

# **ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

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## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

### A. REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1. Explain the company's remuneration policy. This section will include information regarding:

- General principles and foundations of the remuneration policy.
- Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the financial year to the terms for exercising options already granted.
- Standards used to establish the company's remuneration policy.
- Relative significance of the variable items of remuneration as compared to fixed items and standards used to determine the various components of the director remuneration package (remuneration mix).

#### Explain the remuneration policy

A.1.1. General principles and foundations of the remuneration policy.

Our principal consideration when determining remuneration policies is to ensure that they support our Company strategy and business objectives. The views of our shareholders and investors are also taken into account when determining executive remuneration.

Our remuneration principles, which our detailed policies support, are as follows:

- To provide a strong alignment between the achievement of strategic objectives and the delivery of value to shareholders;
- A significant portion of Executive Directors' remuneration should be performance related (on both a short- and long-term basis);
- To only deliver significant rewards if and when they are justified by performance; and
- To offer competitive and fair rates of pay and benefits to attract and retain the best people.

A.1.2. Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the financial year to the terms for exercising options already granted.

The General Shareholders Meeting held on June 15, 2017 adopted the following agreements under the framework of the remuneration policy approved in 2015 (in accordance with the Transitional Provision of Act 31/2014):

- i) To approve the Annual Report on the Remuneration of the Company's Directors (advisory voting in accordance with article 541.4 of the Spanish Capital Companies Act).
- ii) To fix the maximum aggregate amount of the remuneration for the year 2017, to be paid to Directors in their capacities as such, at 1,426,000 Euros.

The Investor Relations Department together with Group Rewards and the Secretariat of the Board engage in regular dialogue with shareholders and hold annual meetings with Amadeus' largest investors to discuss and receive feedback on the Company's remuneration policy and governance matters. Taking into account the feedback received, the Committee has proposed to the Board the introduction of a new performance metric in the Long-term Incentive Plan ("Performance Share Plan" or "PSP").

No additional changes have been made to the 2018 remuneration policy from the policy applied during 2017.

On the other hand, the Board of Directors will present to shareholders for a binding vote a new Remuneration Policy for the period 2019-2021.

### A.1.3. Standards used to establish the company's remuneration policy.

At the proposal of the Nominations and Remuneration Committee, the Board takes the following into account in establishing the remuneration policy:

— The provisions of the By-Laws and the Regulations of the Board: the remuneration system and policy applicable to the Board of Directors of Amadeus, as well as the process for preparation thereof, are established in its By-Laws (article 36) and in its Regulations of the Board of Directors (article 20). Pursuant to the provisions of such texts, the Board of Directors, at the proposal of the Nominations and Remuneration Committee, determines the amount that Directors are to receive for discharging the duties of supervision and collective decision-making inherent in their capacity and position, within the maximum limit set by the shareholders at the Company's Ordinary General Shareholders' Meeting.

The aforementioned remuneration, deriving from membership of the Board of Directors of Amadeus, is compatible with other remuneration received by Directors by reason of the executive duties they perform at the Company or by reason of any other advisory duties they may perform for the Company, other than those inherent in their capacity as Directors. Such remuneration is approved by the Board of Directors of the Company, at the proposal of the Nominations and Remuneration Committee.

Remuneration systems that are linked to the listing price of the shares or that entail the delivery of shares or of options thereon are submitted to the decision of the shareholders at the General Shareholders' Meeting of the Company, as provided by applicable laws and regulations.

- Applicable laws and regulations.
- The remuneration principles described in Section A.1.1.
- The objectives established in the Group, which allow, among other things, for the determination of the metrics to which annual and long-term variable remuneration is tied.
- The views of investors and proxy advisors. In advance of asking for approval for our policy we consulted with our major shareholders and considered the feedback received from the engagement process.
- We are mindful of the pay and employment conditions of employees in Amadeus as a whole, in particular when considering the level of any increase in the annual salary review for our Directors.
- Comparative market data.
- Ensure no discrimination based on gender, race, ethnicity, religion or sexual orientation.

### A.1.4. Relative significance of the variable items of remuneration as compared to fixed items and standards used to determine the various components of the director remuneration package (remuneration mix).

External Directors are remunerated with respect to their effective dedication, qualification and responsibility. As such, the amount of remuneration of external Directors is calculated so that it offers incentives to dedication, but at the same time without constituting an impediment to their independence. Along these lines, the remuneration of external Directors consists of a fixed fee (as described in Section A.3.). They are not entitled to incentive plans.

The total remuneration of the Executive Director is made up of various components, primarily consisting of: (i) base salary (ii) short-term variable remuneration; (iii) long-term variable remuneration; and (iv) other remuneration (board fees, benefits and pension).

A significant proportion of the Executive Director' total remuneration package (considering for this purpose base salary + short term variable remuneration + long term variable remuneration) is variable with emphasis placed on the long term incentive reward. In 2018, for performance at maximum level, up to approximately 77% of the Executive Director' total pay would be at risk (i.e. subject to performance conditions).

For performance at target level, the percentage of total pay at risk would be approximately 63%.

