well-known American ‘Hotels’ magazine, and several Lifetime Achievement Awards from prestigious organisations such as the International Hotel Investment Forum, the World Tourism Organisation, or the European Hospitality Awards.</p> <p>In May 2001, Escarrer was elected as member of the exclusive Hall of Fame of the British Travel Industry. His nomination was proposed and supported by some of the most important people in the international tourism industry, as well as relevant members of the Hall of Fame such as Martin Brackenbury (Federation of Tour Operators and Airtours), Richard Branson (Virgin), Michael Bishop (British Midland) and David Crossland (Airtours). That same year,</p>	

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

the Chairman of Meliá Hotels International became member of the Hall of Honour at the Conrad N. Hilton of Hotel Management at the University of Houston (USA), sharing honours with Lynn & Ed Hogan (Pleasant Holidays), Alice Sheets Marriott (Marriott Corporation) and Marilyn Carlson Nelson (Carlson Companies.)

In 2002, Meliá Hotels International signed an agreement with the Universidad de las Illes Balears (UIB) for the creation of the “Cátedra Meliá de Estudios Turísticos” (Melia Chair in Tourism Studies) which, since then, organises an annual “Premio de Estudios Turísticos Gabriel Escarrer” (Gabriel Escarrer Tourism Studies Award).

Gabriel Escarrer received recognition to his professional career from the CIMET (Ibero-American Conference of Tourism Ministers and Entrepreneurs) and in 2006, coinciding with the 50th anniversary of the Company, he won the “Medalla de les Illes Balears” (Balearic Islands Medal), the highest distinction of the autonomous community, in recognition of his work, and the “Medalla de la Cámara de Comercio de Mallorca, Ibiza y Formentera “ (Medal of the Chamber of Commerce of Majorca, Ibiza and Formentera). In 2011, Escarrer received the Lifetime Achievement Award at the European Hospitality Awards in London, also in recognition of his long career as the founder and promoter of the largest hotel chain in Spain and the third largest in Europe. In 2012 MKG also granted him a lifetime achievement award at the Worldwide Hospitality Awards in Paris, and he won the prestigious Ulysses Award from the OMT for his lifetime achievement. In 2016, Gabriel Escarrer received the Hall of Fame of the Hotel-E Investment Conference, one of the most important international hotel investment forums, and also received the distinction of Honorary Ambassador of Brand Spain.

Recognised as one of the key figures in the history of international tourism, Gabriel Escarrer, as Non-Executive Chairman of Meliá Hotels International and Chairman of the Board of Directors and the General Shareholders’ Meeting, is still contributing the expertise and know-how acquired over more than 60 years leading the company, and he is still dreaming about the transforming power of tourism in society, an industry that, in his words, “connects countries, crosses borders, and promotes people’s social and economic welfare”.

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Hoteles Mallorquines Consolidados, S.L. Mrs. María Antonia Escarrer Jaume, natural person representative	Hoteles Mallorquines Consolidados S.L.
Profile	
<p>Mrs. María Antonia Escarrer Jaume, representative of Hoteles Mallorquines Consolidados SL, studied in prestigious schools such as ESADE, EADA and Cornell University, where he completed studies related mainly to Marketing and Human Resources. She specialised in the development of leadership and managerial competencies, promoting programmes of Management Development, Leadership, Marketing and Negotiation. Trained by the IE Business School as an executive coach and as an ontological Senior Coach by Newfield Consulting, she is ACC accredited by ICF (International Coaching Federation).</p> <p>María Antonia Escarrer held various positions at Meliá, 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 introduction of Marketing plans into the business units.</p> <p>From 1996 to April 2000 she was in charge of the General Directorate of Human Resources, she was involved in the introduction of performance 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 career plans and the implementation and coordination of all aspects related to the organisational structure.</p>	

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Between 2005 and 2011, she was responsible for the General Direction of Sustainability, developing the social action department towards a General Directorate of Sustainability and making sustainability as a strategic line of action 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 an expert in Transpersonal Mindfulness by the Escuela Transpersonal. Currently and since 2012, she works as coach at an executive and personal level specialised in accompanying professionals in times of career change as well as in the development of managerial skills.

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Hoteles Mallorquines Asociados SL legal representative Mr Alfredo Pastor Bodmer	Hoteles Mallorquines Asociados, S.L.
Profile	
<p>Bachelors Degree in Economic Sciences Ph D in Economics, Massachusetts Institute of Technology, Doctor in Economic Sciences. Professor of Economic Theory since 1976, he has held different positions since 1980 as Professor of Economics, Boston University (1980-1981), Country Economist, World Bank (1981-1983), Director in Planning , INI (1983-84), Director General, INI (1984-85), Chairman, ENHER (1985-90), Counselor of the Bank of Spain (1990-93), Director of the Family Business Institute (1992-93), Secretary of State for the Economy (1993 - 95), Director Instituto de la Empresa Familiar (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.</p> <p>He is currently a member of the Board of Directors of Meliá Hoteles International, Copcisa and Bansabadell Inversión, having previously been part of other Boards such as of Miquel y Costas e Hidroeléctrica del Cantábrico, among others. Author of multiple publications, he received in 2011 the Conde de Godó Award.</p>	

Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment
Hoteles Mallorquines Agrupados SL legal representative Mr José María Vázquez-Pena Pérez	Hoteles Mallorquines Asgrupados, S.L.
Profile	
<p>Law degree from the University of Santiago de Compostela. MBA from IESE. He began his professional career as a lawyer at the Ministry of Labor. Two years later, he joined the energy company Fenosa (later Unión Fenosa), where he developed his career for 31 years. In 2000, he led the launching</p>	

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Corporate University, a pioneer in Spain. He was a member of the Management Committee of Unión Fenosa and of several of the Group's Boards of Directors and Secretary of the Appointments and Remuneration Committee. In 2009 he left the company after its acquisition by Gas Natural, being at that time General Director of Resources, responsible for the areas of Organization, HR, Corporate University, Purchasing and Logistics, Real Estate Management, Corporate Works, Security and General Services. Since 2010, he has focused his activity on advising and counseling 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 Directors of the Escarrer family.

Total number of proprietary directors	4
% of the Board	36.36

EXTERNAL INDEPENDENT DIRECTORS

Name or corporate name of director
Mrs. Carina Szpilka Lázaro
Profile
<p>Degree in Economic and Business Sciences from ICADE E-2 and Executive MBA from Instituto de Empresa in Madrid.</p> <p>She has held positions at Santander Investment, Argentaria (currently, BBVA) and ING Direct between 1991 and 2013, being the CEO of ING Direct in France for the last five years and then in Spain.</p> <p>She has also developed her activity as volunteer as Vice-Chairman of Unicef Spain and as member of the Board of Trustees of Fundación Create.</p> <p>She is currently Independent Director of Abanca, Grifols and Meliá Hotels International; founding member and Chairman of K Fund Venture Capital and Chairman of ADigital.</p> <p>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).</p>

Name or corporate name of director
Mr. Fernando D'Ornellas Silva
Profile
<p>Degree in Law and Economics from ICADE-E and MBA from IESE in Barcelona (International Section), from 1983 to 1985 he worked as Deputy Financial Director at Johnson & Johnson Spain. Also, he has held several positions within the Bergé Group since 1985, Chief Financial Officer at Toyota Spain until 1992, Chief Executive Officer at 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 at 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 Automotive from 2004 to 2012 and Chief Executive Officer at Bergé Group from 2007 to 2012.</p> <p>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 of ENDESA S.A. in 2009. 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 y 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 has been a member of the Advisory Board of WILLIS IBERIA between March 2013 and December 2017.</p> <p>Currently, he is member of the Board of Directors since June 2012, Coordinating Director, member of the Auditing and Compliance Committee and Chairman of the Appointments, Remuneration and RSC Committee at Meliá Hotels International S.A. He is member of the Board of Directors of Prosegur since April 2016, , Chairman of the Auditors and Compliance Committee (since April 2017) and Member of the Appointments and Remuneration Committee. Senior Advisor Spain and Latam for Mitsubishi Corporation since March 2013; Senior Advisor Spain and Latam for Lazard Financial Advisers S.A. since June 2013. Member of the International Advisory Board of Hispanic Society of America and its representative for Spain, member of the Advisory Board of the Real Club de la Puerta de Hierro since 2010 and Vice-Chairman of the International Board of the Madrid Teatro Real since 2015 and member of the Executive Committee at the Fundación Board Spain-Japan since 2017.</p>

Name or corporate name of director
Mr. Juan Arena De La Mora
Profile
<p>Ph.D. in Engineering from ICAI, Mr. Juan Arena graduated in Business Science from ICADE, and also in Psychology, and he holds a diploma in Tax Studies and completed the AMP at Harvard Business School. Member of the Board of Meliá Hotels International Chairman of the Professional Council of ESADE, member of the International Advisory Board of Everis and Advisory Board of Marsh; Operating Partner of Advent International Corporation, member of the Board of Directors of Deusto Business School. Member of the Executive Committee of Fundación SERES and Chairman of its Governance Committee. He has</p>

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

been a member of the Board and Executive Chairman of Bankinter, Board member of Ferrovial, and Almirall Laboratories of UBS España, TPI, Everis, Dinamia and Prisa, Chairman of the Advisory Council of Panda, Consulnor, member of the Board of Trustees of ESADE and of the Advisory Board of Spencer Stuart, Wold Advisory Board and professor of Harvard Business School and IESE. He was awarded the “Gran Cruz de la Orden del Mérito Civil” (Grand Cross of the Order of Civil Merit) for his contribution to research and development of the Information Society.

Name or corporate name of director
Mr. Francisco Javier Campo García
Profile
<p>Industrial Engineer from the Universidad Politécnica de Madrid, he began his career in 1980 at Arthur Andersen. In 1985 he joined Día Group, where for 24 years he has 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.</p> <p>Since 2009 until November 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.</p> <p>He has also been Chairman of the Cortefiel Group (Cortefiel, Springfield, WomenSecret) from 2014 to 2016. He is currently Chairman of AECOC (Association of Fast-Moving Consumer Goods Companies) which represents more than 20% of the Spanish GDP and has more than 29,000 associated companies. He is member of the Board of Directors of Bankia and Chairman of its Advisory Committee on Risks, he is also member of the Board of Directors of Meliá Hotels International, member of the Advisory Board of the Palacios Food Group, member of the Advisory Board of AT Kearney, and member of the Advisory Board of Azkoyen. He is also member of the Board of Trustees of Fundación ITER, honorary member of Fundación Carlos III, vocal member of Fundación Bankia and board member of A.P.D. (<i>Asociación para el Progreso de la Dirección</i>).</p>

Name or corporate name of director
Mr. Luis M ^a Diaz de Bustamante Terminel

Profile
<p>Born in Torrelavega (Cantabria, Spain) on 25 August 1952. Graduated in Law from the Universidad Complutense de Madrid. Practising lawyer since 1975 and Partner of the law firm Isidro D. Bustamante (since 1942 - 1980/2018). His professional career is 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.</p>

Name or corporate name of director
Mrs. Cristina Henríquez de Luna Basagoiti
Profile
<p>Mrs. Cristina Henríquez de Luna Basagoiti has a Degree in Law and Economics from the University Pontificia de Comillas of Madrid (ICADE-2). At present she is Chairman and General Manager in Spain and Responsible for Iberia and Israel for GlaxoSmithKline (GSK), where in the past she has held several financial positions (SVP Finances). Before joining GSK she worked for Procter & Gamble, where she held the post of General Director for Finances and Accounts, International Operations for Western Europe (2006 a 2010), as well as other financial positions since 1989, when she joined as financial analyst. She is also an independent Board Member of Applus Services since July 2016, and a member of the Auditors Committee of the same entity. Vice-Chairman of the Fundación Ciencias de la Salud and member of the Governance Board and Board of Directors of Farmaindustria.</p>

Total number of independent directors	6
% of the Board	54.55

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the 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 applicable, include a 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 corporate name of the director	Description of the relationship	Statement of the Board
No data		

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Other External Directors

State any other external advisors and the reason why they cannot be considered proprietary or independent and its relation with either the company, the directors or its shareholders:

Name or corporate name of the director	Reasons	Company, or director with which there is a relationship	Profile
No data			

Total number of independent directors	NA
% of the Board	NA

State, if applicable, any changes in category that have occurred during the period for each director:

Name or corporate name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information on the number of female directors at the close of the past four years, as well as the category of each.

	Number of female directors				% of directors for each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executive					0.00	0.00	0.00	0.00
Proprietary	1	1	1	1	25.00	25.00	25.00	25.00
Independent	2	2	1	1	33.33	33.33	20.00	20.00
Other External					0.00	0.00	0.00	0.00
Total	3	3	2	2	27.27	27.27	18.18	18.18

C.1.5. State whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability and training and professional experience. In accordance with the definition set out in the Accounts Audit Act, small and medium-sized entities, will have to report at least the policy they have implemented in relation to gender diversity.

YES NO PARTIAL POLICIES

If so, describe these diversity policies, their objectives, the measures and way in which these have been applied and the results over the year. Also, indicate the specific measures taken by the Board of Directors and the appointments and remuneration 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 implemented, as well as the results achieved.

(Following the modification of the CNMV's Good Governance Code for Listed Companies, and at the proposal of the Nominating, Compensation and CSR Committee, the Board of Directors of Meliá Hotels International approved on November 26, 2020 a new Director Selection and Diversity Policy, which incorporates the new diversity objectives for both the Board and Senior Management of the Company. In particular, the target for women on the Board of Directors has been updated from one-third to 40% by 2022.

