

## **REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. REGARDING ITS FUNCTIONING FOR THE YEAR ENDING 30 SEPTEMBER 2018**

### **I. INTRODUCTION**

In accordance with recommendation 6 of the Good Governance Code for Listed Companies in Spain approved by the Spanish Securities Market Commission on 18 February 2015 (the “**Good Governance Code**”), regarding the documents that must be made available to the shareholders at the moment of the call of the General Meeting, and to enable the Board of Directors of Parques Reunidos Servicios Centrales, S.A. (“**Parques Reunidos**” or the “**Company**”) to draft the annual assessment of the Appointments and Remuneration Committee (the “**Committee**”), pursuant to the provisions under article 529 *nonies* of the consolidated text of the Spanish Companies Act, approved by Legislative Royal Decree 1/2010 of 2 July (the “**Spanish Companies Act**”), such Committee shall draft an annual report on its functioning, where it must also highlight the main incidents arising, if any, in relation to its own functions. In compliance with these rules, the Committee hereby issues this report.

This report will be available to shareholders and investors on the Company’s website ([www.parquesreunidos.com](http://www.parquesreunidos.com)) from the moment that the General Shareholders’ Meeting is convened.

### **II. MEMBERS**

At the end of the financial year covered by this report, article 40 of the Company’s Bylaws and article 15 of the Board of Directors Regulations established that the Committee must be comprise of at least three and up to five directors, designated by the Board of Directors, at the proposal of its Chairman, from among the external or non-executive directors. Most of the Committee members must be independent. The Board of Directors also designates the Chairperson of the Committee from among the independent directors who form part of that Committee. In accordance with article 15.4 of the Board of Directors Regulations, the members of the Appointments and Remuneration Committee exercise their duty while their appointment as Company directors is in force, unless the Board of Directors resolves otherwise.

As of 30 September 2018 the Committee had five members, all of whom are non-executive directors and four of whom are independent directors. The current composition of the Committee is as follows:

- **Ms Ana Bolado Valle** (Chairperson) is an external independent director of Parques Reunidos. She was appointed director of the Company on 28 November 2017, by means of the co-option system, to cover the vacancy left by the resignation of Mr Javier Abad Marturet. On 21 March 2018, the ordinary General Shareholders’ Meeting ratified her appointment and approved her re-election for the period set in the Bylaws of four years. The Company’s Board of Directors appointed Ms Bolado as member of the Audit and Control Committee and of the Appointments and Remunerations Committee on 7 February 2018. On 17 July 2018, following the resignation of the then Chairman of the Board of Directors and Chairperson of the Appointments and Remunerations

Committee, Mr Peter James Long, the Board of Directors appointed her as Chairperson of the Appointments and Remunerations Committee.

Ms Ana Bolado Valle has over 31 years of management experience in an international environment within the Santander Group. In the referred Group, Ms Ana Bolado has been Corporate Director of Digital Strategy and Business in Santander Universidades, where she was responsible for, among others, designing and implementing new digital models and negotiating global agreements with relevant digital companies. From 2013 to 2015, she was the T&O Corporate Director for Santander Universidades. From 2010 to 2013, she was the Director for Commercial Strategy and Business Development in Commercial Banking in Spain, where she also was a member of the Management Committee of Banco Santander España and a member of the Board of Directors of Sistemas 4B and Santander Seguros, among other duties. Between 2005 and 2010, she worked as Corporate Director of Human Resources at Santander Group and, between 2003 and 2005, as Managing Director of Santander Global Banking and Markets, where she participated in the design of the new global corporate client management model. Previously, Ms Bolado worked in different areas related to financial products, investment banking and capital markets.

Currently she is a member of the Board of Directors of Metrovacesa and of Unicaja Banco, where she chairs the Appointments Committee and is a member of the Compensation and Risks Committees. Ms Bolado is also Senior Advisor in Fellow Funders.

Ms Bolado has a degree in pharmacy by the Universidad Complutense de Madrid and an MBA at IE Business School.

- **Mr Nicolás Villén Jiménez** (Member) is an external independent director of Parques Reunidos. He was appointed as a Company director on 13 April 2016. He was also appointed as member of the Appointments and Remunerations Committee and the Audit and Control Committee on the same date.

Mr Nicolás Villén has extensive experience in the infrastructure industry, where he has held numerous management positions. Mr Villén is currently a senior advisor to IFM Investors (an Australian global infrastructure fund), as well as director at Applus+ Services (a testing, inspection and certification company), at Banca March, S.A. (banking sector) and at FCC Aqualia (a water management company).

