

**REPORT PRESENTED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF "ABERTIS INFRAESTRUCTURAS, S.A." FOR THE PURPOSE OF THAT SET FORTH IN ARTICLE 529 *NOVODECIAS* SECTION 2 OF THE LAW ON CAPITAL COMPANIES CONCERNING THE PROPOSED DIRECTORS' REMUNERATION POLICY 2018-2019-2020 IN RELATION TO POINT NINE ON THE AGENDA OF THE ANNUAL GENERAL SHAREHOLDERS' MEETING 2017.**

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**1. Introduction.**

This report has been drawn up by the Appointments and Remuneration Committee of Abertis Infraestructuras, S.A.'s Board of Directors pursuant to the provisions of Committee article 529 *novodecias* section 2 of the Law on Capital Companies, which requires the Board of Directors' remuneration policy proposal to state the reasoning behind it and have a specific report attached from the Appointments and Remuneration Committee.

The purpose of this report is to describe the criteria on which the Appointments and Remuneration Committee has based the performance of the duties assigned to it in order to define the directors' remuneration policy. It will then forward its proposal to the Board of Directors so that it may approve the aforementioned policy for the years 2018, 2019 and 2020. It will then be submit to the General Shareholders' Meeting as a separate item on the agenda.

**2. Appointments and Remuneration Committee: composition and duties concerning directors' remuneration**

**a) Composition:**

Pursuant to the provisions of article 16 of the Board of Directors' Regulations, the Appointments and Remuneration Committee is made up of five directors, who are not executive officers, the majority of whom are independent directors, including the President.

They all have knowledge, skills and experience suited to the duties they have been asked to perform.

On the date on which this report was issued, the Committee was made up of three independent directors and one proprietary director. A vacancy has yet to be filled.

## **b) Duties concerning directors' remuneration:**

Pursuant to the provisions of article 529 *quindecies* of the Law on Capital Companies, article 23(c.3) of the Bylaws, article 16 of the Board of Directors' Regulations, and Recommendation 50 of the Good Code Governance of Listed Companies, the Appointments and Remuneration Committee has been assigned the following duties regarding directors' remuneration:

- To propose to the Board of Directors the remuneration policy for directors and General Managers or anyone who performs senior management duties, as well as individual remuneration and other contractual conditions of executive officers and to ensure its compliance.
- To, periodically, review the remuneration policy applied to Directors and General Managers or anyone who performs senior management duties, including remuneration systems involving shares and their application, as well as to ensure that individual remuneration is proportional to that paid to other directors and senior managers of the Company.
- To verify the information regarding the Director's remuneration of directors and senior managers in the various corporate documents, including the Annual Report on directors' remuneration, and to propose to the Board of Directors to submit the approval of such annual report to the General Shareholders' Meeting for a consultative vote.

### **3. Justification and description of the main principles in the Directors' Remuneration Policy submitted to the General Shareholders' Meeting.**

As a general principle, the remuneration policy seeks to generate value and the alignment with the long-term interests of the Company and its shareholders, also ensuring the promotion of the Company's long-term profitability and sustainability and incorporating the necessary measures to prevent excessive assumption of risks and rewarding of poor results.

Pursuant to the provisions of article 217 section 4 of the Law on Capital Companies, which established that directors' remuneration must, in any case, be in reasonable proportion to the company's size, the economic situation at any time and market standards in comparable companies, the directors' remuneration shall be revised and, when applicable, updated periodically.

When designing and proposing modifications on the remuneration system in force at any time, the Board shall seek to ensure that the remuneration is based on the principles of balance, effective commitment, and alignment with the long-term interests and strategies of the Company and its shareholders.

The remuneration of directors for their position as such is based on the following general principles:

- (i) Remuneration must be sufficient and adequate to the effective commitment, qualifications and responsibilities of Directors, but not being able to compromise their independent judgement.
- (ii) Remuneration must be adequate to attract and retain talent.
- (iii) Remuneration must be in accordance with the market. The remuneration Directors shall take into consideration other comparable companies.

The Chief Executive Officer's remuneration for the performance of his duties is based on the following general principles:

- a) To ensure that the structure and overall amount of the remuneration package is competitive with comparable companies nationally and internationally so as to attract, retain and motivate the leading professionals so that the Company can meet its strategic targets within the increasingly competitive and internationalised framework in which it carries out its business.
- b) To keep annual variable remuneration linked to individual performance and the overall development of the company and the group, taking the main figures in the annual budget as a reference.
- c) Incentivising value creation in a sustained manner over time. In order to achieve this, remuneration includes long-term variable components to encourage the achievement of multi-year targets in a sustained manner over time, and to promote the executive's commitment to the Company.

The directors' remuneration policy includes, inter alia, the following aspects:

- a) It is in accordance with the remuneration system established in the Corporate Bylaws. In particular, a share of net profits is set, which may only be received after covering the reserves and dividend determined by Law and, under no circumstances, may it exceed, as a whole, two per cent thereof.

- b) The Board of Directors shall distribute this share among its members within the aforementioned limit. Such remuneration shall be calculated taking into account the duties and responsibilities attributed to each Director and whether they are members of Board Committees.
- c) The structure of the Chief Executive Officer's remuneration ensures an adequate combination between:
  - (i) Fixed remuneration, the purpose of which is to compensate the level of responsibility and performance, which must be competitive with that applied in comparable companies.
  - (ii) Variable annual remuneration linked to the achievement of pre-set, specific and quantifiable targets, in line with the creation of value for shareholders, taking the group's annual budget as a reference.
  - (iii) A multi-year variable incentive linked to the Strategic Plan
  - (iv) Certain payments in kind to supplement Social Security protection.

#### **4. Period of validity.**

It is proposed that the Directors' remuneration policy should have a three-year period of validity, i.e. the financial years 2018, 2019 and 2020. Any modification or replacement of the policy during that period will require prior approval by the General Shareholders' Meeting in accordance with that established in the legislation in force.

In view of all the foregoing, the Appointments and Remuneration Committee has concluded that the Remuneration Policy is in accordance with the regulations, the Recommendations, the supervisory environment, and best practices, in accordance with the criteria of good governance and transparency. In the end, this allows the Company to have an adequate Remuneration Policy adequate and in line with the interests of the Company and its shareholders and with a prudent risk management.

Consequently, the Appointments and Remuneration Committee is issuing this specific, supporting report for submission together with the Board of Directors' remuneration policy proposal to the next General Shareholders' Meeting, which will take place on 3 April 2017.

In Barcelona, on 24 February 2017.