As indicated in other sections of the ACGR, the current percentage of women on the Board is 27.27% (3 women out of a total of 11 directors). During the reporting year, there was no opportunity to increase this percentage, remaining the same as in 2019.

The Appointments, Remuneration and CSR Committee and the Board itself will take the new Policy into consideration for the selection (and re-election) processes for the fiscal year 2021 onwards.)

C.1.6 Explain the measures taken, if any, 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, and which makes it possible to achieve a balance between men and women.

Explanation of measures

(The Company acknowledges full equality of opportunities, without any discrimination, in all its activities. This criterion is assumed by the Appointments and Remuneration Committee when beginning the selection process for a new Director, ensuring that there is no implicit bias that might hinder the selection of female Directors.

During the selection procedures for Directors, the Appointments and Remuneration Committee objectively assesses the skills and experience of candidates, among other parameters, evaluating the profile of candidates and ensuring equal opportunities between women and men so that there is no discrimination based on gender and ensuring transparency in all processes.

Likewise, in the selection processes for independent directors, internationally renowned firms are used to search for potential candidates that meet the profile sought by the Committee. Similarly, use is made of the competency matrix prepared by the Appointments, Remuneration and CSR Committee in 2019 (and updated in 2020) in order 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/en/shareholdersAndInvestors/Documents/Matriz%20de%20competencias/mhi_matriz_competencias_ago20_en.pdf

Specifically, the Company's Director Selection and Diversity Policy establishes as a guiding principle to be observed in the processes "The assessment of all potential candidates under criteria of equality and objectivity, avoiding any type of implicit bias that could imply any type of discrimination".

In relation to the measures applicable to senior management, it should be noted that the modification of the Director Selection and Diversity Policy includes within its scope senior management, establishing to that effect that "the diversity of nationalities, gender, knowledge and experience in the senior management of the Company shall be facilitated and enhanced, encouraging, as far as possible, that the Company has a significant number of senior managers".)

In the event that there are few or no female directors in spite of any measures adopted, explain the reasons that justify such a situation:

Explanation of reasons

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance addressed to the appropriate composition of the Board of Directors.

(During 2020, and in relation to the proposals for new appointments or re-election of Directors submitted for approval by the General Shareholders' Meeting, the Appointments and Remuneration Committee (currently the Appointments, Remuneration and Corporate Social Responsibility Committee) evaluated compliance with the Directors Selection Policy, in force at that time, at the time of preparing the legally applicable Reports and Proposals, which were made available to the shareholders through the Company's website, Remuneration and Corporate Social Responsibility Committee), at the time of the preparation of 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 maintain among its members Directors who have wide experience in various sectors of activity, with knowledge of the Company's operations and rooted in its values, and with the capacity to adapt to a sector in constant evolution and expansion both geographically and technologically. To this end, the competencies, aptitudes and experiences of the directors have been assessed in accordance with the competency matrix recently revised 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 corresponding reports and proposals, the recommendations relating to the percentages of members and independent directors, and in particular, the following: "that the percentage of proprietary directors out of the total number of non-executive directors should not be greater than the proportion existing between the capital of the company represented by such directors and the rest of the capital".

In this sense, the Board of Directors, with a total of ELEVEN (11) members, is made up of SIX (6) independent external directors, FOUR (4) external proprietary directors, and ONE (1) executive director. With the appointments and re-elections that took place during this fiscal year, the existing proportion between external proprietary and independent directors has been maintained (36% vs. 54%), and although the right of proportional representation of the significant shareholders has been respected, a relatively low percentage of proprietary directors with respect to independent directors has been maintained.

Likewise, the Director Selection and Diversity Policy, approved by the Board of Directors on November 26, 2020, is framed in accordance with the provisions contained in Recommendations 14 and 15 of the Good Governance Code of Listed Companies of the CNMV

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

and specifically its principles are aimed at favoring an appropriate composition of the Board of Directors, as detailed in section C.1.5 of this report.)

C.1.8 Explain, when applicable, the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name or corporate name of shareholder	Reason
No data	

State whether the Board has failed to meet any formal requests for presence on the board received from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. Where applicable, explain why these requests have been ignored:

YES

NO

C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:

Name or corporate name of director or committee
Mr. Gabriel Escarrer Jaume
Brief description
<p>As Chief Executive Officer has been vested by the Board of Directors all delegable powers under the Law according to Article 34 of the Company's Bylaws. To this effect and within this scope, the Board of Directors is responsible for acts or business activities including, but not limited to, the following:</p> <p>(a) To represent the Company before all types of individuals, organisations, authorities, public administration, Spanish General Savings Deposit 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.</p> <p>(b) To pay debts and receive payments due of all types, including those with origin in national, regional, provincial or municipal authorities.</p> <p>(c) To prepare and execute 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.</p> <p>(d) To request, obtain, acquire, grant and exploit patents, brands, privileges, licences and administrative concessions, as well as performing any transactions regarding industrial property.</p> <p>(e) To convene the General Shareholders' Meeting and execute and ensure compliance with resolutions adopted by the meeting.</p> <p>(f) To intervene in tenders and auctions, both judicial and extrajudicial.</p> <p>(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.</p> <p>(h) To draw, endorse, accept, take, discount, negotiate and protest bills of exchange, financial and credit bills, cheques, promissory notes and money orders.</p> <p>(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.</p> <p>(j) To grant guarantees and deposits by any means for the obligations of third parties.</p> <p>(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.</p> <p>(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.</p>

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

(m) To make and liquidate deposits of all kinds, including with banking or credit organisations, even the Bank of Spain and the Spanish General Savings Deposit.

(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, administrative, 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 establishment 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 set up, modify and wind-up all types of civil law and commercial companies, to intervene and vote in their General Shareholders' Meetings and accept or designate positions in the management and administrative bodies.

The Board of Directors has delegated the aforementioned powers in favour of Mr. Gabriel Escarrer Jaume by means of the Board decision dated June 8, 2017, and granted before the Notary Public on June 23, 2017 with number 2008 of protocol, duly registered in the Mercantile Registry of Mallorca.

C.1.10 Identify, where appropriate, any members of the Board who are also directors, representatives of directors or officers in other companies that belong to the group of the listed company:

Name or corporate name of director	Corporate name of the group company	Position	Does the Director have executive functions?
Mr. Gabriel Escarrer Jaume	SOL MELIA VACATION NETWORK ESPAÑA S.L.	Director (Chairman of the Board of Directors) Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA VACATION CLUB ESPAÑA S.L.	Director (Chairman of the Board of Directors) Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	SECURI SOL S.A.	Director (Chairman of the Board of Directors)	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA FRANCE S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	MADELEINE PALACE S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL ROYAL ALMA S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL METROPOLITAN S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL FRANÇOIS S.A.S.	Chairman	Yes

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Mr. Gabriel Escarrer Jaume	HOTEL COLBERT S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTEL ALEXANDER S.A.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	CADSTAR FRANCE S.A.S.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA LUXEMBOURG, S.À R.L.	Director	No
Mr. Gabriel Escarrer Jaume	MELIÁ HOTELS INTERNATIONAL UK LTD.	Manager	Yes
Mr. Gabriel Escarrer Jaume	LONDON XXI LTD.	Manager	Yes
Mr. Gabriel Escarrer Jaume	LOMONDO LTD.	Manager	Yes
Mr. Gabriel Escarrer Jaume	HOGARES BATLE S.A.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	DESARROLLOS SOL S.A.	Chairman	No
Mr. Gabriel Escarrer Jaume	INVERSIONES AREITO,S.A.	Chairman	Yes
Mr. Gabriel Escarrer Jaume	HOTELES SOL MELIÁ S.L	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	SOL MELIÁ GREECE S.A.	Director	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA ITALIA, S.R.L.	Sole Administrator	Yes
Mr. Gabriel Escarrer Jaume	INMOTEL INVERSIONES ITALIA S.R.L.	Sole Administrator	Yes
Mr. Gabriel Escarrer Jaume	ADPROTEL STRAND, S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	ALTAVISTA HOTELERA S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	AYOSA HOTELES S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	EVERTMEL,S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	GESTIÓN HOTELERA TURÍSTICA MESOL, S.A.	Sole Administrator	Yes
Mr. Gabriel Escarrer Jaume	KIMEL MCA, S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	MONGAMENDA, S.L.	Director CO-Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	PRODIGIOS INTERACTIVOS, S.A.	Director (Chairman of the Board of Directors) Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	TENERIFE SOL S.A.	Director (Chairman of the Board of Directors)	Yes

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

		Chief Executive Officer	
Mr. Gabriel Escarrer Jaume	DESARROLLOS HOTELEROS SAN JUAN EXHOLD S.L.	Director	No
Mr. Gabriel Escarrer Jaume	IMPULSE HOTEL DEVELOPMENT S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	MARKSERV B.V.	Director	No
Mr. Gabriel Escarrer Jaume	MIA EXHOLD, S.A.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	SAN JUAN INVESTMENTS, EXHOLD, S.L.	Director	No
Mr. Gabriel Escarrer Jaume	SOL GROUP, B.V.	Director	No
Mr. Gabriel Escarrer Jaume	SOL MANINVEST, B.V.	Director	No
Mr. Gabriel Escarrer Jaume	SOL MELIA EUROPE, B.V.	Director CO- Chief Executive Officer	No
Mr. Gabriel Escarrer Jaume	SM INVESTMENT EXHOLD, S.L.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	FARANDOLE B.V.	Co-director	No
Mr. Gabriel Escarrer Jaume	COLÓN VERONA S.A.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	APARTOTEL S.A.	Chairman of the Board of Directors/Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	INVERSIONES Y EXPLOTACIONES TURISTICAS, S.A.	Chairman of the Board of Directors/Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	REALIZACIONES TURISTICAS, S.A.	Chairman of the Board of Directors/Chief Executive Officer	Yes
Mr. Gabriel Escarrer Jaume	SOL MELIA BALKANS, E.A.D.	Manager, Member of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	CASINO TAMARINDOS, S.A.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	INVERSIONES HOTELERAS LA JAQUITA, S.A.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	DORPAN, S.L.U.	Chairman of the Board of Directors + General attorney	Yes
Gabriel Escarrer Jaume	HOTELPOINT, S.L.	Chairman of the Board of Directors	No
Mr. Gabriel Escarrer Jaume	SOL MELIA HOTEL MANAGEMENT (SHANGHAI) Co. Ltd.	Manager	No
Mr. Gabriel Escarrer Jaume	PT SOL MELIA INDONESIA	Manager	No
Mr. Gabriel Escarrer Jaume	OPERADORA COSTARISOL	Chairman - Secretary	No

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Mr. Gabriel Escarrer Jaume	MELIÁ HOTELS USA, LLC	Manager	No
Mr. Gabriel Escarrer Jaume	BISOL VALLARTA S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	CALA FORMENTOR S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	CARIBOTELS DE MEXICO, S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	CORP. HOT. HISP. MEXICANA S.A. de C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	OPERADORA COSTA MESOL, S.A. DE C.V.	Chairman	No
Mr. Gabriel Escarrer Jaume	DETUR PANAMA S.A.	Manager	No
Mr. Gabriel Escarrer Jaume	SOL MELIA PERU, S.A.C	Chairman	No
Mr. Gabriel Escarrer Jaume	EL RECREO PLAZA & CIA, C.A.	Manager	No
Mr. Gabriel Escarrer Jaume	INMOBILIARIA DISTRITO COMERCIAL	Chairman	No
Mr. Gabriel Escarrer Jaume	INVERSIONES INMOBILIARIAS I.A.R.1997 C.A.	Chairman	No
Mr. Gabriel Escarrer Jaume	MELIA VIETNAM COMPANY LIMITED	N/A	Yes
Mr. Gabriel Escarrer Jaume	APARTHOTEL BOSQUE S.A.	Director (Chairman of the Board of Directors)	No
Mr. Gabriel Escarrer Jaume	MELCOLM JV, S.L.	Director (Chairman of the Board of Directors)	No

C.1.11 List, where appropriate, any legal-person directors or representatives of legal-person directors of your company, who are members or representatives of legal-person members of the Board of Directors of other companies listed on official securities markets other than group companies, who have communicated that status to the company:

Name or corporate name of director	Name of listed company	Position
Mrs. Carina Szpilka Lázaro	Grifols S.A.	Director
Mr. Fernando D'Ornellas Silva	Prosegur S.A.	Director
Mr. Francisco Javier Campo García	Bankia S.A.	Director
Cristina Henríquez de Luna Basagoiti	Applus Services, S.A.	Director

C.1.12 Indicate and, where applicable, explain whether the company has established rules on the maximum number of boards on which its directors may hold positions, identifying, where appropriate, where this is regulated:

YES

NO

C.1.13 State the overall remuneration of the Board of Directors:

Board remuneration in financial year (thousand euros)	1.465
Amount of vested pension interests for current directors (thousand euros)	
Amount of vested pension interests for former members (thousand euros)	

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name or corporate name	Position(s)
Mr. Gabriel Cánaves Picornell	Chief Human Resources Officer
Mr José Luis Alcina Jaume	Internal Audit VP
Mrs Pilar Dols Company	Chief Financial Officer
Mr. Juan Ignacio Pardo García	Chief Legal & Compliance Officer
Mr. Andre Philippe Gerondeau	Chief Operating Officer
Mr. Mark Maurice Hoddinott	Chief Real Estate Officer

Numer of women in Senior Management	1
Percentage over the total members of Senior Management	16.70

Total senior management remuneration (thousand euros)	1,467
---	-------

C.1.15 State whether the regulations of the Board have been amended during the financial year:

YES

NO

Description of amendments

(The Board of Directors of the company, in accordance with article 528 of the Law on Capital Companies and articles 3 and 4 of the Regulations of the Board of Directors, has proceeded, during the year 2020, to amend Articles 9, 10, 11, 12 13, 14, 15 and 27 of the Regulations of the Board of Directors.

