

2016



**APPOINTMENTS AND REMUNERATION COMMITTEE
ACTIVITY REPORT 2016**



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1. INTRODUCTION

This Activity Report for 2016 by the Appointments and Remuneration Committee is geared towards the shareholders of Aena, S.A., in accordance with recommendation 6 of the Unified Code of Good Governance of Listed Companies, which requires that listed companies undertake this report and publish it on their website in sufficient time for the holding of the General Shareholders' Meeting.

2. LEGISLATIVE FRAMEWORK

The Appointments and Remuneration Committee of Aena was constituted on 17 October 2014, by the Board of Directors of the Company, being duly governed by Article 24 of the Regulation of the Board of Directors of Aena, S.A. and Article 44 of Aena's Bylaws.

Pursuant to Recommendation 6 of the Code of Good Governance of Listed Companies prepared by the CNMV, the Commission has prepared the Annual Report into the operations performed by the Appointments and Remuneration Committee (CNR in Spanish), which includes the activity undertaken by the CNR of Aena during the fiscal year 2016. This report has been ratified by the Board of Directors of the Company at its meeting held on 24 January 2016.

3. COMPOSITION

As is duly set forth in the Corporate Bylaws and the Regulation of the Board of Directors, with legally established requirements and in accordance with Recommendation 47 of the Code of Good Governance, the Appointments and Remuneration Committee is composed of three independent directors, amongst whom is the Chairman of the Committee, and two proprietary directors.



The composition of the Committee during 2016 has been as follows:

Name	Position	Appointment
Mr Eduardo Fernández Cuesta Luca de Tena (Independent)	Chairman	24/02/2015

Holder of a Law degree from the Universidad Complutense de Madrid, an MBA from the Instituto de Empresa and completed the Advanced Management Programme at Harvard University.

His professional experience spans 25 years in the real estate sector at C B Richard Ellis, where he began in the Investments and Promotions department, eventually heading the Residential area. In 1998 he was appointed head of the company in Spain. In 2001 he was appointed member of the Executive Committee of C B Richard Ellis for EMEA (Europe, Middle East and Africa). In 2013 he was appointed Chairman in Spain of RICS (Royal Institution of Chartered Surveyors), member of the European Council. In addition, he was independent director of Testa Inmobiliaria. In 2016 he was appointed Director of Testa Residencial

In 2015, he joined Grupo Arcano as partner and head of the Real Estate area.

On 16 October 2014 he was appointed a director of Aena, S.A.. Furthermore, he also carries out the posts of Chief Director and Chairman of the Appointments and Remuneration Committee.

Name	Position	Appointment
Mr Simón Pedro Barceló Vadell (Independent)	Member	24/02/2015

He holds a Law Degree from the University of the Balearic Islands.

Since 1993 he has worked in the family-owned company Barceló. He is currently co-chairman of the Board of Directors of Barceló Corporación Empresarial.

From 2003 to 2006 he was the chairman of Exceltur, the alliance for excellence in tourism.

From November 2008 to November 2010 he was chairman of the Institute of Family Enterprises.

Since September 2014, Simón Pedro Barceló has been the chairman of the Group of Hotel Chains of the Balearics.

He is currently Co-Chairman and CEO of Barceló Corporación Empresarial, S.A. and CEO of Barceló Crestline Corporation and Barceló Hospitality USA INC.

On 16 October 2014 he was appointed a director of Aena, S.A. and member of the Appointments and Remuneration Committee.



Name	Position	Appointment
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Mr José María Araúzo González (Proprietary)	Member	17/10/2014
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He is a qualified architect and holds a Law degree. He joined the civil service in December 1979, in the Public Finance Management Corps. Part of the Technical Corps of Public Finance since October 1982, he entered the Superior Corps of State Comptrollers and Auditors, holding the positions of regional comptroller in Soria, comptroller auditor at the General Intervention Board, Chief Auditor and delegate-attaché Comptroller at the Ministry of Transport. Registered with the Official Register of Auditors.

Since July 1991 he has held the position of Chief Financial Comptroller (level 30) in the Ministry of Transport, in MOPTMA at the Ministry of Development, the Ministry of Housing and the Ministry of Public Administration.

On 29 January 2013, he was appointed a director of Aena, SA (formerly Aena Aeropuertos, S.A.) and re-elected on 16 October 2014.

Whilst undertaking his tasks at Aena, he also serves as chief comptroller in the Ministry of Development, the Centre for Experimentation of Public Works and the National Centre for Geographic Information.

Before his appointment as a director in Aena in 2013, he was adviser in the state enterprise Ingeniería de Sistemas para la Defensa de España (ISDEFE).