Between 1993 and 2009, Mr Villén was the Chief Financial Officer of Ferrovial (an infrastructure company). Subsequently, between 2009 and 2012, he was the Chief Executive Officer of Ferrovial Aeropuertos, Ferrovial's airport division which included all the BAA Limited airports (Heathrow, Gatwick, Stansted, Edinburgh, Glasgow, Aberdeen, Southampton and Naples) ("BAA"). Previously, he was the Chief Executive Officer of Midland Montagu Ventures and Smith Kline & French and held various management positions at Abbott Laboratories (healthcare sector) and Corning Glass Works (glass, ceramics, and optical physics). During his stay at Ferrovial, he held numerous international board positions, including at BAA, now Heathrow Airport Holdings, since Ferrovial's acquisition in 2006. He has also been a director at Aer Lingus, CLH and Dinamia.

He is an industrial engineer from Madrid Polytechnic University, holds a Master's Degree in Electrical Engineering from the University of Florida and an MBA from Columbia University. He was awarded a Fulbright Scholarship and a Samuel Bronfman Fellowship.

- **Mr Dag Erik Johan Svanstrom** (Member) is an external independent director of Parques Reunidos. He was appointed as director of the Company on 13 April 2016. He was also appointed as member of the Audit and Control Committee on the same date. On 28 July 2016, he was appointed as member of the Appointments and Remunerations Committee

He is the President of Hotels.com and Expedia Affiliate Network (“**Expedia**”), a private brand within the Expedia, Inc. Group, which is present in 80 markets worldwide and deals with over 19 billion dollars in gross bookings. He is also a member of the Expedia Inc. Travel Leadership Team, which reports to the Chief Executive Officer of Expedia.

Prior to taking the role of President, Mr Svanstrom spent eight years with Expedia Inc in Asia-Pacific, where he launched the EAN partner and Hotels.com businesses in the region. As Managing Director of Hotels.com for Asia and Pacific, he grew the business to a leading regional player operating in 15 Asia markets.

Prior to joining Expedia Inc, Mr Svanstrom served as a member of the Board of Directors at eLong (Nasdaq: LONG), one of China's largest online travel agencies, from 2007 to 2015 and was the Head of Digital Innovations Group at McDonald's Corporation for three years, during which he led the launch of Redbox (www.redbox.com) and the rolling out of WiFi services at McDonald's store network.

Before that, Mr Svanstrom was chief executive officer of Freefund, an online database company matching university students with corporations and employers across Europe. From 1997 to 1999, Mr Svanstrom served as Vice-president of Business Development at Glocalnet AB, a voice-over-IP telecom company, which he helped take public on the Stockholm Stock Exchange.

Mr Svanstrom holds a Master's Degree in Economics from the Stockholm School of Economics.

- **Ms Jackie Kernaghan** (Member) is an external independent director of Parques Reunidos, appointed on 21 March 2018 by the Company's ordinary General Shareholders' Meeting. Ms Jackie Kernaghan was appointed by the Board of Directors as a member of the Committee on 30 May 2018, subject to a vacancy becoming available in the Committee. On 17 July 2018, following the resignation of the then Chairman of the Board and of the Committee, Mr Peter James Long, the Board of Directors agreed to make the appointment of Ms Kernaghan as a member the Committee fully effective, having verified compliance with the sole requirement of her effective appointment.

Ms Jackie Kernaghan has extensive experience in the hotel and tourism industry. During her career she has held many high profile roles including, among others, Chair of the Institute of Travel and Tourism, Adviser in the UK Government's Tourism White Paper on Tourism, Member of the World Tourism Organisation's Advisory Committee,

Member of ABTA's Tour Operating Council and European Businesswoman of Achievement.

Ms Kernaghan is currently the Managing Director of JKS Associates, Business Consultants and a Non-Executive Director at SDWorx UK, where she has strategically guided the Executive Team to transform the business from a small payroll-only operator to become one of the UK's premier HR Management and Software companies.

Ms Kernaghan started her career in Cosmos Holidays, where she held various positions from 1974 to 1986. She then worked for the tour operator Intasun Reisen, Dusseldorf, Germany from 1986 to 1988 as Managing Director. From 1988 to 1989 she worked in the leisure transportation industry for Coach Europe & Drive Europe as Managing Director. From 1989 to 1991 she worked for the tour operator Global Holidays & Lancaster Holidays as Managing Director. From 1991 to 1993 she worked for the tour operator Riva Travel as Managing Director. In 1993 she joined Forte Hotels plc (the world's largest hotel operator at that time with a well balanced portfolio of properties ranging from luxury to familiar brands). During her tenure, she worked as Director of the Worldwide Sales, Reservations and Yield Management, Senior VP of Leisure Sales and Marketing and was later appointed CEO of the Air Travel Group. In 2000 she joined Nicholson McBride as Managing Director. Ms Kernaghan created a team of Business Psychologists working with key FTSE 100 companies, predominantly in the Finance, Legal, Automotive and Oil Industries. The team specialized in post-merger Strategic Direction, Cultural and Financial Integration.