This amendment was approved by the Board of Directors meeting held on July 10, 2020, having been registered in the Mercantile Registry of Mallorca on September 1, 2020 in sheet Page PM-22603, Volume 2810, Folio 164, entry 155.

The wording of the Regulations of the Board of Directors, is as follows:
https://www.meli-hotels-international.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/2020_MHI_CdAdm_Texto%20Refundido%20Reglamento_ENG.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.

(According to Article 15 of the Regulations of the Board of Directors, the Appointments and Remuneration Committee must define and review the criteria to be followed for the

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

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-optation) or submit the decision to the General Shareholders' Meeting.

Directors are appointed for a period of four years and may be re-elected once or several times for periods of equal duration.

With regard to the removal of directors, the procedures provided for in current legislation as well as in the Company's Bylaws, are followed.

The criteria applied by the Company in each procedure are described in the Selection Policy for Directors, 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/en/shareholdersAndInvestors/LegalDocs/Policies/Pol%C3%ADtica%20selecci%C3%B3n%20Consejeros_ENG.pdf

C.1.17 Explain the extent to which the annual assessment of the Board has given rise to significant changes in its internal organisation and to procedures applicable to its activities:

Description of changes

(The annual evaluation of the Board for 2019 has not led to any relevant changes in the internal organization of the Board itself.)

Describe the assessment process and the areas assessed by the Board of Directors with the help, if any, of external advisors, 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 evaluation corresponding to fiscal year 2020 has been carried out by means of the completion by the Board Members of the corresponding evaluation questionnaires.

In relation to recommendation number 36 of the Good Governance Code of Listed Companies, which refers to the assistance of an external consultant at least every three fiscal years, and, due to the cost containment policy caused by the economic situation, the Committee decided not to resort to the aforementioned figure during the 2020 fiscal year.

Nevertheless, and given the conjuncture, the Committee has had the support of the Company's Human Resources and Corporate Governance departments, to review and update the evaluation forms, in which issues related to COVID-19 management have been incorporated and certain improvements have been introduced in line with the applicable recommendations and the best market practices in the matter.

In particular, the following modifications have been made:

- A new block of issues on COVID-19 management matters (Board, Commissions, CEO) has been added.
- Questions relating to the assessment of the Chairmen of the Delegated Commissions & Coordinating Director have been introduced.
- More questions have been included regarding the composition of the Board and Committees, remuneration, non-financial information, etc.
- And outdated issues have been eliminated.

Likewise, the structure of the questionnaire has been modified and now consists of the following sections:

- Section I: Quality and efficiency of the Board's operation.
- Section II: Size, composition and remuneration of the Board and Committees.
- Section III: Performance of the Chairman and Chief Executive Officer
- Section IV: Performance of the Chairmen of the Committees and the Coordinating Councilor
- Section V: Organization
- Section VI: Training
- Section VII: Delegated Committees of the Council
- Section VIII: Final Evaluation and Observations)

C.1.18 Describe, in those years in which the external advisor has participated in the assessment, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

N/A

C.1.19 Indicate the circumstances under which directors are required to resign.

(Title VIII of the Regulations of the Board of Directors regulates the duties of the Board Members, which include the obligation to act with the diligence of an orderly businessman and a loyal representative, as well as in accordance with any other standard of diligence provided by law.

Specifically, Article 29 of the Board Regulations establishes that Board Members must observe the rules of conduct established in securities market legislation and, in particular, those enshrined in the Internal Code of Conduct.

Therefore, failure to comply with any of said duties and obligations would be cause for the resignation or removal, as the case may be, of a Director. Likewise, Article 31.2 of the Board Regulations expressly establishes that the Directors "must report and, as the case may be, resign in those cases that may damage the credit and reputation of the Company, and must in any case report the criminal cases in which they appear as accused, as well as their subsequent procedural vicissitudes, and the Board must examine the case as soon as possible, and in view of the specific circumstances, decide whether or not the Director should continue in his position."

In accordance with the latest modification of the Good Governance Code of Listed Companies, the Company shall proceed to update the said article to bring it into line with the provisions of recommendation number 22.)

C.1.20 Are qualified majorities, other than those established by law, required for any specific decision?

YES

NO

If so, describe the differences.

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

YES

NO

Description of requirements

(According to Article 33.2 of the 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 for at least the THREE (3) years preceding the date of said appointment; or
- b) to have previously held the position of Chairman of the Board of Directors, regardless of the duration of the term of office as Director.

If a Director is appointed as Chairman or Vice-Chairman by a unanimous decision of SEVENTY-FIVE PERCENT (75%) of the members of the Board of Directors, the above-mentioned conditions will not be applied.

Likewise, re-election as a Director of any members of the Board who hold the positions of Chairman and Vice-Chairman and, where appropriate, Coordinating Director, provided the legal requirements are met, will imply the automatic continuity in those positions.)

C.1.22 State whether the Bylaws or the Regulations of the Board establish any limit as to the age of directors:

YES

NO

(The Company's Director Selection and Diversity Policy establishes as an objective criterion to be taken into consideration in the event of a new appointment or re-election, the need for a progressive renewal of the Board, taking into account the average length of service and the average age on the Board.)

C.1.23 State whether the Bylaws or the Regulations of the Board establish any term limits for independent directors other than those required by law:

YES

NO

C.1.24 Indicate whether the Bylaws or the Regulations of the Board establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may hold, as well as whether any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such rules.

(Pursuant to Article 18.3 of the Regulations of the Board, representation by proxy shall be made in writing through a letter addressed to the Chairman for each particular meeting, including the relevant instructions, and must be in favour of another member of the Board. External Independent Directors may only be represented by another External Independent Director. There is no maximum number of proxies provided per director.)

C.1.25 Indicate the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Proxies granted with specific instructions shall be counted as attendance

Number of Board meetings	7
Number of Board meetings without the chairman	0

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
--------------------	---

Indicate the number of meetings held during the year by the different Board Committees:

Indicate the number of meetings held by each committee of the Board during the year:

Number of meetings held by the Auditing and Compliance Committee	13
Number of meetings held by the Nominating, Compensation and Corporate Social Responsibility Committee	8

(During 2020, a total of 7 meetings of the Board of Directors were held, given the situation caused by the COVID-19 crisis, the Company has established telematic means of attendance in order to guarantee the attendance of the Board members at the meetings. One of the meetings of the Board of Directors was held in writing and without a meeting.)

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

The Coordinating Director (Mr. Fernando D'Ornellas) is also Chairman of the Nominating, Compensation and Corporate Social Responsibility Committee and a member of the Audit 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 Audit 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 take place within the framework of the meetings of the Committees.)

C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the data on attendance by its members.

Number of meetings with on-site attendance of at least 80% of directors	6
% of on-site attendance over total votes during the year	100.00
Number of meetings with on-site attendance or representations by proxy made with specific instructions of all directors	6
% of votes cast with on-site attendance and representations by proxy made with specific instructions of all directors	100.00

(Since March 2020, the meetings of the Board of Directors (and of the Delegated Committees) have been held telematically. In determining the number of meetings in this question, the Board of Directors' meeting in writing and without a meeting have not been taken into account.)

C.1.27 State whether the individual and consolidated financial statements submitted to the Board for approval are previously certified:

YES

NO

Identify, where applicable, the person(s) who certified the individual and consolidated financial statements of the company for preparation by the Board:

Name	Position
Mrs. Pilar Dols Company	Chief Financial Officer
Mr. Gabriel Escarrer Jaume	Vice Chairman and CEO

C.1.28 Explain any measures, if any, established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting in accordance with accounting standards.

(In accordance with the provisions of Article 14 of the Board Regulations, the Audit and Compliance Committee is responsible for ensuring that the financial and non-financial information offered to the markets is prepared in accordance with the same principles, criteria and professional practices with which the Annual Accounts are prepared, and in particular, reviewing the Company's Accounts (including the Annual Corporate Governance Report) and overseeing compliance with legal requirements and the correct application of generally accepted accounting principles, with the direct collaboration of the External and Internal Auditors.

In the fulfillment of this function, the Committee holds several meetings throughout the year with the auditors in order to analyze the development of their work and to detect and provide solutions to possible incidents that could affect the annual accounts.

Likewise, Article 35.3 of the Board Regulations establishes that "The Board of Directors shall ensure that the half-yearly, quarterly and any other financial information that the Law and prudence require to be made available to the markets is prepared in accordance with the same

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

principles, criteria and professional practices with which the annual accounts are prepared and that it enjoys the same reliability as the latter.")

C.1.29 Is the secretary of the Board also a director?

YES

NO

If the Secretary is not a director, fill in the following table:

(Without prejudice to what is indicated in this question, the Company also has a Deputy Secretary who is not a member of the Board of Directors.)

C.1.30 State, if any, the specific measures established by the company to ensure the independence of its external auditors, as well as, where appropriate, the measures established to ensure the independence of financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

(The Auditing and Compliance Committee's duties include liaising with the external auditors in order to receive information regarding such issues as may jeopardize the independence of the latter.

In fact, there is a direct relationship between the members of the Committee and the external auditors, with the latter attending the meetings held by this Committee in person. As a general rule, in each meeting of the Auditing and Compliance Committee, the Directors meet with the external auditor without the presence of the managers of the Company.

Among the functions entrusted to the Audit Committee is that of "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".

With regard to the 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 on Communication and Relations with Shareholders, Investors and Voting Advisors and of Corporate Communication (revised and updated in 2020), the company provides information to any analyst who requests it, without any discrimination and offering maximum transparency. In the information exchange process, influencing the opinions or views of analysts is avoided at all times.

Specifically, 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 Company 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.

The Board of Directors is informed, at each of its meetings, of the meetings held with investors, analysts and proxy advisors, and in general, of the levels of compliance and application of the aforementioned Communication Policy.)

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming auditor and outgoing auditor:

YES

NO

If there has been any disagreement with the outgoing auditor, provide an explanation thereof:

YES

NO

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its group and, if so, the fees paid, and the corresponding percentage of total fees invoiced to the company and/or its group:

YES

NO

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	180	3	183
Amount invoiced for non-audit services/total amount invoiced by the audit firm (in %)	58.39	0.32	14.70

Highlight that the Company has in place an approval process for services other than auditing provided by the statutory auditor. This process includes a list of prohibited services, as well as a procedure for the approval of services classified as permitted. Likewise, the list of services other than auditing, with the breakdown of fees, is presented annually to the Auditing and Compliance Committee.

The said process was revised and updated by the Auditing and Compliance Committee during the year 2019.

C.1.33 State whether the auditor's report on the annual accounts for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders by the chairman of the Audit Committee to explain the content and scope of such qualified opinion or reservations.

YES

NO

C.1.34 State the number of consecutive years the current audit firm has been auditing the individual and/or consolidated annual accounts of the company. Likewise, state the number of years audited by the current audit firm as a percentage of the total number of years that the annual accounts have been audited:

	Individuals	Consolidated
Number of consecutive years	2	2

	Individuals	Consolidated
Number of years audited by current audit firm/Number of years the company or its group have been audited (%)	1.00	1.00

C.1.35 Indicate and, if applicable, give details of any procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time:

YES

NO

(Although according to Article 17 of the Regulations of the Board, meetings shall be called a minimum of three (3) days before the day on which the meeting is to be held and the call to meeting shall include the session's agenda along with the relevant information properly summarized and prepared, unless there are exceptional circumstances, the information shall be made available to Directors (8) eight days before the meeting is held.

Furthermore, Article 22 of the Regulations of the Board establishes that Directors have the broadest powers to receive 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 powers of information shall be channeled through the Chairman or the Secretary of the Board of Directors, who will attend to the requests of the director by providing him/her with the information directly, offering appropriate interlocutors at the appropriate level in the organization or establishing such measures so as to enable him/her to conduct the desired examinations in situ.)

C.1.36 State whether the company has established rules whereby directors must provide information and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:

YES

NO

Explain the rules

(Article 31.2 of the Regulations of the Board expressly establishes that Directors should inform the Board, and where applicable, resign under any circumstances that may jeopardize the company's standing and reputation and shall in any event report any criminal charges brought against them, and the status of any subsequent court or legal proceedings, and the Board of Directors shall examine the case as soon as possible and decide, in consideration of the specific circumstance, whether or not the Director in question should remain in office.

In accordance with the latest amendment to the Good Governance Code of Listed Companies, the Company will proceed to update this article to bring it into line with the provisions of recommendation number 22.)

C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the Corporate Enterprises Act:

YES

NO

C.1.38 List the significant agreements entered into by the company that come into force, are amended or are terminated in the event of a change of control of the company following a takeover bid, and their effects.

C.1.39 Identify individually for directors, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing compensation or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	1
-------------------------	---

Beneficiary: Chief Executive Officer

Description of the agreement:

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

In 2015, the Chief Executive Officer signed a contract with the Company for the provision of services pursuant to Article 249 of the Corporate Enterprises Act, which, in relation to compensation, provides:

- Post-contract non-compete agreement, for one year, with the Company's commitment to pay the Chief Executive Officer one year's total annual remuneration under the conditions in force at the time of termination of the contract.
- If the Chief Executive Officer breaches the post-contract non-compete obligation, he must return to the Company any amounts received in this connection and compensate the Company with an amount equivalent to 150% of the amount received in this connection.
- Termination of contract: termination of service of the Chief Executive Officer shall take place in the cases contemplated in the Corporate Enterprises Act, in which case he must place his position at the disposal of the Board of Directors and, where appropriate, execute immediately his dismissal from office.
- Compensation: The Chief Executive Officer shall be compensated with an amount equal to one year's total annual remuneration, under the following circumstances:
- Unilateral termination by the Chief Executive Officer: due to serious and negligent breach by the Company of its contractual obligations under the contract or to a substantial modification of his functions, powers or service conditions for reasons not attributable to the Chief Executive Officer.
- Unilateral termination by the Company: not due to a serious and negligent breach by the Chief Executive Officer of the duties of loyalty, diligence or good faith or any of those established by law, according to which he must perform his function.