Maximum incentives are only paid out for reaching the stretch performance targets set. No incentives are payable for performance below threshold level.

A.2. Information regarding preparatory work and the decision-making process followed to determine the remuneration policy, and any role played by the remuneration committee and other control bodies in the configuration of the remuneration policy. This information shall include any mandate given to the remuneration committee, the composition thereof, and the identity of external advisers whose services have been used to determine the remuneration policy. There shall also be a statement of the nature of any directors who have participated in the determination of the remuneration policy.

### **Explain the process for determining the remuneration policy**

#### **A.2.1. Preparatory work and decision-making**

When proposing the policy for executive remuneration to the Board of Directors, the Nominations and Remuneration Committee is mindful of the pay and employment conditions of employees in Amadeus as a whole, in particular when considering the level of any increase in the annual salary review for the Executive Director.

The Nominations and Remuneration Committee also takes into account comparative market data. The comparator group is comprised of predominantly European companies with similar business activities (such as technology, telecommunications and media), that are of similar size to Amadeus in terms of revenue and/or market capitalisation, have a similar geographic profile to Amadeus or are companies that Amadeus have lost talent to, or recruited talent from.

In the selection of performance measures the Committee takes into account the group's strategic objectives and short- and long-term business priorities. Targets related to internal financial metrics (such as revenue, EBITDA and adjusted EPS) are normally set in accordance with the group's budget for the respective year (for the annual bonus) and the long-term plan (for the long-term incentive plan). Targets related to external measures (such as relative total shareholder return) are based on market standards. Following market practice, the Committee has adopted a narrow range between threshold and maximum, where the threshold level of performance reflects the minimum acceptable outcome, and the maximum level of performance represents a very stretching but achievable outcome.

At the end of the performance period the Nominations and Remuneration Committee reviews performance against targets, and may use judgement to account for items such as (but not limited to) mergers, acquisitions, disposals, foreign exchange rate movements, changes in accounting treatment, material one-off tax settlements, etc. The application of judgement is important to ensure that the final assessments of performance are appropriate and fair. The Nominations and Remuneration Committee will ensure that, in addition to the level of achievement of the objectives, the final incentive payment or vesting will also consider, among other factors, the Company's strategy or the risk taken. Following this review, the Nominations and Remuneration Committee could adjust the final payment or vesting upwards or downwards if the circumstances appear to be sufficiently exceptional to justify an appropriate adjustment. An explanation of these adjustments will be included in the corresponding Annual Directors' Remuneration Report.

The main issues discussed during the meetings held by the Committee in 2017 are included in the 2017 Annual Report of the Nominations and Remuneration Committee.

#### **A.2.2. Remuneration Committee: Mandate**

The Nominations and Remuneration Committee, the duties of which are established in article 43 of the By-Laws and article 36 of the Regulations of the Board of Directors, plays a key role in the determination of the Amadeus Group's remuneration policy and in the development and implementation of its components. Its mandate in the area of remuneration consists of continuously analyzing, formulating and periodically reviewing the remuneration system applicable to Directors and Senior Executives and of designing new remuneration plans that enable the Company to attract, retain and motivate the most outstanding professionals, bringing their interests into line with the strategic objectives of the Company.

#### **A.2.3. Remuneration Committee: Composition**

Pursuant to article 36 of the Regulations of the Board, the Nominations and Remuneration Committee shall be formed by external Directors, the majority being independent Directors, in the number to be determined by the Board, with a minimum of three (3) and a maximum of five (5).

The members of the Nominations and Remuneration Committee shall be designated by the Board of Directors.

The Nominations and Remuneration Committee shall designate from among its number a Chairman. This shall be an independent Director and shall be replaced every two (2) years. He or she may be reappointed once one (1) year has elapsed from the time he or she ceased to be Chairman.

In this regard, the Nominations and Remuneration Committee is currently chaired by Mr. Guillermo de la Dehesa Romero (External Independent Director), who, effective April 20, 2017, was appointed Chairman for a two-year term. He replaced Mr. Francesco Loredan, as a consequence of the latter's status reclassification from "independent" to "other external". The other members of the Committee are Dame Clara Furse (External Independent Director), Mr. Francesco Loredan (Other External), Dr. Roland Busch (Other External) and Mr. David Webster (External Independent Director).

#### A.2.4. Remuneration Committee: External Advisers

Independent remuneration advisers, Willis Towers Watson, are formally appointed by the Nominations and Remuneration Committee. They provide advice, market trends and benchmark data where appropriate.

An independent third party (Aon Hewitt) regularly measures the outcome of the Company's Total Shareholders Return (TSR) relative to the TSR of the companies in the bespoke comparator group (please see further information on the Company's Long Term Incentive in sections A.4 and D.2).

A.3. State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by the executive directors of the duties of senior executives, of additional remuneration as chair or member of a committee of the board, of attendance fees for participation on the Board and the committees thereof or other fixed remuneration as director, and an estimate of the annual fixed remuneration to which they give rise. Identify other benefits that are not paid in cash and the basic parameters upon which such benefits are provided.

