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## **BOARD MEMBER SELECTION POLICY FOR PARQUES REUNIDOS SERVICIOS CENTRALES, S.A.**

### **1. INTRODUCTION**

This policy for the selection of board members (the “**Selection Policy**”) was approved by the Board of Directors of Parques Reunidos Servicios Centrales, S.A. (“**Parques**” or the “**Company**”), on 7 February 2017, following the favourable report of the Appointments and Remuneration Committee, in accordance with Recommendation 14 of the Good Governance Code of Listed Companies approved by the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) in February 2015, and pursuant to Article 5.4 (vii) of the Regulations of the Company's Board of Directors.

### **2. BOARD MEMBER SELECTION POLICY**

The Company considers that board members are key figures because of the functions and duties they assume and perform, as well as their contribution to the Company's compliance with its objectives and achievement of its strategic priorities.

Except with respect to matters reserved for the General Meeting of Shareholders, the Board of Directors is the highest governing body in the Company, and has the powers to carry out all the duties attributed to it under current law and the Articles of Association.

The Board of Directors will perform its duties with a unity of purpose and independence of criteria, always guided by the interests of the Company, which are understood as the achievement of a profitable business that is sustainable in the long term and that promotes continuity and maximisation of economic value for the business, while ensuring the safety and security of both customers and workers.

The Board of Directors is responsible for approving the Company's strategy and organising the details of its implementation. It is also the corporate body responsible for supervising and ensuring that the executive team meets the objectives that have been set and respects the company purpose and interests. In addition, the Board must ensure that in its relations with stakeholders, the Company complies with the applicable laws and regulations, complies in

good faith with its obligations and contracts, observes the uses and good practices of the leisure and entertainment parks sector, of listed companies and of the regions where it operates; and observes any additional principles of social responsibility it has voluntarily adopted.

The policy of the Board of Directors is to delegate the Company's ordinary management to the management team and concentrate its activity on the general functions of supervision and adoption of the most important resolutions for the management of the Company.

## **2.1 Purpose**

The Company's Selection Policy has the following specific and verifiable objectives: (i) ensure that the proposals for appointment and re-election of the Company's directors are based on prior analysis of the needs of the Board of Directors; and (ii) favour diversity of knowledge, experience and gender on the Company's Board of Directors. Therefore, the aim is to enrich decision-making by providing varied points of view to the discussion of issues within the Board of Directors' powers.

## **2.2 Selection process**

In accordance with Article 28 of the Company's Articles of Association, the Board of Directors will be made up of a number of members to be determined by the General Meeting of Shareholders, this number not being less than five and more than fifteen.

The Board of Directors shall propose to the General Meeting of Shareholders the number that, in accordance with the Company's circumstances and within the limits set by the Articles of Association, is most appropriate to ensure due representation and effective operation of the body.

The directors shall serve in their position for four years, at the end of which time they may be re-elected for one or more periods of four years each. In any event, the independent directors may not remain as such for a continuous period of over 12 years.

The selection of candidates will be based on an analysis of the needs of the Company and its group, to be carried out by the Board of Directors acting on the advice and based on the report

of the Appointments and Remuneration Committee, in accordance with the provisions of the Spanish Companies Act (*Ley de Sociedades de Capital*).

The Appointments and Remuneration Committee will assess the skills, knowledge and experience needed for a position on the Board. It will define the duties and expertise needed by the candidates to cover each vacancy and evaluate the time and dedication required to perform their duties effectively.

The result of the prior analysis of the needs of the Board of Directors will be included in an explanatory report by the Board and, where appropriate, a report issued by the Appointments and Remuneration Committee, in accordance with the provisions of the Spanish Companies Act. The explanatory report by the Board will be published together with the announcement of the General Shareholders Meeting to which the appointment or re-election of each board member will be submitted for approval.

The Appointments and Remuneration Committee will submit the proposal for appointments of independent directors to the Board of Directors to be designated by co-option or to be submitted for the approval of the General Shareholders Meeting, as well as on the proposals for re-election or removal of such directors by the General Shareholders Meeting. Likewise, the Appointments and Remuneration Committee will also report on the proposed appointments of the other directors to be designated by co-option or to be submitted for the approval of the General Shareholders Meeting, as well as on the proposals for re-election or removal of these directors by the General Shareholders Meeting.

The General Shareholders Meeting must be informed of the category of each director at the time of appointing, ratifying the appointment or re-electing a director. This information must also be included in the Annual Corporate Governance Report, following verification by the Appointments and Remuneration Committee.

The process of selecting candidates must, in any event, avoid any type of implicit bias that may involve discrimination and, in particular, that may hinder the selection of persons of either gender. The Company shall aim to comply with recommendation 14 of the Good Governance Code of Listed Companies, regarding the number of female directors by 2020. In this context, the Company shall continue to promote the search for the best candidates, taking

into account the needs of the Group at any given time and the target set for female representation.

### **2.3 Conditions that must be met by the candidates**

In exercising its powers of proposal to the General Meeting of Shareholders and of co-option for filling vacancies, the Board of Directors must try to ensure that proprietary and independent directors represent a majority on the Board of Directors and that the number of executive directors is the minimum required. Nevertheless, the reality of the shareholder structure of the Company shall be taken into consideration at all times, especially the percentage of direct or indirect participation by executive directors in the Company's share capital. In addition, the target will be for the number of independent directors to be in line with the recommendations of the applicable Good Governance Code of Listed Companies.