Also, following the recommendations of the United Code of Good Governance of the CNMV, during the year 2019 the aforementioned service provision contract was modified, in order to include a clawback clause.

State if these contracts have been communicated to and/or approved by the management bodies of the company or its group. If so, specify the procedures, expected events and nature of the bodies responsible for their approval or for communicating this:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	X	

	YES	NO
Are these clauses notified to the General Shareholders' Meeting?	X	

(The information to the General Shareholders' Meeting is made through the approval of the Annual Board Remuneration Report for each fiscal year as well as the approval of the modifications to the Remuneration Policy that are necessary to reflect the inclusion of new clauses or conditions in the contract for the provision of services of the Chief Executive Officer.)

C.2. Committees of the Board of Directors

C.2.1. Give details of all committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

AUDITING AND COMPLIANCE COMMITTEE

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Name	Position	Category
Mr. Francisco Javier Campo García	Chairman	Independent
Mr. Fernando D'Ornellas Silva	Member	Independent
Mr. Juan Arena de la Mora	Member	Independent
Mrs. Carina Szpilka Lázaro	Member	Independent
Mrs. Cristina Henríquez de Luna Basagoiti	Member	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external	0.00

(The Board of Directors, at its meeting held on February 26, 2020, unanimously agreed to appoint Mr. Francisco Javier Campo García as Chairman of the Audit and Compliance Committee.

Likewise, the Board of Directors, at its meeting held on February 26, 2020 and at the proposal of the Appointments, Remuneration and Corporate Social Responsibility Committee, unanimously agreed to appoint Ms. Cristina Henríquez de Luna Basagoiti as member of the Audit and Compliance Committee.

In accordance with the new recommendations of the Unified Code of Good Governance, as well as the CNMV's Technical Guide 3/2017, all members of the Audit 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 stated in the Board's competency matrix.)

Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.

(The functions attributed to the Auditing and Compliance Committee are regulated in Article 14 of the Regulations of the Board of Directors:

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/Art14.pdf

The procedures and rules of organization and operation of the Committee are regulated in Article 39 bis of the Bylaws and in the aforementioned Article 14 of the Regulations of the Board of Directors.

However, it should be noted that during the 2020 financial year, the Company Bylaws and the Board of Directors Regulations have been amended to regulate the event of absence of the Chairman of the Delegated Committee. In this regard, it has been established that, in the event of his absence, the most senior independent external director shall act as the Chairman's alternate on the respective Committee.

The activities carried out by the Audit and Compliance Committee during the 2020 financial year are detailed in the Committee's activity report, published on the corporate website of Meliá Hotels International.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Regarding the detail of the most important actions during the fiscal year in relation to the functions assigned to the Committee, it is necessary to highlight the involvement and dedication of the Audit and Compliance Committee in the supervision and monitoring of the financial measures adopted by the Company in the management of the socio-economic situation caused by the COVID-19 pandemic. This greater involvement has led to a notable increase in the number of Committee meetings (30% compared to the previous year).

Since the beginning of the pandemic in Spain (March 2020), the Committee has reviewed the Company's liquidity, cash and debt status on a monthly basis, and followed up on the business plan prepared by the management team to address the Company's situation.

Regarding the rest of the functions assigned to the Committee, the most important ones are indicated below, following the classification established in Article 14 of the Board Regulations:

Relationship with the external auditor: during fiscal year 2020, the relationship with the external auditor has focused especially on the review of the impact of the crisis on the financial statements and compliance with the new applicable requirements (review of ESMA and CNMV criteria).

Supervision of the effectiveness of the company's internal control and risk management systems: The Committee has been informed, among others, of the result of the update of the company's Risk Map, and of the Protocol for the Prevention of Criminal Offenses (result of the evaluation of the effectiveness of the related controls).

Supervision of financial and non-financial information: in the March and April sessions, the extensions of the deadline for the publication of financial information and approval of accounts provided for by the applicable regulations during the state of alarm were analyzed and taken into consideration, although the Company did not make use of them.

Supervision of the Internal Audit, Risk and Compliance functions: the Committee has carried out the analysis of the impact of COVID-19 and of the protocol and measures implemented regarding risks. Regarding the internal audit function, the Committee has supervised the adaptation of the Internal Audit Plan to the situation created by COVID-19 (closure of hotels, among others) and followed up on the recommendations in this area.

General Shareholders' Meeting: during the General Shareholders' Meeting of fiscal year 2020, the Chairman of the Audit Committee, Mr. Francisco Javier Campo, informed the shareholders of the results of the audit, as well as the main functions and progress made by the Committee during the fiscal year.

Additionally, the Committee has reviewed those rules and policies that have been updated or approved during the 2020 financial year, in particular: Treasury Stock Policy, Internal Code of Conduct, Purchasing and Services Policy, Internal Audit Rule, etc.)

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairman of this committee was appointed.

Name of directors with experience	Mr. Francisco Javier Campo Mr. Fernando D'Ornellas Silva Mr. Juan Arena de la Mora Mrs. Carina Szpilka Lázaro Mrs. Cristina Henríquez de Luna Basagoiti
Date of appointment of the chairman in office	26/02/2020

APPOINTMENTS, REMUNERATION AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name	Position	Category
Mr. Fernando d'Ornellas Silva	Chairman	Independent
Mr. Francisco Javier Campo García	Member	Independent
Mr. Luis María Díaz De Bustamante y Terminel	Member	Independent
Hoteles Mallorquines Asociados S.L.	Member	Proprietary
Mrs Carina Szpilka Lázaro	Member	Independent

% of executives directors	0.00
% of proprietary directors	20.00
% of independent directors	80.00
% of other external directors	0.00

(The Board of Directors, at its meeting held on February 26, 2020, unanimously agreed to appoint Mr. Fernando D'Ornellas Silva as Chairman of the Nominating, Compensation and Corporate Responsibility Committee.

Likewise, the Board of Directors, at its meeting held on February 26, 2020 and after the corresponding proposal of the Nominating, Compensation and CSR Committee, unanimously adopted to appoint Ms. Carina Szpilka Lázaro as member of the Nominating, Compensation and Corporate Responsibility Committee.)

Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organisation and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.

(The functions attributed to the Appointments and Remuneration Committee are regulated in Article 15 of the Regulations of the Board of Directors, and can be classified as follows:

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/Art15.pdf

The procedures and rules of organization and operation of the Committee are regulated in Article 39 ter of the Bylaws and in the aforementioned Article 15 of the Regulations of the Board of Directors.

However, it should be noted that during the 2020 financial year, the Company Bylaws and the Board of Directors Regulations have been amended to regulate the event of absence of the Chairman of the Delegated Committee. In this regard, it has been established that, in the event of his absence, the most senior independent external director shall act as the Chairman's alternate on the respective Committee.

The activities carried out by the Appointments, Remuneration and Corporate Social Responsibility Committee during the 2020 financial year are detailed in the Committee's activities report, published on the corporate website of Meliá Hotels International.

With regard to the most important actions during the year in relation to the functions assigned to the Committee, it is necessary to highlight 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 socio-economic situation caused by the COVID-19 pandemic. In particular, the Committee has monitored and supervised the

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

implementation of the occupational safety protocol and the Stay Safe with Meliá program, and the labour measures adopted by the Company (ERTEs and salary reductions).

Regarding the rest of the functions assigned to the Committee, the most noteworthy are indicated below, following the classification established in Article 15 of the Board Regulations: Evaluation and selection of directors and senior managers: in addition to the preparation of the proposals for the re-election of the Independent Director Ms. Carina Szpilka and the proposal for the appointment of the company Hoteles Mallorquines Agrupados, S.L. as External Proprietary Director, to highlight the review by the Committee of the update of the Policy for the Selection of Directors and Diversity.

Evaluation of the Board of Directors and its specialized committees: the Committee has reviewed and updated the annual self-evaluation questionnaire of the Board and the Chief Executive Officer, incorporating issues related to the management of COVID-19 as well as certain improvements in line with the applicable recommendations and the best market practices in this area.

Remuneration Policy and Contractual Terms of Directors and Senior Management: as indicated in the Annual Board Remuneration Report, during the 2020 financial year the Committee adopted several resolutions relating to the modification of the Board's remuneration scheme. In particular, it agreed on the reduction of the Chief Executive Officer's fixed remuneration and the suspension of short- and long-term variable remuneration. Regarding the remuneration of non-executive directors, it was agreed to reduce the allowances for attendance to the Delegated Committees.

Corporate Responsibility: in addition to the review of certain issues of the non-financial information statement, during this fiscal year the Committee has supervised the creation of the Sustainability Committee and the new Governance Model in this matter.

As for other functions, it is worth mentioning the review of the composition of the delegated committees and the preparation of proposals regarding the change in the Chairmanships of both Committees and the incorporation of new members.)

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 2020	Year 2019	Year 2018	Year 2017
Auditing and Compliance Committee	2 (40%)	1 (20%)	1 (20%)	0 (0%)
Nominating, Compensation and Corporate Responsibility Committee	2 (40%)	1 (25%)	1 (25%)	1 (25%)

C.2.3. Indicate, where appropriate, the existence of regulation of the committees of the board, the place where they are available for consultation, and the modifications that have been made during the year. In turn, it will be indicated if an annual report on the activities of each commission has been voluntarily prepared.

(Auditing and Compliance Committee)

The composition, functions and performance regime of the Auditing and Compliance Committee of Meliá Hotels International, SA, are regulated in articles 39 Bis of the Bylaws

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

and 14 of the Regulations of the Board of Directors. All this without prejudice to the provisions of the Capital Companies Law and other applicable regulations.

The Audit and Compliance Committee prepares an annual report on its activities and, in accordance with recommendation 6 of the CNMV's Good Governance Code for Listed Companies, publishes it on the corporate website.

Appointments, Remuneration and Corporate Responsibility Committee

The composition, functions and rules of procedure of the Appointments, Remuneration and Corporate Social Responsibility Committee of Meliá Hotels International, S.A. are regulated in Articles 39 Ter of the Bylaws and 15 of the Regulations of the Board of Directors. All of the foregoing is without prejudice to the provisions of the Capital Companies Act and other applicable regulations.

The Nominating, Compensation and Corporate Social Responsibility Committee prepares an annual report on its activities and, in accordance with recommendation 6 of the CNMV's Good Governance Code for Listed Companies, publishes it on the corporate website.

Both the Bylaws and the Regulations of the Board of Directors are available on the corporate website of Meliá Hotels International, S.A.

Appointments, Remuneration and Corporate Responsibility Committee

The composition, functions and performance of the Appointments and Remuneration Committee of Meliá Hotels International, SA, is regulated in articles 39 Ter of the Bylaws and 15 of the Regulations of the Board of Directors. All this without prejudice to the provisions of the Capital Companies Law and other applicable regulations.

The Auditing and Compliance Committee has prepared and approved its annual report of activities for the year 2019. This report will be published on the corporate website.

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/LegalDocs/Estatutos%20Sociales%20MHI%202020_Eng_5.pdf

https://www.meliahotelsinternational.com/en/shareholdersAndInvestors/Documents/Reglamento_Consejo/2020_MHI_CdAdm_Texto%20Refundido%20Reglamento_ENG.pdf

The General Shareholders' Meeting of the Company held on July 10, 2020, approved the amendment of Articles 33, 39 bis and 39 ter of the Company's Bylaws. Said resolution was registered in the Mercantile Registry on August 12, 2020, by means of entry 151.

Following the aforementioned amendment, the Board of Directors, on July 10, 2020, agreed to amend the Regulations of the Board of Directors, in order to adapt its content to the aforementioned amendments to the Bylaws.)

D. Linked Operations and Intragroup Operations

D.1. Explain, where appropriate, the procedure and competent bodies for the approval of transactions with related parties and intragroup.

(As a general rule, the Regulations of the Board of Directors establish that the Board must know and authorize any transaction of the Company with its significant shareholders and Directors and Executives, and that it shall not authorize the transaction if a report has not been previously issued by the Audit and Compliance Committee assessing the transaction from the point of view of equal treatment of shareholders and market conditions.

The Board shall also ensure compliance with the law and the duties of information and transparency that the Company must comply with regarding the communication of these transactions.

Said regime is complemented with the provisions of the Capital Companies Act, and in particular, with article 529 ter section h).

The Company and, in particular, the Audit and Compliance Committee, have reviewed the implications regarding related-party transactions of the Bill to amend the Capital Companies Act, assessing the formalization and implementation of an internal procedure for information and periodic control by the Audit and Compliance Committee)

D2. Detail those significant transactions by their amount or relevant for their matter carried out between the company or entities of their group, and the significant shareholders of the company.