- **Mr Colin Hall** (Member) is an external proprietary director of Parques Reunidos. He was appointed as a director of Parques Reunidos on 25 April 2017, representing Groupe Bruxelles Lambert ("GBL") by means of the co-option system. On 21 March 2018, the ordinary General Shareholders' Meeting of the Company ratified his appointment and approved his re-election as a director for the statutory period of four years. Mr Colin Hall was appointed a Committee member by Board of Directors on 8 May 2017.

Mr Hall is the Head of Investments at GBL, one of the largest shareholders in Parques Reunidos. He began his career in 1995 in the merchant banking group of Morgan Stanley. In 1997, he joined Rhône Group, a private equity firm, where he held various management positions for 10 years in New York and London. In 2009, he was the cofounder of a hedge fund, sponsored by Tiger Management (New York), where he worked until 2011. In 2012 he joined, as CEO, Sienna Capital, a 100% subsidiary of GBL, which regroups its alternative investments (private equity, debt or specific thematic funds). In 2016, he was appointed Head of Investments at GBL. Mr Hall also serves as a Director of Imerys and Umicore.

Mr Hall holds a BA from Amherst College and an MBA from the Stanford University Graduate School of Business.

Likewise, Mr Peter James Long was a member and Chairperson of the Committee until 17 July 2018. Mr Long resigned from the Board of Directors of Parques Reunidos and, consequently, from the Committee. According to Mr Long, his reasons for resigning were (i) he considered that he had met the targets set during the IPO of the Company and that were the reasons for his appointment; and (ii) he considered that the Company was at a stage that required a commitment

of time substantially greater than the one initially expected and that, due to his numerous professional and personal commitments, he was not in a position to assume such commitment without compromising the obligations resulting from his duty of loyalty.

- **Mr Peter James Long** (Chairperson) was the Chairperson of the Board of Directors and an external independent director of Parques Reunidos. He was appointed as a Company director on 13 April 2016. The Board of Directors appointed him as a member of the Committee on 13 April 2016. Mr Long resigned from the positions he held on 17 July 2018.

Mr Long has over 20 years' experience in FTSE 100 consumer-oriented companies. During his time as a director, Mr Long held various posts in other companies, including as the Chairperson of Royal Mail Group plc, Chairperson of Countrywide plc and a member of the Supervisory Board of TUI AG, where he also occupied the position of the Joint Chief Executive until February 2016. He was also the President of the Family Holiday Association, a UK based charity which provides short breaks away from home for more than 10,000 disadvantaged parents and children, as well as a member of The Tourism Council, a partnership between the UK Government and the tourism and hospitality sector.

Between 2007 and 2014 Mr Long was the Chief Executive Officer of TUI Travel plc and between 1996 and 2007 he served as group managing director and then CEO of First Choice Holidays PLC ("**First Choice**"). Prior to joining First Choice, he was the Chief Executive Officer of Sunworld and of the travel division of the International Leisure Group. He has also been a director at RAC plc, a senior independent director at Rentokil Initial plc, and a director at Debenhams plc. He has also held senior posts at the International Leisure Group, including Finance Director of Intasun Holidays and Finance Director of the Travel Division.

In 2001, Mr Long became a member of the British Travel Industry Hall of Fame. He also received the Odyssey Award twice from the Institute of Travel and Tourism in 1998 and 2008. In 2009, he was awarded the Medal of the Order of Isabella the Catholic for his contributions to Spanish tourism. He is a Fellow of the Tourism Society.

Mr Long has a Higher National Diploma in Business Studies from Southampton College of Technology and the CIMA (Chartered Institute of Management Accountants) professional qualification. He is also an Honorary Doctorate in Business Administration from Bournemouth University.

The Committee's non-member secretary is Mr Gabriel Núñez Fernández.

Consequently, during the year ending 30 September 2018 the Committee's membership has been consistent with the provisions included in the Board of Directors Regulations and with article 529 *quincedies*.<sup>1</sup> of the Spanish Companies Act, in accordance with its current drafting, since all the members of the Committee are non-executive directors and four of them are independent (fully complying with the requirement that at least two of the members are independent directors), while its Chairperson was appointed from among the independent members of the Committee.