The meaning of the different categories of directors (proprietary, independent and executive) shall be the one given to them in the applicable law or, where not applicable, in the recommendations for good corporate governance applicable at any given time.

When selecting members of the Company's Board of Directors, the Company will try to ensure that the candidate has the adequate profile and qualities for sharing the values of Grupo Parques Reunidos and contributing to promoting them.

The Board of Directors shall be made up of persons of renowned prestige and professional capacities, who must act with independent criteria in performing the duties inherent to their position. Thus, when selecting candidates for members of the Board of Directors, the Company will try for the candidates to be honourable, suitable and of renowned professional standing, capacities, experience, qualifications, education, availability and commitment to their duties; and will also try to ensure a good balance in the composition of the Board of Directors.

The Appointments and Remuneration Committee must verify, to the extent possible, that there are no incompatibilities, prohibitions or conflicts of interest involved, as established by the law or as provided in the system of corporate governance; and that the procedures for selecting board members do not involve any implicit bias that may imply any form of discrimination and, in particular, that they do not obstruct the selection of female directors.

In particular, the candidates must comply with the following requirements:

a) Professional qualifications:

- Members of the Board of Directors must have an adequate academic education and profile in order to achieve a diverse experience and academic background that contributes to a broader vision with respect to the issues that have to be submitted to the Board of Directors. The Appointments and Remuneration Committee must assess the academic and professional qualifications of the candidates, who must have university level education or possess the professional experience that is most appropriate to the Company's needs.

b) Personal, professional and business standing:

- Lack of criminal record.
- Not be disqualified from exercising public or administrative or management positions in private entities.
- Not be disqualified under the Insolvency Act (*Ley Concursal*).
- Personal track record of observance of business and other laws that regulate economic activity and business life, and of the good practices in business, corporate governance, finance and the sector as a whole.

c) Capacity and conflict of interest:

- Not be subject to any incompatibility, incapacity or prohibition in accordance with applicable law.
- Abstain from carrying out activities on his or own behalf or on behalf of a third party, which involves effective competition, whether real or potential, with the Company or any entity of its group, or that in any other way represents a permanent conflict with the interests of the Company; unless the Board is informed and the appropriate corporate body provides its waiver.
- Not be involved in an irredeemable situation of conflict of interest.

- Not be involved in circumstances that may result in his or her membership of the Board endangering the interests of the Company and/or companies that belong to the Company's group.
  - Respect the limits and comply with the disclosure obligations established by the Regulations of the Company's Board of Directors with respect to belonging to the governing bodies of other companies.
- d) Age: the Board of Directors, as a mere indication, considers that the Company's directors should not, in general, exceed the age of 75.

## **2.4 Selection process related to the Board committees**

### *2.4.1 Audit and Control Committee*

The Audit and Control Committee shall be made up of a minimum of three and a maximum of five members, appointed by the Board of Directors itself among non-executive directors. Most of the members of the Audit and Control Committee must be independent directors and at least one of them must be appointed based on his or her knowledge and experience in matters of accounting, auditing or risk management, as well as his or her knowledge, capacity and experience, taking into account the Committee's other duties.

The members of the Audit and Control Committee will maintain their position as member of the committee as long as their appointment as directors is still in force, unless the Board of Directors agrees otherwise.

The Board of Directors shall also appoint the Chairman of the Audit and Control Committee from among the independent directors of the Audit and Control Committee. The Chairman of the Audit and Control Committee will be appointed taking into account his or her knowledge and experience in accounting, auditing or both. He or she must be replaced every four years but may be re-elected one year after the date of removal, without prejudice to his or her continuity or re-election as member of the Committee.

In addition, the Board of Directors may appoint a Vice-chairman if considered appropriate, following the procedure established in relation to the appointment of the Chairman.

#### *2.4.2 Appointments and Remuneration Committee*

The Appointments and Remuneration Committee shall be made up of a minimum of three and a maximum of five members, appointed by the Board of Directors itself, at the proposal of the Chairman of the Board and among the non-executive directors. The majority of the members of the Appointments and Remuneration Committee must be independent directors.

The members of the Appointments and Remuneration Committee will be appointed based on their knowledge, skills and experience in relation to the work that are called on to perform.

The members who form part of the Appointments and Remuneration Committee will maintain their position as member of the committee as long as their appointment as director is in force, unless the Board of Directors agrees otherwise.

The Board of Directors will also appoint the Chairman of the Appointments and Remuneration Committee from among the independent directors forming part of it. In addition, the Board of Directors may appoint a Vice-Chairman if considered appropriate, following the procedure established in relation to the appointment of the Chairman.

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This Board Member Selection Policy was approved by the Board of Directors of Parques Reunidos Servicios Centrales, S.A., on 7 February 2017, based on the favourable report from the Company's Appointments and Remuneration Committee.

The Appointments and Remuneration Committee shall verify the compliance with this Board Member Selection Policy every year and report on it in the corresponding Annual Corporate Governance Report.