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
Tulipa Inversiones 2018, S.A..	Meliá Hotels International, S.A.	Contractual	Reception of Services	100
Tulipa Inversiones 2018, S.A.	Inversiones Areito S.A.S.	Contractual	Reception of Services	40
Tulipa Inversiones 2018, S.A.	Sol Melia Italia S.R.L.	Contractual	Reception of Services	26
Tulipa Inversiones 2018, S.A.	Corporación Hotelera Hispano Mexicana S.A.	Contractual	Reception of Services	44
Tulipa Inversiones 2018, S.A.	Desarrollos Sol S.A.S	Contractual	Operational Rental Contracts	91
Tulipa Inversiones 2018, S.A.	Inversiones y Explotaciones Turísticas S.A.	Contractual	Reception of Services	36

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Tulipa Inversiones 2018, S.A.	Lomondo Ltd.	Contractual	Operational lease contracts	69
Tulipa Inversiones 2018, S.A.	Cala Formentor S.A. de C.V.	Contractual	Reception of Services	159
Tulipa Inversiones 2018, S.A.	Hotel Royal Alma S.A.S	Contractual	Reception of Services	53

D.3. State any transactions that are significant because of their amount or relevant because of their subject matter, carried out between the company or its group companies, and the directors or managers of the company:

Name or corporate name of director or manager	Name or corporate name of the related party	Relationship	Type of transaction	Amount (thousand euros)
No data				

D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.

In any case, list any intragroup transaction conducted with entities in countries or territories which are considered tax havens:

Name of the group company	Brief description of the transaction	Amount (thousand euros)
Sol Meliá Funding	Assignment of the customer portfolio of American companies in the vacation club segment to Sol Meliá Funding for its management	64
Sol Meliá Funding	Modification of the inter-group loan agreement with the parent company, in line with the centralised cash management policy	2,666

D.5 List any material transactions between the company or its group companies and other related parties, not recorded under the previous items.

Name of related party	Brief description of transaction	Amount (thousand euros)
No data		

D.6 List 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 or significant shareholders.

(In accordance with the provisions of Article 28 of the Board of Directors Regulations, 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 Company's interests.

Likewise, the Nominating, Compensation and CSR Committee, in accordance with the provisions of Article 15.2. of the Board of Directors Regulations, must inform the Board

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

of Directors of transactions that involve or may involve conflicts of interest, proposing, where appropriate, the measures to be adopted.

Additionally, the Internal Rules of Conduct in matters related to the securities market also regulate certain aspects regarding conflict of interest, establishing the following principles of action:

*Independence: they must act at all times with freedom of judgment, with loyalty to the Company and its Group, and independently of their own or outside interests. Consequently, they may not prioritize their own interests at the expense of those of the Company or its Group.

*Abstention: they shall refrain from intervening or influencing in the decision-making on the matters affected by the conflict.

*Confidentiality: they shall refrain from accessing confidential information affecting said conflict. All of the above without prejudice to the provisions of the Capital Companies Act.)

D.7 Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiary companies, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.

YES

NO

E. Risk control and management systems

E.1 Explain the scope of the Company's Risk Control and Management System, including the system for managing tax risks.

The Risk Control and Management System has not changed with respect to previous years. The Company has implemented a risk management model based on the COSO methodology, which consists of the following stages:

1. Identification of Risks, including fiscal 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, prioritizing the most relevant risks and obtaining the different maps.
3. Responses to the risks, by assigning responsibilities on the most relevant Risks and defining the actions that allow contributing in an efficient way to their management.
4. Monitoring and control through the indicators defined in this regard in the most relevant risks, the annual update of the Risk Maps, and the monitoring of the initiatives defined for their mitigation.
5. Periodic and transparent communication of the results obtained both to Senior Management and to the Audit and Compliance Committee and Board of Directors, which serves as feedback to the system so that continuous improvement in the process is achieved.

The model is global and transversal to the whole company, which allows obtaining the Group's Risk Map from the consolidation of the Individual Risk Maps of the different Departments and Business Areas.

The management team identifies the risks that affect the Group's objectives and strategy (Stage 1), and the risks based on the variables of probability of occurrence and impact in the event of materialization (Stage 2) according to standardized quantitative and qualitative scales.

In addition, and as part of the model, the Group's Tax Risk Map is obtained and updated annually through the system. The risk management governance model is based on the Risk Control Policy and the Standard that develops it.

Both documents were updated in 2020 and approved by the Board of Directors (the Policy) and by the Audit and Compliance Committee (the Standard).
Compliance Committee (the Standard).

The Risk Control Policy is globally applicable 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 fiscal risks. Those basic principles are:

- a. Promote an appropriate internal environment and a culture of risk awareness.
- b. Align strategy to the risks identified.
- c. Ensure an adequate level of independence between the areas responsible for risk management (and their elimination or mitigation), and the area responsible for their control and analysis.
- d. Identify and evaluate the diversity of risks affecting the Group, ensuring their correct allocation.
- e. Ensure adequate management of the most relevant risks.
- f. Improve risk response processes and decisions.
- g. Facilitate integrated responses to multiple risks.
- h. Transparently and consistently inform and communicate to all levels of the Organization about the Group's risks.
- i. 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 Standard develops the Policy, and aims to ensure the functioning of the Risk Control System by establishing the rules, guidelines and criteria to be followed in the process of updating the Risk Map within the Group. This Internal Rule also establishes the basic

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

responsibilities in terms of risk management of the governing bodies and the different areas of the organization.

With regard to fiscal risks, Meliá Hotels International has a Tax Strategy Policy approved by the Board of Directors. The Tax Strategy is governed by the following fundamentals:

- Regulatory compliance and responsible fiscal management.
- Cooperative relations with the administrations and risk control and management system.
- Fiscal efficiency, efficient defense of our fiscal positions and transparency.

This Tax Strategy is in turn developed by an Internal Tax Risk Control Management Standard.)

E.2 Identify the company's bodies responsible for creating and executing the Risk Control and Management System, including the system for managing tax risks:

(The Risk Management system is based on 3 lines defense model:

*Governing Bodies: Board of Directors, Audit and Compliance Committee, and Executive Committee.

*First line of defense: business and organizational units.

*Second line of defense: risk control and compliance management.

*Third line of defense: internal audit.

The ultimate responsibility for this model lies with the Board of Directors, which has the non delegable power, among others, to identify the Company's main risks, especially fiscal risks and those arising from derivative transactions, and to implement and monitor the internal control and information systems (Art. 5 of the Board Regulations).

In addition, the Audit and Compliance Committee is entrusted with, among others, the supervision of (Art. 14.2 of the Board Regulations):

- The efficiency 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.

As a second line of defense, the Risk Control & Compliance Department is assigned control and analysis functions, being the responsibility for risk management in the first line of defense, 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 Audit Committee (although it is integrated in the Legal & Compliance Department), is in charge of ensuring compliance with both the Policy and the Internal Regulations related to Risk Management and Compliance, therefore, it oversees the operation and development of the Group's risk management models and the Prevention and Detection of Criminal Offenses. It also coordinates the investment prioritization process based on risk criteria.

The third line of defense is integrated by the Internal Audit Department, which oversees the proper functioning of the Risk Management System through the supervision of the first and second line of defense. This Department also reports directly to the Audit and Compliance Committee.

Both departments, Risk Control & Compliance and Internal Audit report to the Audit and Compliance Committee on a recurring basis at each of its meetings, and present an

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

Annual Report on their activities.

Other bodies/departments with responsibilities and/or functions related to risk management:

- Committees and specific function in Risk matters:

o Executive Committee: has the duty to develop and promote control to improve the quality of corporate governance and risk management in the Group.

o Strategic Plan Monitoring Committee: As part of its mission is the monitoring of the results and degree of compliance with the strategic plan and the alignment with the Risk Map.

o Expansion Committee: Among its functions is the preparation and approval of the risk analysis files for expansion projects.

o Investment Committee: Ensures that part of the group's annual resources are allocated to execute investments catalogued and prioritized based on risk criteria.

- Departments and specific function in the area of Risk:

o Corporate Governance: Prepares and updates the Group's internal policies and regulations.

o Tax: Coordinates and centralizes the actions of control and management of fiscal risks. It reports periodically to the Executive Committee, Audit and Compliance Committee and Risk Control regarding the assessment of both the fiscal risks, as well as the validity of the controls established in this regard.

o Credit and Insurance Management: 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.

o Health and Safety: Responsible for occupational risk prevention.

o Global Technical Services and Works: Identify and catalog risks in the facilities based on criteria that subsequently and centrally allow the prioritization of certain investments.

The company also has a Code of Ethics, a Whistleblower Channel (one for employees and one for suppliers), and a set of internal Policies and Standards as key tools in risk management. (For more information on the Code of Ethics and Whistleblower Channel, see the Ethics and Integrity section of the Annual Report.)

E.3 State the primary risks, including tax compliance risks, and 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, which may affect the achievement of business objectives.

(Meliá Hotels International has a catalog 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 the following categories:

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

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

Financial Risks. The 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, related to:

- Operations
- Clients
- Human Resources
- Equipment
- Internal control and processes

Compliance Risks. Risks derived from regulatory changes established both externally and internally, and/or its possible non-compliance. Include among others:

- Legal risks
- Fiscal risks
- Procedural compliance risks (internal and external)

Information Risks They are mainly caused by the inappropriate use, generation and disclosure of information. Mainly related to:

- Reporting
- Internal and external communication

With respect to the risks identified, it should be pointed out that in those cases where applicable, the Company has the pertinent insurance coverage 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 reestablishment.

The Company also has a set of internal policies and rules, as well as a Code of Ethics and a Whistleblower Channel as part of the tools to mitigate these risks. Specifically, the Compliance Policy, approved by the Board of Directors, through which Meliá assumes the commitments of:

- Comply with legislation and regulatory obligations (internal and external).
- Ensure that internal regulations and the actions of its executives and managers are based on ethical criteria aligned with the principles and values of the company and its Code of Ethics. The fiscal risks and those arising from corruption are included within one of the categories indicated in the table above, mainly within Operational or Compliance Risks. With respect to these risks, one of Meliá Hotels International's global commitments established in its Code of Ethics is to act rigorously and forcefully against any practice of corruption, fraud or bribery. To this end, the Group has an Anti-Corruption Policy approved by the Board of Directors (available on the corporate website). This Policy establishes the commitments to:
 - Act against any practice of corruption, fraud or bribery.
 - Refuse gifts and hospitality from third parties if they exceed the reasonable value of mere courtesy.
 - Not to accept from our suppliers any type of economic consideration, gift or invitation that, due to its value, may exceed the symbolic and mere courtesy.

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 (renewed certification 2020). The fiscal risk and corruption are part of this Model, and therefore, the

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

company has implemented a series of controls regarding these risks, which are evaluated annually.

The Internal Control over Financial Reporting System (SCIIF), extensively developed in section F of this report, deserves special attention.)

E.4 Identify whether the company has a risk tolerance level, including tolerance for tax compliance risk.

(The Risk Control Policy, updated in 2020, establishes the risk tolerance levels for each of the existing risk categories.

To carry out the evaluation of the risks identified (Stage 2 of the model) in terms of their probability and impact, there is a homogeneous and standard valuation scale that includes quantitative and qualitative criteria (financial, operational, regulatory, reputational, strategic, etc.), and differentiates between different risk ranges or levels, which serves to prioritize the risks and to establish the acceptable risk level based on the average value.

On an annual basis, an Annual Risk Report is prepared and submitted to the Audit and Compliance Committee and the Board of Directors, in which, among others, analyses of the risk profiles by category are made.

The Group's Risk Map is integrated into the Company's management and is therefore aligned with the Strategic Plan. As a consequence, a large part of the strategic initiatives and projects, are also oriented to the mitigation of the main risks and therefore linked to the objectives of the teams. Consequently, the monitoring of the Strategic Plan and the level of compliance with the objectives also determine the levels of risk tolerance.)

E.5. Identify which risks, including tax compliance risks, have materialised during the year.

(Pandemics or health crisis

Pandemic caused by Covid-19:

The Covid-19 crisis originated in Wuhan, declared a health epidemic by the WHO at the beginning of 2020 and qualified as a pandemic by the same institution on March 11, 2020, has had a global reach affecting all economies and markets.

Covid-19 has had, and is having a terrible impact on the tourism industry, affecting the entire value chain of the tourism sector, including the hotel industry. The lock down measures, the restrictions on mobility, both national and international, the limitations on capacity and the great uncertainty generated at all levels have had a direct impact on the Company's activity, causing a plummeting on the demand as well as historically high levels of hotel stay cancellations during the first half of the year 2020 and few bookings.

As a result of the above and the progressive spread of the pandemic, during the second quarter of 2020 approximately 80% of our hotels worldwide remained closed.

Faced with the situation caused by Covid-19, Meliá has developed a response plan with a dual focus. Thus, in the short term, our Contingency Plan has allowed us to guarantee the viability of the company. In addition, the tactical management developed by the Group, through an agile planning of openings, and a combination of the security provided by the Stay Safe With Meliá program (Certified by Bureau Veritas), flexibility and commercial capacity, have allowed us to optimize the process of hotel openings and closings, always keeping the maximum number of hotels open.

In the long term, the Company has launched a process for rethinking and reviewing of its strategy, underpinning its core business strengths in terms of solvency, talent, digitalization, brands, diversified and renewed hotel portfolio.

For further information on the impact of this risk, please refer to the explanatory note to the financial statements "Note 4".)

E.6. Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, 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.

(The Group's Risk Map is analyzed by the Executive Committee, which assigns responsibilities so that the different management areas in charge can subsequently define action plans or initiatives to mitigate the main risks (Stage 3 of the model).

The Risk Control & Compliance Department, together 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).

In addition, the Board of Directors and the Audit and Compliance Committee are periodically informed on the Company's risk management, which includes, among others, information on the results of the Risk Map, action plans and monitoring and control mechanisms and other possible actions derived and which allows the Board to know and respond to the challenges presented by the Company.

As a standard practice, following the presentation of the Risk Map to the Board of Directors, the Audit and Compliance Committee receives reports and in-depth analyses of the main risks involved: (Stage 5 of the model)

- 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 Risk Control & Compliance Department is in charge of coordinating, supporting, controlling and monitoring all stages of the model and, due to its direct dependence on the Audit and Compliance Committee, reports to it on a recurring basis.)