### **III. MEETINGS**

The Committee holds an ordinary meeting every six months. Likewise, it can meet at the request of any of its members and whenever it is convened by its Chairperson, which must do so every time that the Board or the Chairman of the Board requests the issuance of a report or the drafting and issue of proposals and, in any case, whenever it is appropriate for the proper execution of its duties.

The Committee met six times during the fiscal year ending 30 September 2018.

All members personally attended the meetings of the Committee, except for the meeting of 5 October 2017, where Mr Johan Svanstrom was represented by Mr Peter Long, and the meeting of 28 November 2017, where Mr Nicolás Villén was represented by Mr Peter Long.

Consequently, the Committee met with the necessary frequency for the adequate performance of its functions, and all the Committee members attended the meetings, either in person or by multi-conference, in accordance with the provisions of article 33.5 of the Bylaws of Parques Reunidos and article 16.9 of the Board of Directors Regulations (except for the two occasions indicated above).

### **IV. POWERS**

The Appointments and Remuneration Committee of Parques Reunidos carries out the basic functions attributed to it under article 529 *quincedies*.4 of the Spanish Companies Act, as well as the tasks established in article 15 of the Board of Directors Regulations and article 40 of the Bylaws. In particular, the Committee has, among others, the following powers:

- Assess the competencies, knowledge and experience required on the Board of Directors. For this purpose, it shall define the functions and aptitudes required of candidates for each vacancy and shall assess the time and commitment required of them in order to be able to perform their duties effectively
- Set a target for the representation of the gender that is less well represented on the Board of Directors and develop guidelines on how to achieve that target.
- Make recommendations to the Board of Directors for the appointment of independent directors, whether through co-option by the Board or for submission to the General Meeting of shareholders, and for the re-election or removal of such directors by the General Meeting of shareholders
- Report on proposals for the appointment or removal of managerial employees and the basic terms of their contracts
- Examine and organise the succession of the Chairman of the Board of Directors and the CEO of the Company.
- Make proposals to the Board of Directors for the policy on the remuneration of directors and executive directors, or managerial employees who report directly to the Board, to an Executive Committee or to a managing director, as well as the individual

remuneration and other contractual terms of executive directors, ensuring and monitoring compliance

## **V. ACTIVITIES DURING THE YEAR ENDING 30 SEPTEMBER 2018**

To comply with the functions stated in the preceding section, this Committee focused the objectives of its meetings on the following main activities:

- Having analysed various factors, including the structure and composition of the Board of Directors, the Committee agreed to submit to the Board of Directors the proposal to increase the number of directors to a total of ten. The proposal was approved by the Board of Directors and, therefore submitted to the approval of the ordinary General Shareholders' Meeting. On 21 March 2018, the referred General Shareholders' Meeting agreed to raise the number of members of the Board of Directors to ten (the current number).
- Regarding the appointment, re-election and removal of directors, the Appointments and Remuneration Committee carried out the following activities during the year covered by this report:
  - a) On 28 November 2017, the Committee approved—and favourably informed on—the appointment by means of the co-option system of Ms Ana Bolado as an independent director of the Board of Directors.
  - b) On 7 February 2018, the Committee favourably informed on the proposed ratification and re-election of Mr Colin Hall as a proprietary director, and on the appointment of Mr Mario Armero and Mr Carlos Ortega as proprietary directors. Likewise, the Committee favourably informed on and approved the proposed appointment of Ms Jackie Kernaghan as an independent director of the Company, the proposed ratification and re-election of Ms Ana Bolado Valle as an independent director and the proposed appointment of Ms Ana Bolado as member of the Appointments and Remuneration Committee and of the Audit and Control Committee.
  - c) On 17 July 2018, the Committee acknowledged Mr Peter Long's will to resign from his positions in the Company. The Committee favourably informed on the appointment by means of the co-option system of Mr Richard Golding, under the category "other external", as well as on his appointment as Chairman of the Board of Directors. Also, the Committee agreed to propose the appointment of Ms Ana Bolado Valle as Chairperson of the Appointments and Remuneration Committee and favourably report granting full effectiveness to the appointment of Ms Jackie Kernaghan as a member of the Appointment and Remuneration Committee. Lastly, vis-à-vis the extraordinary General Meeting of 4 October 2018, the Committee favourably informed on the proposed ratification and re-election of Mr Richard Golding for the statutory period of four years, under the category "other external".
- Regarding the appointment and re-election of senior officers, the Committee favourably informed on the proposed re-election of Ms Cristina Carro Werner as non-member

Secretary of the Board of Directors, on the proposed appointment of Ms Yolanda Mediano Lorenci as Corporate HR Director and on the proposed appointment of Ms Eva Gutiérrez as Internal Auditor and Head of Internal Auditing.