### Explain the fixed components of remuneration

#### 1. Fixed remuneration paid to the Executive Director:

The Executive Director receives an annual base salary, payable monthly, for the performance of executive duties at the Company. The purpose of this element is to reflect the market value of the role, attract talent and reward skills and experience.

Base salary is reviewed annually with any change normally effective from 1 April. It is benchmarked periodically against a bespoke comparator group as appropriate and it is considered in light of economic climate, market conditions, Company performance, the individual's role, skills and remit and increases elsewhere in the Group.

As explained above, the Company's primary comparator group for benchmarking purposes spans a broad set of predominantly European companies selected on objective criteria such as annual revenue, market capitalization and comprising of technology, telecommunications and media companies (please see further information on the comparator group in section E).

For 2018, following careful consideration of Company performance, market data and pay and conditions across the Group, the Board, at the proposal of the Nominations and Remuneration Committee, approved a base salary increase of 5% (effective 1 April, 2018) relative to the 2017 salary.

In addition to his base salary, the Executive Director receives fees in relation to his membership of the Board according to the remuneration policy described below for Directors in their condition as such, which reflects common market practice in Spain. For 2018 the Executive Director will receive the same board fees as in the last three years (€35,000).

## 2. Fixed remuneration paid to the Chairman and Non-Executive Directors:

We offer competitive fees commensurate with the required time commitment and responsibilities of the Chairman and Non-Executive Directors.

Every year total fees payable to the directors in their condition as such are proposed by the Board for approval at the Annual Shareholders' Meeting. In 2018 this maximum shall not exceed €1,426,000 in aggregate, assuming the number of directors is eleven for the whole year and that there are two committees (the Nominations and Remuneration Committee and the Audit Committee) comprised of five directors each.

In respect of Non-Executive Directors, the 2018 fee levels remain the same as in 2017:

- Annual fee for the Chairman: €305,000.
- Annual fee for each Non-Executive Director: €90,500.
- Annual fee for the Chairman of a Committee: €45,250.
- Annual fee for each member of a Committee: €22,625.

The Chairman and Non-Executive Directors do not participate in any incentive or pension plans, nor are they entitled to attendance fees.

The main features of the benefits in kind are explained in section A.10.

A.4 Explain the amount, nature and main features of the variable components of the remuneration systems. In particular:

– Identify each of the remuneration plans of which the directors are beneficiaries, the scope thereof, the date of approval thereof, the date of implementation thereof, the date of effectiveness thereof, and the main features thereof. In the case of share option plans and other financial instruments, the general features of the plan shall include information on the conditions for the exercise of such options or financial instruments for each plan.

– State any remuneration received under profit-sharing or bonus schemes, and the reason for the accrual thereof;

– Explain the fundamental parameters and rationale for any annual bonus plan.

– The classes of directors (executive directors, external proprietary directors, external independent directors or other external directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.

– The rationale for such remuneration systems or plans, the chosen standards for evaluating performance, and the components and methods of evaluation to determine whether or not such evaluation standards have been met, and an estimate of the absolute amount of variable remuneration to which the current remuneration plan would give rise, based on the level of compliance with the assumption or goals used as the benchmark.

– If applicable, information shall be provided regarding any payment deferral periods that have been established and/or the periods for retaining shares or other financial instruments.

### **Explain the variable components of the remuneration systems**

The Chairman and Non-Executive Directors do not participate in incentive plans.

The remuneration policy contemplates the following variable components for the Executive Director:

**i) Annual bonus:** the purpose of this scheme is to incentivize and reward the delivery of annual corporate financial performance. It is delivered in cash for performance over the previous financial year.

Measures and performance targets are approved by the Board at the proposal of the Nominations and Remuneration Committee at the beginning of each year. In the selection of performance measures the Committee takes into account the Group's strategic objectives and short and long-term business priorities. The performance targets are set in accordance with the Group's operating plan and are reviewed annually to ensure that they are sufficiently stretching. In selecting the targets the Nominations and Remuneration Committee also takes into account analysts' forecasts, economic conditions and the Committee's expectation of performance over the relevant period.

For the year 2018 the performance measures are Revenue, EBITDA and adjusted EPS, with equal weighting placed on each measure. Adjusted EPS is included as a performance measure in both the annual bonus and long term incentive plan, reflecting the strategic importance of achieving profitable growth.

The maximum annual bonus opportunity in 2018 is 150% of base salary for the Executive Director and is only paid out for reaching the stretch performance targets set. The overall payout of the annual incentive could be between 0% and 100% of maximum. Vesting of each performance metric starts at 25% (for threshold performance), 50% is awarded on target and rises to 100% for maximum performance. Intermediate values are calculated by linear interpolation. Performance below threshold results in zero vesting.

**ii) Long-term Incentive Plan (Performance Share Plan):** this plan incentivizes long-term value creation, aligning the interests of executives and shareholders through the delivery of awards in shares. On an annual basis an award of shares is made with vesting conditional upon performance over a multi-year period of, at least, 3 years.