F. Internal Risk Control and Management Systems in connection with the Process of Publishing Financial Information (ICFR)

Describe the mechanisms comprising the system of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Company's control environment

Specify at least the following components with a description of 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; (ii) their implementation; and (iii) their supervision.

(The Internal Control System of Financial Information (hereinafter "SCIIF") 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 (hereinafter, "CAC") Senior Management and Group 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 529 ter of the Corporate Enterprises Act, the Board of Directors is directly responsible for determining the risk control and management policy, including tax compliance risks, and for monitoring internal reporting and control systems. In this sense, Article 5 of the Regulations of the Board of Directors gives the Board the responsibility, among others, to "Identify the most important risks for the Company, especially tax compliance risks and those arising from transactions with derivatives, and the implementation and monitoring of appropriate internal control and reporting systems."

Auditing and Compliance Committee

Article 14 of the Regulations of the Board of Directors gives the Auditing and Compliance Committee the responsibility, among others, to "monitor the effectiveness of internal control in the company, Internal Audit services and risk management systems, including tax compliance risks, as well as discuss with the auditor any significant weaknesses in internal control detected during the audit, all without prejudice to their independence, being able to submit recommendations or proposals to the Board of Directors and the corresponding deadline for compliance." and "monitor and evaluate the non-financial risks (operational, technological, legal, social, environmental, political and reputational) without prejudice of the duties to be carried out by the Appointments and Remuneration Committee (hereinafter "CNR") in this matter and "supervise the preparation and presentation of mandatory financial preceptive information and recommendations or proposals to the Board of Directors designed to safeguard its integrity".

Among the attributes of the CAC that affect the Internal Audit Department are (i) ensure the independence and effectiveness of the internal audit function, (ii) approve the budget and annual audit plan (iii) receive periodic information on its activities and (iv) verify that Senior Management takes into account the conclusions and recommendations of its reports.

Senior Management

The Meliá Hotels International Group gives Senior Management the responsibility to design, implement and maintain the ICFR, with each Region or Department responsible for its area of influence. This responsibility thus affects the entire Organisation insofar as the financial information is based on the activity and the information generated by the business areas and by the rest of the support areas.

Internal Audit Department

The Group has an Internal Audit Department that depends hierarchically on the CAC and functionally to the Chief Legal & Compliance Officer, who in turn reports to the Group's Vice

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

President and CEO. Among the responsibilities of the Internal Audit Department is to verify the proper functioning of the SCIIF, keeping the Board of Directors, through the CAC and Senior Management informed on whether the mechanisms enabled effectively mitigate the risk of errors with material impact on the financial information.

In order to ensure the independence of the Internal Audit Department with respect to the operations or areas that they audit and over which have no authority or responsibility, the internal auditors are not assigned other powers and functions other than those of internal audit.

F.1.2. Whether the following components exist, especially in connection with the financial reporting process:

The departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) defining clearly the lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the company.

(The definition and review process of the organisational structure is regulated by the Group's Human Resources Regulations and applies to all the Group companies. According to the provisions of such Regulations, the Human Resources Department is responsible for ensuring equity, balance and the optimisation of the Company's organisational structure and its periodic review. The heads of the different areas within the Group must ensure that the size of its 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 dismissal of senior executives and their compensation, must be proposed by the Appointments and Remuneration Committee and approved by the Board of Directors.

Likewise, the Organisation area, which reports to the Human Resources Department, is responsible, together with the different areas within the Group, for the analysis and determination of processes, as well as the job descriptions, functions and responsibilities, including positions related to the preparation of financial reporting. The group's organizational chart is currently being restructured due to the development and implementation of the new organizational model.

With regard to the process of preparing financial information, in addition to detailed organizational 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 the corporate level and at the branch level.)

Code of conduct, the body approving it, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of reviewing 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 approved by the Board of Directors in 2012 and which has been updated in 2018.

The Code of Ethics is a set of principles of action that organise and give meaning to the values of the Company, helping to understand them and learn how they should be applied and prioritised. The Code of Ethics is the summit of the entire internal regulatory framework. It establishes the bases on which policies, regulations, processes and internal procedures are created.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

This Code 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 the maximum financial and accounting records' financial financial and accounting financial finances, (ii) to comply with the obligations regarding transparency in the securities markets, (iii) to maintain a proactive attitude in the identification, prevention and mitigation of financial and non-financial risks and (iv) to make available to its shareholders and investors transparent, sufficient, truthful, timely and clear information, both financial and non-financial.

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 e-Melia (the Group's e-learning platform).

Supplier Code of Ethics

The Supplier Code of Ethics sets out the principles and commitments that the Group expects to be shared by all its suppliers. This document reinforces the management and relationship model that the Group wishes to promote worldwide, integrating the principles and commitments of the Group's Code of Ethics, giving greater coherence to its procurement model and transmitting the public commitments made to the supply chain.

Like the Group's Code of Ethics, the Supplier Code of Ethics is available on the Group's corporate website. Periodically, campaigns are carried out to publicize the Supplier Code of Ethics, either through specific communications or through adhesion clauses in contracts.

Internal Code of Conduct on Matters Related to the Securities Market

This regulation is applicable to all members of the Board of Directors and to the addressees defined in its subjective scope of application. Its content establishes, among others, the procedures relating to the treatment of privileged information.

These regulations are communicated and delivered in writing to the persons to whom they apply at the time they are hired and/or at the time when, in accordance with the regulations established therein, they are considered as addressees and are signed and accepted by them. The Chief Legal & Compliance Officer is in charge of monitoring and controlling compliance with the said regulations, reporting in this area to the Audit and Compliance Committee.

The Internal Rules of Conduct in Matters Related to the Securities Market have been updated during 2020 and are available on the corporate website.

Rules of Managerial Behavior and Human Resources Regulations

In addition, the Group has an Executive Behavior Regulation and a Human Resources Regulation, which regulate the conduct of its executives (in the first case) and of all Group employees (in the second case), in relation to certain matters.

The Executive Behavior Regulations were updated in 2019 and are available on the Employee Portal. Each time it is updated, it is communicated to all Executives individually and with acknowledgment of receipt, in addition, this Regulation is signed by the Company's Executives every two years.)

Whistleblowing channel, which makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as possible breaches of the code of conduct and irregular activities at the organisation, stating whether reports made through this channel are confidential.

(Employee Wistleblowing channel)

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

On the occasion of the Code of Ethics in 2012, the Meliá Hotels International Group set up a Whistleblowing Channel for employees to register any complaints related to non-compliance with the contents of the Code of Ethics.

The channels available for filing 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, anonymous complaints are also accepted in the Complaints Channel.

The Ethics Committee is the independent body in charge of receiving, managing and coordinating the complaints and investigation procedure, being the only body that will have access to the complaints received and thus guaranteeing their confidentiality. The ultimate responsibility lies with the Board of Directors itself, who through the Auditing and Compliance Committee assumes the obligation to implement it.

The operation of the Employee Complaint Channel is described in the Regulations of the Employee Complaint Channel, published on the Employee Portal. At the end of 2019, a campaign to spread the Employee Complaints Channel was launched, which aim to reach all employees of the Group. As part of that campaign, a triptych was prepared in which the most relevant aspects related to it were informed, such as its objective, the types of complaints that can be presented along with some examples thereof, the procedure that follow a complaint and the existing mechanisms or ways to file them.

Supplier Complaints Channel

Following the approval of the Supplier Code of Ethics, a Whistleblower Channel was enabled for suppliers through which those behaviors contrary to the aforementioned Supplier Code of Ethics can be communicated or reported. The Supplier Complaints Channel is managed by the Group Ethics Committee and can be accessed through the corporate website (meliahotelsinternational.com) or by regular mail addressed to the Ethics Committee.

The operation of the Suppliers Complaints Channel is described in the Regulations of the Supplier Complaints Channel, accessible by any provider through the platform for accessing the complaints channel.)

Training and refresher programmes for personnel involved in the preparation and review of the financial information, as well as in the evaluation of ICFR, which address, at least, accounting rules, auditing, internal control and risk management.

(Managers responsible for departments that prepare 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 2020, 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 financial information breakdown requirements and alternative performance measures, workshops for the prevention, detection and investigation of fraud and on business process evaluation.

The departments involved in the training and updating programs have been the Internal Audit, Risk Control and Compliance and Global Administration Departments, dedicating in total more than 90 hours per year to such training.

In particular, during 2020, the following training actions, among others, have been carried out (the most relevant for the purposes of this report are indicated):

- Training activity: IFRS Institute: IFRS 16, Leases - application hot topics, Duration (hours): 1, Date: 04/23/2020, Provider: KPMG, Department: Global Administration.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

- Training activity: Draft for discussion of primary financial statements/ICAC Resolution on presentation of financial instruments, Duration (hours): 2, Date: 09/29/2020, Provider: EY, Department: Global Administration.
- Training activity: IFRS9 and Impairment Covid-19, Duration (hours): 5, Date: 05/11/2020, Provider: AECA, Department: Global Administration.
- Training activity: Impairment of assets in the Covid-19 environment, Duration (hours): 2, Date: 11/13/2020, Provider: KPMG, Department: Global Administration.
- Training activity: Common Supervisory Priorities 2020, Duration (hours): 2, Date: 12/16/2020, Provider: CNMV/EY, Department: Global Administration.
- Training activity: Financial and Tax Information Keys 2020, Duration (hours): 2, Date: 12/16/2020, Provider: KPMG, Department: Global Administration.
- Training activity: Annual Accounts 2020 and Accounts Auditing under Covid-19 conditions, Duration (hours): 3, Date: 18/12/2020, Provider: AECA, Department: Global Administration.
- Training activity: XV Conference on Risk Management in the Tourism Sector, Duration (hours): 2, Date: 09/25/2020, Provider: Willis Towers, Department: Risk Control & Compliance.
- Training activity: Webinar: KPMG-LEFEBVRE Innovation Breakfast: The evolution in risk management, Duration (hours): 1.5, Date: 06/10/2020, Provider: KPMG-LEFEBVRE, Department: Risk Control & Compliance.
- Training activity: Webinar: Permanent Seminar on Economic Criminal Law and Compliance (WCA and UNIR). Session 3: Criminal defense of the legal person, Duration (hours): 2, Date: 06/10/2020, Provider: WCA + UNIR, Department: Risk Control & Compliance.
- Training activity: Course on Compliance Experts, Duration (hours): 15, Date: Nov. 16 to 20, Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.
- Training activity: Complaints and Investigations Channel Workshop, Duration (hours): 2.5, Date: 16/11/2020, Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.
- Training activity: Risk Map and Indicators Workshop, Duration (hours): 2.5, Date: 11/17/2020, Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance. Provider: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.
- Training activity: Compliance Controls Workshop, Duration (hours): 2.5, Date: 11/17/2020, Supplier: IOC+WCA+CUMPLEN, Department: Risk Control & Compliance.
- Training activity: International Compliance Congress-Week, Duration (hours): 17, Date: (18 to 20 December 2020), Supplier: IOC+WCA +CUMPLEN, Department: Risk Control & Compliance.
- Training activity: Postgraduate course in financial law and tax system, Duration: 2 years - 1 person, Provider: UOC, Department: Internal Audit.
- Training activity: MBA in company internalization, Duration: 2 years - 1 person, Provider: ICEX-CECO, Department: Internal Audit.
- Training activity: Certified Internal Auditor (CIA), Duration: 3 people - continuous, Supplier: Instituto de auditores internos, Department: Internal Audit.
- Training activity: Big Data Specialization, Duration: 1 person - course, Provider: University of California - San Diego, Department: Internal Audit.

- Training activity: Data Analysis for Management, Duration: 1 person - course, Provider: London School of Economics, Department: Internal Audit.

- Training activity: Getting started with spreadsheet modeling and business analytics, Duration: 1 person - course, Provider: Ecornell, Department: Internal Audit.

The Group has external advice to support the development of knowledge of the personnel involved, also participating as corporate partners of IAI (Institute of Internal Auditors) and AECA (Spanish Association of Accounting and Business Administration).

The Group also subscribes to the following publications:

- Subscription: Spanish Association of Accounting and Business Administration, Frequency: Weekly, Provider: Spanish Association of Accounting and Business Administration (AECA).

- Subscription: Instituto Auditores Internos - IAI Magazine, Frequency: Monthly, Provider: Instituto de Auditores Internos (IAI).

- Subscription: Breaking News, Frequency: Weekly, Provider: KPMG.

Additionally, and following the recommendations on the subject, during the 2020 fiscal year a specific training plan has been developed on ICFR aimed at the areas or groups involved in the preparation and supervision of the financial information.)

F.2 Risk assessment in financial reporting

Please report at least:

F.2.1 Indicate what are the key features of the risk identification process, including error and fraud risk, with regard to:

- **If the process exists and is documented.**

(The Meliá Hotels International Group has a global and permanent control, analysis and risk assessment model. This model is formalized in the following documents accessible to all employees through the Employee Portal:

-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 has been updated in 2020 in order to adapt to the update of the Good Governance Code for Listed Companies, specifically recommendation 45, which was approved by the Board of Directors.

- Risk Control and Management Standard, which develops the previous policy 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 Standard has been updated in 2020, such update was approved by the Audit and Compliance Committee.

- Standard on Control and Analysis of fiscal risks, which aims to develop the Risk Control and Management Policy in the fiscal area.

- Risk Map development process that defines the process flow of tasks for the design of the Group's Risk Map.

The Risk Control Department leads the process of periodically updating the Group's Risk Map and ensures the promotion of the definition of actions and assignment of responsibilities in order 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 are also obtained for each of the different departments and areas that make up the organization.)