Name	Position	Appointment
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TCI ADVISORY SERVICES LLP (Represented by Mr Chistopher Anthony Hohn (proprietary))	Member	20/01/2015
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Christopher Anthony Hohn graduated with honors in Economics and Accounting (*Accounting and Business Economics*) From the University of Southampton, England, in 1988. He attended the Masters in Business Administration at Harvard Business School.

In 2003, he founded The Children's Investment Fund Management (UK) LLP, which in 2015 was renamed TCI Advisory Services LLP and in which he currently works as a partner and head of portfolio management.

Previously, Christopher Anthony Hohn worked as a portfolio manager at Perry Capital Limited and was an associate at Apax Partners and director of the Corporate Finance division of Coopers & Lybrand in London.

Anthony Hohn Management is a management director of the following companies: TCI Fund Management Limited, TCI Fund Services (Finance) LLP (Member), The Children's Investment Fund Foundation (UK), TCI Fund Management (UK) Limited, TCI Fund Holdings Limited, TCI Fund Services (UK) Limited, The Children's Investment Master Fund, The Children's Investment Fund and The Children's Investment Fund (GP) Ltd.

The Children's Investment Fund Management (UK) LLP (now TCI Advisory Services LLP) was appointed director of Aena, S.A. on 20 January 2015.

TCI Advisory Services LLP owns 7.714% of the indirect voting rights as a representative of TCI LUXEMBOURG and TALOS CAPITAL.



Name	Position	Appointment
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**Mr Amancio López Seijas
(Independent)**

Member

03/06/2015

He studied Business Studies and the PDG (General Business Management Programme) at EADA (Escuela de Alta Dirección y Administración).

He is the chairman and CEO of the companies of the Group headed by the company Hoteles Turísticos Unidos, S.A., a company to which he has devoted his entire professional career and has led since its foundation in 1977, which has a hotel operations division with a portfolio of over 140 establishments.

He is also the chairman of Exceltur, a member of the CEOE Corporate Advisory Board, vice president of the Permanent Commission on Tourism CEOE, a member of the Advisory Board Turespaña, a member of the Advisory Board of Patronal Catalana, Foment del Treball, and a member of the Managers' Meeting of the Círculo de Economía and the Board of Directors of CEAL Ibérica, of the Governing Board of the Guild of Hotels of Barcelona and a member of Mesa del Turismo.

He was appointed a director of Aena S.A. on 3 June 2015.

Name	Position	Appointment
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**Mrs Matilde García Duarte
(Secretary non-director)**

Secretary

28/04/2015

She holds a degree in Law, majoring in Corporate Law, from the Universidad Complutense de Madrid and graduated in different graduate programmes, amongst which is included the Executive Management Programme at the Instituto de Empresa.

He entered the State Legal Corps in 2001. He has been a State lawyer in the Division of Administrative Litigation of the High Court of Madrid, from 2003 to 2006; Chief State Attorney in the Ministry of Education, and Social Policy and Sports, from 2007 to 2009; Sports Infrastructures director general of the Higher Sports Council (CSD), from 2009 to 2011; and Director General of Sports in the CSD, from 2011 to 2012.

In 2012, he held the post of Technical General Secretary at the Ministry of Transport, Infrastructure and Housing in the Autonomous Community of Madrid.

Since April 2015, he has been the Director of Legal Advice and Wealth Management and Secretary of the Board of Directors at Aena S.A..



4. OPERATION AND POWERS

Article 44 of the Bylaws and article 24 of the Regulation of the Board of Directors of Aena, S.A., attribute to the Appointments and Remuneration Committee, the powers that are briefly described below:

- Evaluating the powers, knowledge and experience necessary for the Board of Directors, defining, in consequence, the functions and aptitudes necessary for the candidates to fill each vacancy, and evaluating the time and dedication required for them to undertake their tasks properly.
- Establishing an objective for representation of the sex less present on the Board of Directors, preparing orientation on how to achieve this objective and reporting to the Board on questions of gender diversity.
- Submitting to the Board of Directors proposals for the nomination of Independent Directors for their appointment by co-option or for submission to the decision of the General Meeting of Shareholders, and proposals for the re-election or dismissal of these Directors by the General Meeting of Shareholders.
- Reporting on proposals of appointment of other Directors for their nomination by co-option or for submission to the decision of the General Meeting of Shareholders, and proposals for their re-election or dismissal by the General Meeting of Shareholders.
- Annual verification of compliance with the policy of selection of directors by the Board of Directors, reporting on this in the annual report on corporate government.
- Ensuring that the non-executive directors have sufficient time available for the correct undertaking of their functions.
- Examining and organising the succession of the Chairman.
- Periodically reviewing the remuneration policy applied to directors and senior executives.
- Reporting the proposals of nomination and dismissal of senior executives and proposing to the Board of Directors the basic conditions of their contracts.
- Consulting the Chairman and chief executive of the Company, especially when dealing with matters relative to the executive directors and senior executives.
- Checking on observance of the remuneration policy established by the Company.
- Determine the complementary remuneration system of the Chairman and the Chief Executive Officer. The basic remuneration, which is the obligatory minimum remuneration, shall be established by the



Ministry of the Treasury and Public Administrations.