The grant of the 2018 cycle of the Performance Share Plan will be made in line with the Company's remuneration policy and pursuant to the terms and conditions approved by the General Shareholders Meeting in 2016. The maximum number of shares to be granted to the Executive Director in 2018 will not exceed 200% of base salary for the maximum level of performance. The overall payout of the Long-Term Incentive Plan could be between 0% and 100% of maximum. Vesting of each performance metric starts at 30% (for threshold performance), 50% is awarded on target and rises to 100% for maximum performance. Intermediate values are calculated by linear interpolation. Performance below threshold results in zero vesting.

The extent to which the 2018 award will vest in 2021, will depend on the following performance conditions:

- Growth in Adjusted EPS (50% weighting).
- Growth in pre-tax Operating Cash Flow (30% weighting).
- TSR performance relative to a comparator group (20% weighting).

The Board, at the proposal of the Committee, approved the introduction of Operating Cash Flow as a new performance metric in the 2018 Performance Share Plan, thereby reducing the weight of the other two metrics (EPS from 60% to 50% and TSR from 40% to 20%). In addition to measuring the Company's long-term performance through adjusted EPS and relative TSR, introducing a cash metric like OCF which is directly linked to the business results will give a more complete picture of the financial health of the Company.

For 2018, the TSR comparator group will consist of the following 66 companies, predominantly drawn from the Eurofirst 300 index with operations in similar sectors to Amadeus – travel and leisure, media, technology and telecommunications as well as companies with data and/or transaction processing capabilities that formed the expanded IPO comparator group:

Accor	Experian	Pearson	Telefonica
ADP	Fidelity National IS	ProSiebenSat.1 Media SE	Telenor A/S
Altice NV A	Fiserv	Proximus	TeliaSonera
Amadeus IT Group	Genpact	Publicis Groupe	Total System Services
ASML Holding	Global Payments	RELX	Travelport Worldwide
BT Group	Hexagon B	Royal KPN	TUI AG
Cap Gemini	Iliad	RTL Group	United Internet AG
Capita Group	Infineon Technology	Ryanair Holdings	Verisk Analytics
Carnival	InterContinental Hotels Group	Sabre Corp	Visa
Cognizant Tech	Intl. Consolidated Airlines	Sage Group	Vivendi
Compass Group	ITV	SAP	Vodafone Group
Dassault Systemes	JC Decaux	Serco Group	Western Union
Deutsche Telekom	Mastercard	SES FDR	Whitbread
Dun & Bradstreet	Nokia	Sky	Wolters Kluwer CVA
Easyjet	Orange	Sodexo	WPP
Equifax	Paddy Power Betfair	Swisscom	
Ericsson B	Paychex	Telecom Italia	

The TSR payout scale is shown below:

- if performance level is less than 50th percentile, the performance payout will be 0%.
- if performance level is at threshold (50th percentile), the performance payout will be 30% of the maximum.
- if performance level is maximum (75th percentile and above), the performance payout will be 100% of the maximum.

Intermediate levels will be calculated by linear interpolation between threshold and target and between target and maximum.

For the 2018 cycle, delivered shares after vesting will be freely tradeable, provided that the Executive Director meets the required shareholding guidelines (pursuant to the shareholding guidelines approved by the General Shareholders Meeting in 2016, please see section A.13 for more details). As in the past, no dividends are paid on unvested shares.

On the other hand, vesting of the Performance Share Plan cycle granted in 2015 will take place in July 2018, if the relevant service and performance conditions are met.

A.5. Explain the main features of the long-term savings systems, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, with an estimate of the equivalent annual amount or cost thereof, stating the type of plan, whether it is a defined-contribution or -benefit plan, the conditions for the vesting of economic rights in favour of the directors, and the compatibility thereof with any kind of indemnity for advanced or early termination of the labour relationship between the company and the director.

Also state the contributions on the director's behalf to defined contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans.

#### **Explain the long-term savings systems**

The Executive Director participates in a defined contribution plan. The annual company contribution is 20% of base salary paid during the year. A breakdown of the contribution made for the Executive Director in 2017 is provided in section D.1.a) iii) of this Report, Long-term savings systems. The company contributions are conditioned upon the Executive Director making his own personal contributions to the scheme which are deducted from his base salary.



The contingencies covered by this plan are: (i) 65-year survival or legal retirement age; (ii) death; or (iii) declaration of permanent labour disability consisting of total disability for the habitual profession, absolute permanent disability, or grand disability.

The amount of the benefit of the plan will be equivalent to the mathematical provision accruing to the insured on the date on which the policyholder provides notice and authorizes the insurer access to this situation.

In the event of termination by the Company due to a serious or punishable breach of his duties by the Executive Director, he will forfeit the economic rights to the contributions made by the Company to the pension scheme.

In case of termination for any other reason, the Executive Director would be entitled to vested economic rights derived from contributions made by the Company.

Additionally, under the provisions of his previous employment contract, the Executive Director, participated in a qualified company pension plan (like other Company employees) and a group life insurance. Contingencies covered by these plans are retirement, disability, death and special situations according to the applicable pension legislation. However, the Company does not make any contributions to these vehicles ever since the Executive Director was appointed as a member of the Board of Directors.