- **If the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations), and if it is updated and how often.**

(In cooperation with the Internal Audit Department, every year 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.)

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 significant.)

- **A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.**

(For the purpose of identifying 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 Corporate and Joint Venture Regulations. The scope of consolidation is updated monthly according to the provisions of the International Accounting Standards and other local accounting regulations.

Regarding the possible existence of complex corporate structures, special purpose vehicles or holding companies, in general, prior approval of the Board of Directors is required for their creation.

Likewise, according to the provisions of the Tax Strategy Policy (as amended by the Board of Directors on 6 June 2018 and available on the corporate website), one of the guiding principles is "to avoid the creation of companies of opaque nature or residing in tax havens as interpreted by the European Union, unless their existence is motivated by economic or business reasons. It is reiterated that "the creation or acquisition of interests in special purpose vehicles or entities residing in countries or territories considered as tax havens" must be approved by the Board of Directors.)

- **Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may 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. The Meliá Hotels International Group has categorised risks as follows:

- Global Risks.
- Financial Risks.
- Business Risks.
- Operational Risks.
- Compliance Risks.
- Information Risks.)

- **What governing body of the company is responsible for overseeing the process.**

The results obtained in the process of updating the Risk Map are reported to and reviewed by Senior Management, the Auditing and Compliance Committee and the Board of Directors.

F.3 Control of activities

Please inform, indicating its main characteristics, if the Company has at least:

F.3.1 Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the securities markets, stating who is responsible in each case and the documentation describing the flow of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations 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 Company's external auditor. Thus, in the semi-annual accounting closings, the Auditing and Compliance Committee has revised information by the Group's external auditors.

In the semi-annual closures, the Auditing and Compliance Committee reports its conclusions to the Board of Directors on the financial information presented so that, once approved by the Board of Directors, it can be published in the securities markets. Likewise, two ad hoc meetings of the Auditing and Compliance Committee have been established to approve the Intermediate Management Report for the first and third quarter. Once approved and for information purposes, the information is made available to the Board of Directors for approval.

The Meliá Hotels International Group has a procedures manual which defines the internal process for the preparation and submission of consolidated financial information. This 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 in a significant manner the Group's Annual Accounts, have controls in the critical processes to ensure the reliability of financial information. These controls are included in internal procedures or in the IT systems used for the preparation of financial information.

Most of the processes considered as critical and the control activities associated with them have been systematically documented. This documentation is made up of descriptions and flowcharts of the processes and of risk and control matrices. Additionally, and throughout this process, possible fraud risks have been identified for which controls are also formalized 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, 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.

The critical judgements, estimates and projections needed to measure certain assets, liabilities, revenues, expenses and commitments recorded or disclosed in the Annual Accounts are carried out by the Administration and Finance Department with the support of the other Departments.

The annual accounts of the Meliá Hotels International Group report the most relevant areas in which there are elements of judgement or estimation, as well as the key assumptions related to them. The most important estimates relate to the valuation of goodwill, provision for taxes on profits, fair value of derivatives, fair value of property investment, pension contributions and the useful life of property, plant and equipment and intangible assets.

One of the documented processes is an accounting closure procedure which defines the closure, review and authorization of financial information generated by the different units before all the information is consolidated.)

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key processes of the company regarding the preparation and publication of financial information.

(The IT Department at 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 integrity of 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 Information Security Standard has also been developed as well as the Systems Use Manual and the IT Security Framework.

The Meliá Hotels International Group has formalized procedures for changes to the financial management platform and a transaction development and maintenance process. These procedures establish the controls that ensure a proper development and maintenance of applications, evaluating the impact of changes and associated risks, and they also have processes to test changes before they are implemented in production systems.

There is a management model for access and authorization based on the segregation of functions on the systems that support financial management processes, having defined the control procedures and avoiding users to be involved in the handling of such information.

Additionally, controls have been established for the appropriate management and monitoring of the assignment of special privileges in systems that support financial information.)

F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

(Outsourcing is governed by the Regulation on Service Contract that regulates the approval by the General Management of the contracting area and the verification that the supplier has sufficient professional qualifications to deliver the contracted services and that, where appropriate, he/she is registered with the corresponding professional body. This Regulation is available to all employees on the Employee Portal.

Additionally, the Group has in place an Approval Process for services other than audit services carried out by the account auditor, under which the authorization process for procurement of audit and non-audit services is established, related to the audit and services other than the audit performed by the account auditor. This process has been updated in 2019 in order to include, among other aspects, the prohibition of contracting tax services from the Group's auditor

When the Group uses the services of independent experts, it ensures their competence and technical skills by only hiring third parties with proven experience and prestige.

To validate the reports of independent experts, the Group has trained personnel capable of validating the reasonableness of the conclusions thereof, defining and managing the appropriate service levels in each case.

It is to be noted that the new Fiscal Strategy Policy establishes that "the Fiscal Department may rely on the advice of independent experts or recognized tax standing, with the exception of the auditor and/or audit firm that performs the audit of the Group's financial statements.

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

During the 2020 fiscal year, the implementation of a new centralized model for the contracting of services and purchase of goods has begun, with the objective of guaranteeing the governance of contracts and suppliers and their need.

Likewise, the digitalization 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 levels of approval established internally.)

F.4 Information and Communication

Please inform, indicating its main characteristics, if the Company has at least

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 fluid communications with those responsible for operations at the organization, 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 in charge of the definition and updating of accounting policies, as well as the interpretation thereof, and other accounting regulations that affect the financial statements of the Meliá Hotels International Group. Among others, the functions of this department are as follows:

- Definition of the Group's accounting policies.
- Analysis of the operations and individual transactions carried out or to be carried out by the Group to determine their appropriate accounting treatment.
- Monitoring of the new regulations planned as well as the new rules approved by the International Accounting Standards Board (IASB) which are adopted by the European Union, and analysis of the impact that their implementation will have on the Group's Consolidated Accounts.
- Resolution of any doubts of Group companies regarding the application of Group's accounting policies.

The Meliá Hotels International Group presents its Consolidated Annual Accounts in accordance with the International Financial Reporting Standards adopted by the European Union. The company has an updated accounting policy manual that is reviewed whenever the accounting regulations applicable to the financial statements of the Group are modified in any significant respect. All personnel responsible for preparing the financial statements of the companies within the Group have access to this document through the Intranet.

There is a formal communication channel to coordinate doubts about the interpretation of the accounting policies, consisting of a general inbox for electronic mail managed by the Annual and Consolidated Accounts Department. Through which the different business areas can ask for advice on specific issues which, due to their specificity or complexity, may raise doubts about the way they should be registered in the Group's accounting books.)

F.4.2 Mechanisms for capturing and preparing financial information with consistent formats for application and use by all of the units of the company or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

(The Meliá Hotels International Group has an integrated financial management tool to address the reporting needs of individual financial statements and which facilitates the subsequent consolidation and analysis process.

This tool centralizes in a single system all the accounting information of the Group subsidiaries, which is the basis for the preparation of individual annual accounts and the consolidated annual accounts for the Group. The system is managed centrally from the Head Office.

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

During the 2020 financial year and within the process of preparing and approving the Group's Annual Accounts, a new technological tool (external software) has been implemented for the consolidation of financial (and non-financial) information and the creation of management reports, all within the framework of compliance with the new SEC regulations and the obligations in terms of taxonomy of information.)

F.5 Supervision of system performance

Please inform, indicating its main characteristics, if the Company has at least

F.5.1 The activities of the audit committee in overseeing ICFR, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

(The activities of supervision of SCIIF carried out by the Auditing and Compliance Committee in 2020 include:

- Regular meetings with external auditors, internal auditors and senior management to review, analyze and comment on the financial information, the applied accounting criteria, and, where applicable, any significant internal control identified weaknesses
- Review with the Internal Audit Department of the effectiveness of and compliance with the processes within the internal control system.

As indicated in section F.1.1. previously, it is the responsibility of the Internal Audit Department to verify the proper functioning of the Internal Control System, including the reliability of the Financial Information (SCIIF), keeping the Board of Directors, through the CACA and Senior Management informed about the existence, adequacy and effectiveness of existing methods, procedures, standards, policies and instructions, which are available to Group employees.

In this regard, 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 (hotels, vacation clubs and other businesses), computer systems audits, financial audits and evaluation of control activities associated with processes in corporate and regional areas of Administration and Finance, including those processes associated with SCIIF. The areas and processes to be audited, as well as the checklist of audit control points is renewed and updated annually.

The methodology of the activities carried out by the Internal Audit Department in 2020 has been affected by the pandemic and, in particular, by the limitations to mobility that have prevented the face-to-face audits that were carried out in previous years. However, remote audits have been carried out in the different Group centers, especially those related to the financial accounts of these centers, as well as continuing with the usual process of continuous auditing. Special mention should be made of the section relating to remote audits of Covid-19, based on the StaySafe by Meliá program, within the framework of the Bureau Veritas certifications.

As established in the Audit Standard, if as a result of the Audit Department's evaluations, control weaknesses are detected in the audited centers/areas/processes, these are brought to the attention of the Management of the center and/or audited area, reporting to Senior Management and the Audit and Compliance Committee if deemed appropriate. The managers of these centers and/or areas are obliged to respond to the weaknesses detected either by means of corrective measures and/or by implementing preventive plans.

Likewise, the external auditor, as mentioned in section F.7.1., issues an annual report of agreed procedures on the description of the ICFR carried out by the Group in which no noteworthy aspects have been highlighted.)

F.5.2 Whether there is a procedure by which the account auditor (as provided in the Technical Auditing Standards), the internal auditor and other experts may inform senior management and the audit committee or senior managers of the company of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether an action plan is available for correcting or mitigating the weaknesses found.

(The Board of Directors, according to its Regulations, 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, when appropriate.)

The external auditor must attend, at least, the Board meeting in which 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 Senior Management and periodically informs the Auditing and Compliance Committee of any internal control weaknesses detected in internal audits.

Likewise, on an annual basis, the external auditor provides the Auditing and Compliance Committee with a report detailing the internal control weaknesses detected. The action plans related to the weaknesses detected are implemented in the form of recommendations that follow the circuit of prioritizing, assignment of responsibilities and follow-up. 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 on:

F.7.1 Whether the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

(The information on the system of internal control of financial reporting included in the Annual Corporate Governance Report has been subject to review by an external auditor, whose report is attached to the Group's Management Report.)

G. Extent of Compliance with Corporate Governance Recommendations

1. That the Bylaws of listed companies do 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 shares on the market.

Complies Explanation

2. That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:

- a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies Complies Partially Explanation Not Applicable

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors verbally informs shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, and in particular:

- a) Changes taking place since the last General Shareholders' Meeting.
- b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies Complies Partially Explanation

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

And that, without detriment to the legal obligations regarding the dissemination of privileged information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies Complies Partially Explanation

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies Complies Partially Explanation

6. That listed companies which draft any reports listed below, whether under a legal obligation or voluntarily, publish them on their website with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the operation of the audit committee and the appointments and remuneration committee.
- c) Report by the audit committee regarding related-party transactions

Complies Complies Partially Explain

7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.

Complies Explanation

8. That the audit committee ensures that the Board of Directors presents the financial statements to the General Shareholders' Meetings without qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope of said qualifications or reservations.

Complies Complies Partially Explain

9. That the company permanently maintains on its web page 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 manner.

Complies Complies Partially Explain

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:

- a) Immediately distributes the additions and new proposals.
- b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.
- c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.

- d) Communicates a breakdown of the results of said additions or alternative proposals after the General Shareholders' Meeting.

Complies Complies Partially Explanation Not Applicable

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies Complies Partially Explanation Not Applicable

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is 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, and the promotion of continuity and maximisation of 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 in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies Complies Partially Explain

13. That the Board of Directors is of an adequate size to perform its duties effectively and in a participatory manner, and that its optimum size is between five and fifteen members.

Complies Explanation

14. That the Board of Directors approves a selection policy for directors that:

- a) It is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.
- c) Favors diversity in knowledge, experience and gender. For this purpose, measures that encourage the company to have a significant number of female senior managers are considered to favor gender diversity.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment or re-election of each director.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies Complies Partially Explain

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at the required 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 account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not be less than 30% prior to that date.

Complies Complies Partially Explain

(The percentage of female directors of the Company as at the closing date of the report is 27.27% of the total number of Board members (3 out of 11). However, the new Director Selection & Diversity Policy approved on November 26, 2020 which includes the new diversity objectives established by the new Good Governance Code for Listed Companies, will facilitate reaching the threshold fixed by this recommendation.)

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- a) In large cap companies in which interests that are legally considered significant are minimal.
- b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies Explanation

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, 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 acting in a coordinated manner who together control more than 30% of the company's capital, the number of independent directors represents at least one third of the total number of directors.

Complies Explanation

18. That companies publish and update the following information regarding directors on the company website:

- a) Professional profile and biography.
- b) Any other Boards to which the director belongs, regardless of whether 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 proprietary directors, the shareholder that they represent or to which they are connected.
- d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.
- e) The shares and options they own.

Complies Complies Partially Explain

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board

meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies Complies Partially Explanation Not Applicable

20. That proprietary directors must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional manner, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies Complies Partially Explanation Not Applicable

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Bylaws, 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 attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into 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 similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies Explanation

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies Complies Partially Explanation

(Article 31 of the Regulations of the Board of Directors of the Company establishes the obligation of the directors to "inform and, as the case may be, resign in those cases that may damage the credit and reputation of the Company, and must in any case inform of the criminal cases in which they appear as accused, as well as of the subsequent procedural events, and the Board must examine the case as soon as possible, and in view of the specific circumstances, decide whether or not the director should continue in his position", in compliance with the first part of the aforementioned recommendation.