- Reporting on incentive plans.
- Making an annual examination of the remuneration policy for the Directors and senior executives.
- Preparing and checking on information on remuneration of the Directors and senior executives contained in the various corporate documents, including the annual report on corporate government and the annual report on Directors' remuneration.
- Proposing the appropriate amendments of this Regulation to the Board of Directors.
- Examining compliance with internal regulations (including the internal codes of conduct) and the rules of corporate government and making the necessary proposals of improvement.
- Regularly evaluating the suitability of the company's corporate government system, with the aim that it complies with its purpose of promoting the company interests and taking into account, as appropriate, the legitimate interests of the other interest groups.
- Seeing to it that any possible conflicts of interests do not compromise the independence of the external advice given to the Committee.
- Reviewing the Company's corporate social responsibility policy, seeing that it is orientated to the creation of value.
- Carrying out the follow-up of the strategy and practices of corporate social responsibility and evaluating the degree of compliance.
- Supervising and evaluating the processes of relations with the various interest groups.
- Coordinating the process of reporting of non-financial information and on diversity, in accordance with the regulations applicable and international standards of reference.



5. MEETINGS, ANNOUNCEMENT AND ATTENDANCE

The Appointments and Remuneration Committee shall meet as often as deemed necessary in the opinion of its Chair to exercise its duties. It will also meet when requested by, at least, two of its members.

Agreements must be adopted by the affirmative vote of the majority of the directors present at the meeting. In case of a tied vote, the Chairman or acting Chairman will have the casting vote.

The Appointments and Remuneration Committee may seek external advice whenever necessary for the performance of its duties and will have the power to summon any employee or manager of the company.

In 2016, the Appointments and Remuneration Committee met 7 times. On 4 occasions, these were attended by 100% of the directors, 2 of them were attended by 80% of the directors and one by 60% of members.

Below is the meetings schedule:

Meeting	Date	Agenda
No. 7	23 February 2016	<ul style="list-style-type: none">- Report of the Government Attorney's Office on the prevalence of public regulations.- Corporate Social Responsibility Policy and new functions of the Board Committees, along with the adaptation of the Board Regulation with the provisions of the Bylaws regarding related party transactions.- Annual report on monitoring Directors' selection policy. Formalising Directors' selection policy.- Review of the Annual Corporate Governance Report and the Annual Remuneration Report submitted to the Board.- Information on the quota of temporary contracts and work-experience contracts.
No. 8	8 March 2016	<ul style="list-style-type: none">- Report by independent experts.- Analysis of the Board's evaluation proposal.- Information from the Head of Organisation and Human Resources
No. 9	26 April 2016	<ul style="list-style-type: none">- Assessment of the questionnaire on the evaluation of the Board and Committees and submission to Board of Directors.- Business and senior management aims.
No. 10	27 September 2016	<ul style="list-style-type: none">- Assessment of the performance of the Appointments and Retributions Commission and of the Board.

		- Contract addenda for the Director General
No. 11	25 October 2016	- Report on appointment of Mr Francisco Javier Martín Ramiro as proprietary director of Aena. - Proposal for appointment of proprietary director of the Executive Committee.
No. 12	29 November 2016	- Provisional approval of the Performance Management System 2016. Interim results (Company and Senior Management).
No. 13	20 December 2016	- Modification of the Internal Code of Conduct in Securities Markets.

6. MAIN ACTIVITIES

In this section, a brief summary of the main activities that have taken place during the year 2016 will be given.

a. Appointments and dismissals

- As a result of the resignation as director of Ms Maria Victoria Marcos Cabero, in order to fill the vacancy on the Board of Directors, an explanatory report on the appointment of Mr Francisco Javier Martín Ramiro as a new proprietary director was drafted and approved by the Commission. Likewise, and as the outgoing director was part of the Executive Committee, thus it was proposed that Ms Pilar Fabregat Romero become a new member of the Executive Committee of the Company.
- The Secretary of the Commission informed on the addendum to the contract of senior executives of the Director General of the Company, in order to perform duties such as those for Managing Director of Aena Internacional, without additional retribution.

b. Policy for the selection of candidates to the Board

- The policy for the selection of candidates to the Board was formalised, as Aena had already been applying the de facto principles contained in the policy on this matter. The commission submitted to the Board of Directors a tracking report on the same in the year 2015, reporting favourably on the selection of the directors during the year 2015, to the extent that they were carried out according to the criteria of selection of directors established in the selection policy for candidates to the Board approved by the same Board of Directors on that date.