The Chairman and Non-Executive Directors do not participate in pension plans.

#### A.6. State any termination benefits agreed to or paid in case of termination of duties as a director.

##### **Explain the termination benefits**

No provision has been made for payment of termination benefits to Directors in the event of termination of their duties as such. Provision is made only for payment of termination benefits in the event of termination of the executive duties, if any, that Directors perform, as explained in section A.7. below.

#### A.7. State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on termination benefit amounts, continuance in office clauses, prior notice periods, and payment in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to advanced or early termination of the contractual relationship between the company and the executive director. Include, among other things, any clauses or agreements on non-competition, exclusivity, continuance in office or loyalty, and post-contractual non-competition.

##### **Explain the terms of the contracts of the executive directors**

The contracts governing the performance of duties and the responsibilities of the Executive Director and of Amadeus include the clauses that are ordinarily contained in these types of contracts, taking into account customary market practices in this regard, and seek to attract and retain the most outstanding professionals and to safeguard the legitimate interests of the Company.

The most significant terms and conditions of such contracts are described below:

The period of notice required from the Executive Director and from the Company is a minimum of six months.

In case of termination at the free will of the Company for any reason, without a serious or punishable breach by the Executive Director (i.e. dismissal without cause) or resignation by the Executive Director if the decision is based on a serious or punishable breach by Amadeus vis-à-vis the obligations assumed in connection with the position or if duties or powers are substantially reduced and made devoid of content, the Executive Director will be entitled to compensation equivalent to twice his annual gross base salary.

In the event of a change in control, the Executive Director has the option to terminate his contract within a period of six months, with the right to receive an indemnity equal to twice his annual gross base salary.

Any other circumstances will not lead to an indemnity.

In addition the Executive Director's contract includes a non-compete covenant which prevents him from competing against Amadeus during the 12 months following termination of his contract (whatever the reason for such termination is). The application of the clause will be subject to the Board's discretion and, if enforced, an amount equivalent to one year of the annual gross base salary in force at the effective date of actual departure will be paid to the Executive Director.

The Executive Director's entitlements to unvested share awards granted in connection with the Performance Share Plan will be treated in accordance with the terms of the plan rules. In circumstances of death, ill health, retirement, dismissal without cause, mutually agreed termination of employment and redundancy, the award will be pro-rated (subject to satisfaction of performance conditions). Awards will be settled within 90 days of the date of termination and at the discretion of the Nominations and Remuneration Committee could be settled in cash instead of shares. In any other circumstance, including resignation or dismissal with cause, all rights are forfeited.

Other terms of the Executive Director's contract:

- Pursuant to article 23 of the Board of Directors' Regulations, the Executive Director may not carry out any activity which constitutes effective competition with those carried out by the Company. This obligation may be excused by the General Shareholders' Meeting if no damage to the Company is to be expected, or it is expected that it would be compensated for the benefits expected to be obtained from the waiver.

- Pursuant to article 22 of the Board of Directors' Regulations, the Executive Director shall maintain the secrecy of any non-public information to which he has had access in the exercise of his position. The confidentiality obligation shall survive even after he has departed his position.

[A.8. Explain any supplemental remuneration accrued by the directors in consideration for services provided other than those inherent in their position.](#)

#### **Explain the supplemental remuneration**

As of the date of issuance of this Report, there is no supplemental remuneration accrued in favour of the Directors in consideration for services provided other than those inherent in their position.

[A.9. State any remuneration in the form of advances, loans or guarantees provided, with an indication of the interest rate, main features, and amounts potentially returned, as well as the obligations assumed on their behalf as a guarantee.](#)

#### **Explain the advances, loans and guarantees provided**

As of the date of issuance of this Report, no advances, loans or guarantees have been provided to or on behalf of any Director.

[A.10. Explain the main features of remuneration in-kind.](#)

#### **Explain the remuneration in-kind.**

The Executive Director is entitled to certain benefits and remuneration in kind. The purpose is to provide a market competitive remuneration package. Benefits include, but are not limited to:

- Private healthcare for the Executive Director and his immediate family;
- Life and disability insurance;
- Car, fuel card and parking (at Amadeus' premises);
- Tax compliance support;

- Lunch allowance; and
- Other minor ancillary benefits.

Verified expenses that are incurred by the Executive Director in undertaking his role are reimbursed.

Apart from the Chairman, who benefits from health insurance (included in the board fees of €305,000 per annum), Non-Executive Directors do not participate in any benefit plans. Only reasonable and verified travel and overnight accommodation expense incurred in attending board meetings and/or any board committee meetings are reimbursed.

A.11. State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide remuneration for the services thereof at the company.

**Explain the remuneration accrued by the Director by virtue of the payments made by the listed company to a third party to which the Director provides services**

As of the date of issuance of this Report, no such remuneration has accrued.

A.12. Any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the making thereof detracts from a true and fair view of the total remuneration accrued by the director.

**Explain the other items of remuneration**

As of the date of issuance of this Report, the Directors' remuneration system does not provide for any additional item of remuneration other than those explained in the preceding sections.

