

## **REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. REGARDING ITS FUNCTIONING FOR THE YEAR ENDED ON 31 DECEMBER 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 31 December 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 at 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. As can be seen from her professional experience, which is summarized hereafter, Ms. Ana Bolado Valle has held several leadership offices, such as management positions in various companies and expertise in human resources prior to her appointment as a director of Parques Reunidos. Within Santander 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 at 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 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 Pty (an Australian global infrastructure fund), as well as director at Appplus+ 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 at 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 currently partner at EQT Ventures and has spent most of his career at Hotels.com and Expedia Affiliate Network ("**Expedia**"), companies where he was appointed Chairman. He was 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.

Before 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](http://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 at 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 at Parques Reunidos. He was appointed as a director at 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.

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

Consequently, during the year ended on 31 December 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. Moreover, the members of the Committee, as a whole, have considerable expertise and knowledge in relation to (i) corporate governance; (ii) human resources analysis and strategy; (iii) management recruitment; (iv) performance of management functions; and (v) directors and management remuneration policy and plans design.

### **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 two times during the fiscal year ended on 31 December 2018.

Because the financial year ended on 31 December 2018 lasted for three months, it can be concluded that the Committee met with the necessary frequency for the adequate performance of its functions.

According to the new calculation criteria established under CNMV's Circular 2/2018—applicable to annual corporate governance reports addressing financial years ended on or after 31 December 2018— proxy representations shall not be included as *in situ* members, even when subject to specific instructions. In this regard, it is expressly stated that Ms. Jackie Kernaghan was represented by the Chairperson of the Committee during one of the meetings through a proxy representation with specific voting instructions. Therefore, according to the new calculation criteria established under CNMV's Circular 2/2018, the percentage of *in situ* members of the total votes during this period would amount to 90%.

### **IV. POWERS**

The Appointments and Remuneration Committee of Parques Reunidos carries out the basic functions attributed to it under article 529 *quincedies*.<sup>4</sup> 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 ENDED ON 31 DECEMBER 2018**

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

- Regarding Mr. Nicolás Villén, the Appointments and Remuneration Committee reviewed, at the request of the Spanish National Securities Market Commission, the director's category assigned at the time of his appointment. It was considered appropriate to maintain his category as independent director.
- In accordance with article 8.5 of the Board of Directors Regulations, on 27 November 2018 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 ended on 30 September 2018.
- In accordance with article 15.6.(iii) of the Company's Board of Directors Regulations, on 27 November 2018 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, 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: (i) the proposed variable remuneration for the year ended on 30 September 2018 of the senior management that directly reports to the Board of Directors; and (ii) the exit conditions of Mr. Fernando Eiroa, Mr. David Escudero and Mr Pedro Cortés.
- In relation to Mr. Fernando Eiroa resignation's, the Committee met the day on which Mr. Eiroa resigned from his positions as chief executive officer and member of the Company's Board of Directors in order to analyse the consequences and to inform and submit to the Board of Directors the proposal on the exit conditions for his orderly exit.

Likewise, pursuant to its functions, the Committee ensured that the Board of Directors gives adequate publicity regarding the exit of Mr. Eiroa.

- As a consequence of the exit of Mr. Eiroa referred in the previous point, pursuant to section 3.f) of article 529 *quindecies* of the Spanish Companies Act and in accordance with articles 15.5.(vi) and 15.6.(i) of the Company's Board of Directors Regulations, the Committee organized a succession process for the Company's chief executive officer, so that the succession can be carried out in a planned and orderly manner. In this regard, the Committee agreed on the profile of the candidate to be chief executive officer and to take into consideration the candidates' previous knowledge and experience, skills, as well as the opinion of the Chairman of the Board of Directors of the Company and of all other directors. Likewise, the Committee approved the proposal made by a firm specialized in this area in order to support the Board of Directors and the Committee regarding the screening and evaluation process of the candidates.
- According to article 529 *quindecies* of the Spanish Companies Act and pursuant to article 15.6.(v) of the Company's Board of Directors Regulations, the Committee reviewed the policy on remuneration of managerial employees and analysed the possibility to propose to the Board of Directors a new remuneration for certain senior management members of the Company.
- In relation to the services provided by Ernst & Young Abogados, S.L.P., the Committee analysed the services provided for the period between January and October 2018, which were approved. It was also requested a detailed quote for the pending or ongoing issues.
- Regarding recommendation 36 of the Good Governance Code, the Committee considered to conduct the assessment of the functioning of the Board of Directors, its members and committees with the assistance of an independent expert. It was concluded to be more convenient to carry out the referred evaluation during the next financial year due to the short-term of the financial year ended on 31 December 2018.
- The Committee analysed possible amendments to the Company's Directors' Remuneration Policy and agreed to work on a proposal for granting stock options to the non-executive chairman of the Board of Directors of the Company.

This report on the activities performed by the Committee during the year ended on 31 December 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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