c. Corporate governance and corporate responsibility

- With regard to the new functions of the Board Committees, Recommendation 53 of the Code of Good Governance of Listed Companies, states:

"That the task of supervising compliance with the rules of corporate governance, internal codes of conduct and corporate social responsibility policy is attributed to one or be split between several committees of the board of directors..."
- Corporate governance:
 - The Annual Corporate Governance Report has been reviewed and approved
 - In its Annual Corporate Governance Report for the year 2015 Aena recorded that, as one year had not elapsed since the complete formation of the Board of Directors, considering that four directors were appointed at the General Shareholders' Meeting held on 3 June 2015, the annual performance evaluation of the Board of Directors and its Committees, explaining that it would be completed during 2016, was not performed on the date of the Report.
 - At its meeting of 20 December, and as a result of the entry into force on 3 July of EU Regulation on market abuse, the amendment of the Internal Code of Conduct in Securities Markets has been revised for approval as appropriate by the Board of Directors.
- Corporate responsibility
 - The Corporate Responsibility Policy that existed in Aena was adapted to the new corporate governance recommendations. The Commission drafted a revised version of the "Corporate Responsibility Framework Policy in Aena", for approval by the Board of Directors.
- The Appointments and Remuneration Committee, given the difficulty in making strategic decisions on the Board's part on some issues, as well as the full exercising of its powers, due to the legal regime applicable to the Company, agreed at its meeting on 25 October to propose to the Board of Directors transference to the Ministry of Public Works of the need to provide Aena with an appropriate legal framework enabling the best performance of its functions as a listed company in the field of corporate governance principles required under the law, recommended by the CNMV and required by institutional investors.



d. Assessment

- As Aena pledged in the Annual Corporate Governance Report for the year 2015, although it had not yet drafted the performance evaluation of the Board as one year had not elapsed since the complete formation of the same, throughout the year 2016, this assessment was carried out.
- To achieve this, Board Members were proposed a self-assessment questionnaire on matters subject to analysis in Recommendation 36 and Article 19.8 of the Board Regulation. The Members then duly completed this document and, with the results obtained, the committee reports were drawn up, which were then submitted to the Board of Directors. From them, an action plan on those issues was drawn up wherever it was considered appropriate.
- Following the recommendations of the Good Corporate Governance Code, the assessment of both the Appointments and Remuneration Committee, as well as the Board of Directors and the performance of the CEO was carried out. In this respect, the assessment was favourable in all cases and some areas for improvement and initiatives were highlighted.

e. Performance Management

- The Commission approved the planning of company and senior management goals in the field of Aena's Performance System for 2016. At year-end interim results were approved in that year.

f. Remunerations

- The structure, level, setting procedure and transparency regime of the remuneration of directors is an essential element of good corporate governance system in any company.
- Principle 25 of the Unified Code of Good Governance for listed companies states that "The remuneration of the Board of Directors shall be adequate to attract and retain directors of the desired profile and reward the dedication, qualification and responsibility required by the office, without compromising independent judgment of non-executive directors, with the intention of promoting the achievement of social interest, incorporating the necessary mechanisms to avoid excessive risk taking and rewarding unfavourable results".
- Notwithstanding the foregoing, on the part of the State Legal Corps, and in connection with the preparation of the Annual Remuneration Report and the Annual Corporate Governance Report, the members of the Commission were informed on the prevalence of the public rules versus private rules,



given its peculiar condition of state company yet simultaneously listed, until it is not appropriate to change the existing status quo or a regulatory change that expressly create exceptions to the legal status of Aena occur, given its special legal nature.

- In relation to the remuneration of the Board members in their capacity as well as the Chairman, in his capacity as executive, the Annual Remuneration Report was duly considered and approved.

g. Other issues involving isolated actions

- The Commission reported positively on the need to modify art. 24 of the Regulation of the Board of Directors concerning the functions of the Appointments and Remuneration Committee, assigning new functions, and raised the amendment proposal to the Board of Directors.
- An independent consulting firm was outsourced for this purpose, which informed the Commission about the compensation positioning of the Company in relation to the market.
- The Commission was informed of the change in criteria for 2016 which has been brought by the Ministry of Public Works on 1 February 2016, after written queries to the Ministry of Finance and Public Administration on who must dictate instructions and approval in order to proceed with temporary procurement at Aena, and also issue a favourable report and process the authorisation of permanent contracts to the Treasury.

7. CONCLUSION

Throughout the year 2016, the Appointments and Remuneration Committee has properly exercised the responsibilities assigned to it through the Corporate Bylaws and the Board Regulations.