A.13. Explain the actions taken by the company regarding the remuneration system in order to reduce exposure to excessive risk and align it with the long-term goals, values and interests of the company, including any reference to: measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the fixed and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, recovery formulas or clauses to be able to demand the return of the variable components of remuneration based on results if such components have been paid based on data that is later clearly shown to be inaccurate, and measures provided to avoid any conflicts of interest.

**Explain actions taken to reduce risks**

Amadeus' remuneration policy has been designed by taking into account the Company's strategy and results over the long term:

- The total remuneration of the Executive Director and Senior Executives is made up of various items, primarily consisting of: (i) fixed remuneration, (ii) short-term variable remuneration and (iii) long-term variable remuneration.
- Long-term variable remuneration plans are designed as multi-annual in order to ensure that the evaluation process is based on long-term results and that the underlying economic cycle of the Company is taken into account. This remuneration is granted and paid in the form of shares based on the creation of value, such that the Executive's interests are aligned with those of the shareholders. In addition, they involve overlapping cycles that generally follow one another over time, with a permanent focus on the long-term in all decision-making.

Amadeus' remuneration policy establishes an appropriate balance between the fixed and variable components of remuneration:

- The design of the remuneration scheme provides for a balanced and efficient relationship between fixed and variable components: in a normal scenario of standard achievement of the objectives tied to variable remuneration, the fixed remuneration of the Executive Director accounts for approximately 36% of the total remuneration (base salary + short-term variable + long-term variable). This proportion is deemed to be sufficiently high and not excessive, given that in certain cases of failure to achieve objectives may lead to no amount being received as variable remuneration.
- Thus, the variable components of remuneration are flexible enough to allow for modulation thereof, to the extent that they may be eliminated altogether. In a scenario in which objectives tied to variable remuneration are not achieved, the Executive Director and Senior Executives would only receive fixed remuneration.
- There is no guaranteed variable remuneration.

As regards measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile:

- The Nominations and Remuneration Committee is responsible for reviewing and analyzing the remuneration policy and the implementation thereof. Approximately 11 Senior Executives fall within the scope of the Committee's work. This group includes professionals whose activities may have a significant impact on the entity's risk profile.
- Also, the Company's Audit Committee participates in the process of decision-making in connection with the short-term variable remuneration (bonus) of the Executive Director, by verifying the economic/financial information that may be included as part of the objectives set for purposes of such remuneration, as this Committee must first verify the Company's results as a basis for calculation of the respective objectives.
- The Nominations and Remuneration Committee is currently made up of 5 members, 3 of whom are also members of the Audit Committee. The interlocking presence of Directors in these two Committees ensures that the risks associated with remuneration are taken into account in the discussions at both Committees and in their proposals to the Board, both for determining and in the process of evaluating annual and multi-annual incentives.
- Ex-post adjustments: The Nominations and Remuneration Committee, by virtue of the duties established in the Company By-laws and Board of Directors Regulations, is competent to propose to the Board the cancellation or reimbursement of any short or long-term variable remuneration, paid to the relevant beneficiary/ies, in unexpected circumstances indicating that variable remuneration has accrued or been paid based on inaccurate or mistaken information or data, or in breach of internal corporate regulations or applicable laws, as subsequently proved.
- Shareholding guidelines: In order to increase the alignment with shareholders' interests, the members of the Executive Committee are required to build up a certain holding of Amadeus shares over time. In the case of the Executive Director, his required shareholding level is equivalent to two (2) times his gross annual base salary.

The current shareholding of the Executive Director is substantially higher than the approved shareholding guideline (as at 31 December 2017, the Executive Director held 201,480 Company shares).

As regards measures adopted to avoid conflicts of interest, the Board Regulations establish the following:

- The Director has to adopt the necessary measures to avoid situations where his interests, whether for his own or another's account, may come into conflict with the interest of the Company and with his duties to the Company.
- The Director must report the existence of conflicts of interest to the Board of Directors and abstain from participating and intervening in deliberations and voting on resolutions or decisions in which the Director or a related person has a conflict of interest.
- The Director may not directly or indirectly carry out transactions with the Company except in cases of waiver set out in the Board Regulations.
- The Directors must notify the Board of the stake they hold in the capital of an entity having the same, analogous or complementary business as the one forming the corporate purpose of Amadeus, as well

as of the positions or duties they perform at such companies, and the carrying out as an independent contractor or salaried employee, of the same, analogous or complementary business as the one forming the Company's corporate purpose.

- In any case, situations of conflict of interest to which the Directors are subject have to be reported in the Annual Report on Corporate Governance and in the notes to the financial statements.

## **C OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE FINANCIAL YEAR JUST ENDED**

C.1 Summarise the main features of the structure and items of remuneration from the remuneration policy applied during the financial year just ended, which give rise to the breakdown of individual remuneration accrued by each of the directors as reflected in section D of this report, and provide a summary of the decisions made by the board to apply such items.