The Company has not yet proceeded to modify the Board Regulations to adapt the aforementioned obligation to the new wording of the recommendation but, notwithstanding the foregoing, it will act in strict compliance with the provisions of this recommendation.)

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 in the case of the secretary of the Board of Directors, despite not being a director.

Complies Complies Partially Explanation Not Applicable

24. That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

And that, without prejudice to the disclosure of all of the above in the annual corporate governance report, to the extent that it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies Complies Partially Explanation Not Applicable

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Regulations of the Board establish the maximum number of company Boards on which directors may sit.

Complies Complies Partially Explain

(The Company does not consider it necessary to establish by regulation a maximum number of boards on which its Directors may serve. The analysis of the availability of potential directors (which is contemplated in the Group's Director Selection & Diversity Policy) is carried out prior to the proposal for appointment/reelection and is even more incisive, taking into consideration not only membership on other boards of directors but also the actual availability of candidates for directors in view of their other work, professional or other responsibilities.

The Company considers that, through such prior analysis and scrutiny, the same objective pursued by Recommendation 25 is achieved, i.e., to ensure that the directors will be able to devote sufficient time to inform themselves, to learn about the reality of the Company and the evolution of its business and to participate in the meetings of the Board and the committees of which, if any, they are members.

As indicated in section C.1.11 of this report, no director belongs to more than two boards of directors of listed companies.)

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies Complies Partially Explain

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

(The Regulations of the Board of Directors establish a minimum number of six meetings.

At the beginning of each year, the Board studies, proposes and approves the schedule of meetings for the current year, taking into consideration the Company's needs.

Likewise, the Regulations establish that the Board Members must urge the persons with the power to call extraordinary meetings of the Board or include in the agenda of the first meeting to be held, such items as they deem appropriate.

During the 2020 financial year, in accordance with the Company's needs, the Board of Directors met at the meetings scheduled in the calendar and also held one additional meeting in writing and without a meeting.

Also noteworthy is the increase in the number of meetings held by the Company's two Delegated Committees: the Audit and Compliance Committee held a total of 13 meetings in 2020 (compared to 10 in the previous year) and the Nominating, Compensation and CSR Committee held 8 meetings.)

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies Complies Partially Explanation

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, upon a request from the protesting party.

Complies Complies Partially Explanation 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 Explanation

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies Explanation Not applicable

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under 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 Explanation

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies Complies Partially Explanation

33. That the chairman, as the person responsible for the efficient operation of the Board of Directors, in addition to carrying out his duties required by law and the Bylaws, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; should 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 operation; should ensure that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies Complies Partially Explanation

34. That when there is a coordinating director, the Bylaws or the Regulations of the Board should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; 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 coordinate a succession plan for the chairman.

Complies Complies Partially Explanation Not Applicable

(The Company considers that, in view of the non-existence of an Executive Chairman since December 2016, it is not mandatory, in accordance with Recommendation 34 of the Code (whose ultimate purpose is to counteract the concentration of power in a single person), the position of Coordinating Director. Notwithstanding the foregoing, taking into account the benefits derived from the existence of this figure, the Company decided to maintain the aforementioned position, although the functions attributed to it do not correspond literally with the content 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 or the inclusion of new items on the agenda of a Board meeting already convened, (ii) coordinate and bring together the external directors, and.(iii) direct, as the case may be, the periodic evaluation of the Chairman of the Board of Directors, powers that do not fully correspond to those established in the aforementioned 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 the recommendations regarding good governance contained in this Good Governance Code and which are applicable to the company.

Complies Explanation

36. The Board of Directors in full session should conduct an annual evaluation, adopting, when necessary, an action plan to correct weaknesses detected in:

- a) The quality and efficiency of the Board of Director's operation.
- b) The performance and composition of its committees.
- c) Diversity of membership and competence of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.

- e) Performance and input of each director, paying particular 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 upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Any business relationships between the external advisor or any member of the advisor's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies Complies Partially Explanation

(The Company complies with all the points of the recommendation with the exception, in this fiscal year, of the periodicity of the assistance for the performance of the evaluation by an independent external consultant.

In this regard, the last backing assistance by an external consultant was carried out in the 2017 fiscal year. In the process of reviewing the evaluation questionnaires and preparing the evaluation process of the Board and the Chief Executive Officer for the 2020 financial year, the Nomination, Compensation and CSR Committee, in accordance with the Group's internal guidelines for cost control and health security, considered that it was not essential and appropriate to engage an external third party for assistance in conducting the evaluation process. When the evaluation process of the Board and the Chief Executive Officer for the 2021 fiscal year is to be carried out, the recommendation for the assistance of an external consultant and the prevailing economic and health security circumstances will be reconsidered.

Notwithstanding the foregoing, and as indicated in section C.1.17 of this report, the Committee has had the support of the Company's Human Resources and Corporate Governance departments to review and update the evaluation forms, which have incorporated issues related to COVID-19 management and introduced certain improvements in line with applicable recommendations and best market practices in this area.)

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies Complies Partially Explanation Not Applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions adopted 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 Explanation Not Applicable

39. That the members of the audit committee, particularly its Chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management matters, and that a majority of its members be independent directors.

Complies Complies Partially Explanation

40. That under the supervision of the audit committee, there must 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 Explanation

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Complies Complies Partially Explanation Not Applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1 With respect to information systems and internal control:

a. Supervise and evaluate the preparation process and the integrity of financial and non-financial information, as well as the control and management systems of financial and non-financial risks related to the company and, if applicable, to the group the company and, where appropriate, the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks- reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of accounting criteria.

b. Ensure the independence and effectiveness of the unit charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.

c. Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.

d. To ensure in general that the policies and systems established in the area of internal control are effectively applied in accounting practices.

2 In relation to the external auditor:

a. In the event that the external auditor resigns, examine the circumstances which caused said resignation.

b. Ensure 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. Ensure that the company files a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d. Ensure 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 accomplished and regarding the development of its accounting and risks faced by the company.

e. Ensure that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, the limits on concentration of the auditor's business, and all other rules regarding the auditor's independence.

Complies Complies Partially Explanation

(The Company complies with all the provisions of the above recommendation with the exception of point 1.c) regarding whistleblowing channels. In this regard, the Company currently has two whistle-blowing mechanisms: an employee whistle-blowing channel and another for suppliers (as explained in more detail in section F of this report).

In relation to shareholders, the Company provides them with a direct communication channel with the Investor Relations department, as indicated in the Stakeholder Relations Policy.

At its meeting of September 14, 2020, the Audit and Compliance Committee reviewed the new recommendations of the Good Governance Code for listed companies and, in particular, the roadmap for whistleblowing channels. The Company is studying the feasibility of extending the scope of the supplier whistleblowing channel to include other groups such as directors and shareholders, pending the transposition of Directive 2019/1937 of the European Parliament and of the Council on the protection of persons who report breaches of Union law.)

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies Complies Partially Explanation

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 draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies Complies Partially Explanation Not Applicable

45. That the risk control and management policy identify at least:

- a) The different types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, of which a specialized risk committee shall form part when the industry standards so provide or when the company deems it appropriate.
- c) Fixing of the level of risk the company considers acceptable.
- d) Measures identified in order to minimize identified risks in the event they occur.
- e) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.

Complies Complies Partially Explanation

46. That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensure the proper operation of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.
- b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.
- c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies Complies Partially Explanation

47. That members of the appointment and remuneration committee - or of the appointments committee and the remuneration committee if they are separate - are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies Complies Partially Explanation

48. That large cap companies have formed separate appointments and remuneration committees.

Complies Explanation Not applicable

(The Company does not consider it necessary to have a separate Appointments Committee and a separate Remuneration Committee, especially considering the size and composition of the Board of Directors and the increase in expenses that this would entail, without resulting in an improvement in efficiency.

The creation of a third 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 operative, 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 may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies Complies Partially Explanation

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Propose basic conditions of employment for senior management.
- b) Verify compliance with company remuneration policy.
- c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee

that individual remuneration be proportional to that received by other directors and senior managers.

- d) Ensure that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.
- e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies Complies Partially Explanation

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies Complies Partially Explanation

52. That the rules regarding composition and operation of supervision and control committees appear in the Regulations of the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

- a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
- b) That their chairmen 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 detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
- d) That the committees be allowed to avail themselves of external 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 Explanation Not Applicable

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors, which may be the audit committee, the nomination committee, a committee specializing in sustainability or corporate social responsibility, or any other specialized committee that tThe Board of Directors, in the exercise of its faculties of self-organization, has decided to create such specialized committee. Such committee shall be composed solely of non-executive directors, the majority of whom shall be independent the majority of them independent and be specifically attributed the minimum functions indicated in the following recommendation.

Complies Complies Partially Explanation

54. The minimum functions referred to in the above recommendation are as follows:

- a) The supervision of compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way

in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.

c) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, in order to ensure that they fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.

d) The supervision that the company's practices in environmental and social matters are in line with the strategy and policy fixed.

e) The supervision and evaluation of the relationship processes with the different stakeholders.

Complies Complies Partially Explanation

55. That sustainability policies on environmental and social matters identify and include at least:

a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conduct.

b) The methods or systems for monitoring compliance with policies, associated risks and their management.

c) The mechanisms for monitoring non-financial risk, including those related to ethical aspects and business conduct.

d) The channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that avoid manipulation of information and protect integrity and honor.

Complies Complies Partially Explanation

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 judgment of non-executive directors.

Complies Explain

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged to sell in order to meet the costs related to their acquisition.

Complies Complies Partially Explanation

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and is not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.
- c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies Complies Partially Explanation Not Applicable

59. That the payment of the variable components of the remuneration is subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. Entities shall include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification depending on the nature and characteristics of each variable component.

That, additionally, the entities shall consider the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that prior to the moment of payment, some event occurs that makes it advisable.

Complies Complies Partially Explanation Not Applicable

(The Company complies with the first part of the above recommendation, insofar as the payment of the short-term and long-term variable compensation takes place after a prudent period of time following the closing of the last fiscal year to be taken into account for the evaluation, being made within the first 60 calendar days following the formulation of the annual accounts for said year, provided that they are audited by the external auditors, and upon proposal of the Nominating, Compensation and CSR Committee.

In relation to the new requirement introduced in recommendation 59 with the recent modification of the Good Governance Code for listed companies, the Board is analyzing the feasibility of including a variable compensation reduction (malus) clause in the Board Remuneration Policy for fiscal years 2022 - 2024, the approval of which will be submitted to the General Shareholders' Meeting of fiscal year 2021. This clause would also be included in the Chief Executive Officer's service contract.)

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies Complies Partially Explanation Not Applicable

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies Complies Partially Explanation Not Applicable

(The Company understands that the recommendation intends to ensure the involvement of Executive Directors in the results of the Company and its performance.

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY**

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 above, the new Remuneration Policy for Directors, “establishes that remuneration systems may be established that are referenced to the quoted value of the shares or that entail the delivery of shares or option rights over these”.)

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

The forgoing shall not apply to shares which the director may need to sell in order to meet the costs related to their acquisition.

Complies Complies Partially Explanation Not Applicable

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies Complies Partially Explanation Not Applicable

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

For the purposes of this recommendation, termination or contractual termination payments shall include any payments whose accrual or payment obligation arises as a consequence of or in connection with any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the contractual relationship linking the director with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies Complies Partially Explanation Not Applicable

H. Further information of interest

1 If there is any 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 is necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe it briefly below.

2 This section may also include any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3 The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that 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: ECPAT Code of Conduct for the Prevention of Sexual Exploitation of Children and Adolescents in Travel and Tourism, Organization: The Code International, Scope: Global, Year of Adherence: 2006.
- Code: Global Compact Principles, Organization: UN Global Compact, Scope: Global, Year of adherence: 2008.
- Code: Best Practices in CSR & Sustainability, Organization: FTSE4 Good Ibex, Scope: Spain, Year of Accession: 2008.
- Code: Global Code of Ethics for Tourism, Organization: UNWTO, Scope: Global, Year of Accession: 2011.
- Code: Climate Change, Organization: CDP Climate - Carbon Disclosure Project Code: CDP Water - Carbon Disclosure Project, Scope: Global, Year of Accession: 2011-2019.
- Code: Social Dialogue and Labor Rights, Organization: IUF-IUF International Union of Workers, Scope: Global, Year of Accession: 2013.
- Code: Paris Agreement, Organization: United Nations Climate Change Conference in Paris (COP21), Scope: Global, Year of Accession: 2015.
- Code: Commission on Corporate Responsibility and Anti-Corruption, Organization: International Chamber of Commerce (ICC), Scope: Global, Year of Accession: 2016.
- Code: World Travel & Tourism Council, Organization: WTTC, Scope: Global, Accession year: 2016.
- Code: Closingap Cluster for the reduction of the gender gap, Scope: Spain, Accession year: 2019.
- Code: Green Recovery Alliance (European Green Pact), Organization: European Union, Scope: EU, Accession year: 2020

Since 2018, Meliá Hotels International has strengthened its link with Global Compact as a signatory company.

The Meliá Hotels International Group has both a Code of Ethics (updated in 2018) and a Supplier Code of Ethics (2018). The company is not a signatory to the Code of Good Tax Practices of July 20, 2010.)

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES
TRANSLATION FOR INFORMATION PURPOSES ONLY

This annual corporate governance report has been approved by the Board of Directors of the Company, at its meeting held on:

25 / 02 / 2021

Indicate whether there have been directors who voted against or abstained in relation to the approval of this report.

YES

NO