- Pursuant to the powers of subparagraph (a) of article 15.6.(iii) of the Board of Directors Regulations, the Committee reviewed and favourably informed on the proposal of the Director Orientation and Update Programme. The Committee referred the proposal to the Board of Directors for approval. The Board of Directors, on its meeting of 7 February 2018, approved the programme under the name “Director Orientation and Update Programme” (currently in force).
- In accordance with article 8.5 of the Board of Directors Regulations, on 28 November 2017 the Committee verified the category of the members of the Board of Directors and reported on the corresponding section of the Annual Corporate Governance Report for the year ending 30 September 2017.
- In accordance with article 15.6.(iii) of the Company’s Board of Directors Regulations, on 28 November 2017 the Committee assessed the functioning and quality of the work carried out by the Board of Directors, the performance of the Chairman of the Board and of the then Chief Executive Officer, as well as other matters.
- In accordance with article 541 of the Companies Act, the Committee favourably informed on the Annual Report on the Remuneration of Directors for approval by the Board of Directors. Likewise, the Committee favourably reported on the following issues regarding remuneration:
  - a) The basic conditions of the corresponding agreements entered into with Ms Yolanda Mediano Lorenci and Ms Eva Gutiérrez, in connection with their appointments as Corporate HR Director and Internal Auditor and Head of Internal Audit, respectively, as well as their inclusion in the Long-Term Incentive Plan (“LTIP”).
  - b) The proposed variable remuneration for the then Chief Executive Officer, corresponding to the year ending 30 September 2017;
  - c) The proposed variable remuneration for the year ending 30 September 2017 of the senior management that directly reports to the Board of Directors or to the Chief Executive Officer, as well as the proposed variable remuneration of the Group for the year ended 30 September 2017.
  - d) The proposed new remuneration for certain senior officers of the Company, as well as the amendment of the Company’s Savings Plan for Senior Officers Regulations (with purpose of updating the rules in accordance with the latest legislative changes).
  - e) Pursuant to article 15.6.(v) of the Board of Directors Regulations, and as a result of the proposal to change the number of directors and the appointment proposals submitted to the Company’s ordinary General Shareholders’ Meeting, the Committee favourably informed on the resolution to increase the maximum annual remuneration of directors. Following approval of the Board of Directors,

the proposal was approved by the ordinary General Shareholders' Meeting on 21 March 2018, and, therefore, the maximum annual remuneration of all the directors was set at 1,100,000 euros.

- f) Regarding the long-term incentive plans, during the year of this report, the Committee reviewed the long-term remuneration policy for executive directors and senior officers of the Company. In that review, the Committee—with advice from Ernst & Young, S.L. (EY)—took into consideration the Company's business plan for 2018 to 2021, as well as information on remuneration trends and best practices in remuneration in the market and in other organisations in the leisure park management industry. Having compared the options for providing and coordinating long-term incentives for senior officers and employees (i.e. multi-annual cash bonus, performance shares, share options, etc.), as well as their respective implications for the Company and its beneficiaries, the Committee:
- Favourably informed on the new incorporations to the current LTIP and unanimously agreed to propose to the Board of Directors certain pending elements and targets to implement the second cycle of the LTIP, with effects from 1 January 2017.
  - Favourably informed on the implementation and coordination of a new long-term incentive plan for the Chief Executive Officer and senior management team (the “**New LTIP**”). In addition, in order to implement the New LTIP, the Committee approved a guidelines proposal to grant stock options with effects as of 2018, for up to 5% of the Company's share capital, to executive directors, senior officers and employees of the Company, to be exercised in 2021 and 2022. The referred proposal was approved by the Board and the delivery of stock options to the Chief Executive Officer was approved by the ordinary General Shareholders' Meeting of the Company on 21 March 2018.
- g) Considering the proposed changes to directors' remuneration, the Committee favourably informed on the proposed amendment to the Company's Directors' Remuneration Policy, which was approved by the Board of Directors and referred to the ordinary General Shareholders' Meeting for approval. The referred amendment was approved by the General Shareholders' Meeting on 21 March 2018.

This report on the activities performed by the Committee during the year ending 30 September 2018 will be available to shareholders and investors on the Company's website ([www.parquesreunidos.com](http://www.parquesreunidos.com)) from publication of the call of the annual General Shareholders' Meeting for the year of this report.

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