### **Explain the structure and items of remuneration from the remuneration policy applied during the financial year**

The remuneration policy of the Executive and Non-Executive Directors applied in 2017 was limited to the strict application of the remuneration policy in force, the outcome of which is detailed in section D of the present Report.

In relation to the remuneration policy of the Executive Director applied in 2017, Section D.2 and Section E include the following:

- The breakdown of the degree of achievement of the metrics set in the Annual Bonus.
- The breakdown of the degree of achievement of the different metrics set in the PSP 2014, the description of the TSR comparator group and the position in the ranking obtained by Amadeus among the companies included in that group.

The overall remuneration paid to Directors in their capacities as such during 2017 amounted to €1,384,520, which is below the maximum aggregate amount (€1,426,000) approved by the General Shareholders meeting held on June 15, 2017. The variation in the overall remuneration paid to Directors in their capacities as such with regard to the previous year (€1,315,400 in 2016) was due to the increase in fees approved by the Board in 2017, as outlined in the 2016 Directors' Remuneration Report which was approved by the General Shareholders' Meeting in 2017 (on an advisory basis).

As explained in the abovementioned Report, the fees paid to Non-Executive Directors were increased between 1.5% and 1.9% taking into account the average inflation rates over the last two years in Amadeus' main European locations.

The fixed fees applicable during 2017 were as follows:

- Annual fee paid to the Chairman of the Board: €305,000 (increase of 1.67% with respect to the fees paid in 2015 and 2016).
- Annual fee paid to the Non-Executive Directors: €90,500 (increase of 1.5% with respect to the fees paid in 2015 and 2016).
- Annual fee paid to the Chairman of a Committee: €45,250 (increase of 1.5% with respect to the fees paid in 2015 and 2016).
- Annual fee paid to each member of a Committee: €22,625 (increase of 1.9% with respect to the fees paid in 2015 and 2016).

**D. BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS**

<b>Name</b>	<b>Nature</b>	<b>Year period 2017</b>
José Antonio Tazón García	Independent	From 01/01/2017 to 31/12/2017
Clara Furse	Independent	From 01/01/2017 to 31/12/2017
Guillermo de la Dehesa Romero	Independent	From 01/01/2017 to 31/12/2017
David Webster	Independent	From 01/01/2017 to 31/12/2017
Francesco Loredan	Other External	From 01/01/2017 to 31/12/2017
Marc Verspyck	Other External	From 01/01/2017 to 31/12/2017
Roland Busch	Other External	From 01/01/2017 to 31/12/2017
Stuart McAlpine	Other External	From 01/01/2017 to 14/12/2017
Pierre-Henri Gourgeon	Independent	From 01/01/2017 to 31/12/2017
Nicolas Huss	Independent	From 15/07/2017 to 31/12/2017
Pilar García Ceballos-Zúñiga	Independent	From 15/12/2017 to 31/12/2017
Luis Maroto Camino	Executive	From 01/01/2017 to 31/12/2017

D.1. Complete the following tables regarding the individualised remuneration of each of the directors (including remuneration for the performance of executive duties) accrued during the financial year.

**a) Remuneration accrued at the company that is the subject of this report:**

**i) Compensation in Cash (in thousands of €)**

Name	Salary	Fixed Remuneration	Attendance fees	Short-term variable compensation	Long-term variable compensation	Compensation for membership on Board Committees	Severance payments	Other concepts	Total fiscal year 2017	Total fiscal year 2016
Jose Antonio Tazón García	0	303	0	0	0	0	0	2	305	300
Clara Furse	0	91	0	0	0	45	0	0	136	154
Guillermo de la Dehesa Romero	0	91	0	0	0	61	0	0	152	147
David Webster	0	91	0	0	0	67	0	0	158	143
Francesco Loredan	0	91	0	0	0	29	0	0	120	113
Marc Verspyck	0	91	0	0	0	22	0	0	113	111
Roland Busch	0	91	0	0	0	22	0	0	113	111
Stuart McAlpine	0	86	0	0	0	0	0	0	86	89
Pierre-Henri Gourgeon	0	91	0	0	0	22	0	0	113	111
Nicolas Huss	0	49	0	0	0	0	0	0	49	0
Pilar García Ceballos-Zúñiga	0	4	0	0	0	0	0	0	4	0
Luis Maroto Camino	880	35	0	1,138	0	0	0	30	2,083	2,098



ii) Share-based remuneration systems

LUIS MAROTO CAMINO PSP 2014 CYCLE												
Date of implementation	Ownership of options at the beginning of 2017					Options allotted during 2017						
	No. of options	No. of shares affected	Exercise price (€)	Exercise period		No. of options	No. of shares affected	Exercise price (€)	Exercise period			
02/06/2014	0	0	0	N/A		0	0	0	N/A			
Shares delivered in the year 2017			Options exercised during 2017				Options expired and not exercised	Options at the end of 2017				
Number	Price	Amount (k €)	Exercise price (€)	No. of options	No. of shares affected	Gross Profit (k €)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	
50,797	53.70	2,728	0	0	0	0	0	0	0	0	N/A	

**iii) Long-term savings systems**

	Company contribution during the year (thousands €)		Accumulated funds (thousands €)	
	2017	2016	2017	2016
Luis Maroto Camino	176	173	703	495

Please note that the amount of accumulated funds shown in the table above includes the personal contributions made by the CEO, as explained in section A.5.

**iv) Other benefits**

	Life insurance premiums	
	2017	2016
Luis Maroto Camino	74	78

**c) Summary of remuneration (in thousands €)**

Name	Remuneration accrued at the Company				Remuneration accrued at Group companies				Total		
	Total Cash Remuneration	Amount of shares delivered	Gross profit on options exercised	Total Fiscal Year 2017 Company	Total Cash Remuneration	Amount of shares delivered	Gross profit on options exercised	Total Fiscal Year 2017 Group	Total Fiscal Year 2017	Total Fiscal Year 2016	Contribution to savings systems during the fiscal year
Jose Antonio Tazón García	305	0	0	305	0	0	0	0	305	300	0
Clara Furse	136	0	0	136	0	0	0	0	136	154	0
Guillermo de la Dehesa Romero	152	0	0	152	0	0	0	0	152	147	0
David Webster	158	0	0	158	0	0	0	0	158	143	0
Francesco Loredan	120	0	0	120	0	0	0	0	120	113	0
Marc Verspyck	113	0	0	113	0	0	0	0	113	111	0
Roland Busch	113	0	0	113	0	0	0	0	113	111	0
Stuart McAlpine	86	0	0	86	0	0	0	0	86	89	0
Pierre-Henri Gourgeon	113	0	0	113	0	0	0	0	113	111	0
Nicolas Huss	49	0	0	49	0	0	0	0	49	0	0
Pilar García Ceballos-Zúñiga	4	0	0	4	0	0	0	0	4	0	0
Luis Maroto Camino	2,083	2,728	0	4,811	0	0	0	0	4,811	4,950	176

**D.2 Report the relationship between remuneration obtained by the directors and the results or other measures of the entity's performance, explaining how any changes in the company's performance may have influenced changes in the remuneration of the directors.**

As explained in section A.1.4, the majority of the Executive Director's total remuneration is linked to Company performance conditions.

**i) Annual Bonus:**

During 2017 the Executive Director participated in the annual bonus plan which will be paid out in April 2018. The plan was focused on the financial performance of Amadeus, the outcome of which was linked to Revenue, EBITDA and adjusted EPS, with equal weighting placed on each measure.

The final evaluation was performed based on the audited results for 2017 and on the level of achievement of the following objectives: (i) Revenues; (ii) EBITDA; and (iii) Adjusted EPS.

Following such examination, the Nominations and Remuneration Committee prepared a bonus proposal which was submitted to the Board of Directors for approval. The Committee also took into account the quality of results over the long-term and any associated risks in formulating the variable remuneration proposal. The Board of Directors assessed the degree of achievement of the objectives to exceed target in all three metrics.

Section E includes a table with the payout corresponding to the above objectives and their level of achievement.

**ii) Long-Term Incentive:**

During 2017 the Performance Share Plan granted to the Executive Director in 2014 vested. The outcome of the PSP was linked to EPS growth in the three full years from 2014 to 2016 (with a 60% weighting), as well as the relative positioning of Amadeus' Total Shareholders Return compared to a bespoke peer group of 57 companies (with a 40% weighting).

The peer group was comprised of the companies included in the Eurofirst 300 index as at 1 March 2013 in the travel, leisure, media, telecommunications and technology sectors (both software and hardware), as well as the companies with data and/or transaction processing capabilities that formed the expanded IPO comparator group. The full list is provided below:

Accor (AC FP Equity)	Experian (EXPN LN Equity)	Serco Group (SRP LN Equity)
ARM Holdings (ARM LB Equity)	Fidelity National IS (FIS US Equity)	SES FDR (SESG FP Equity)
ASML Holding (ASML NA Equity)	Fiserv (FISV US Equity)	Sodexo (SW FP Equity)
ADP (ADP US Equity)	France Telecom (FTE FP Equity)	Solera Holdings (SLH US Equity)
Belgacom (BELG BB Equity)	Genpact (G US Equity)	Stmicroelectronics (STM FP Equity)
B. Sky Broadcasting (BSY LN Equity)	Global Payments (GPN US Equity)	Swisscom (SCMN VX Equity)
BT Group (BT/A LN Equity)	ICTLHotels Group (IHG LN Equity)	Tele2 ( TEL2B SS Equity )
Capita Group (CPI LN Equity)	Iliad (ILD FP Equity)	Telecom Italia (TIT IM Equity)
Cap Gemini (CAP FP Equity)	Infineon Technologies (IFX GR Equity)	Telefónica (TEF SM Equity)
Carnival (CCL LN Equity)	KPN KON (KPN NA Equity)	Telenor (TEL NO Equity)
Cognizant Tech (CTSH US Equity)	Mastercard (MA US Equity)	Teliasonera (TLSN SS Equity)
Compass Group (CPG LN Equity)	Nokia (NOK1V FH Equity)	Total System Services (TSS US Equity)
Dassault Systemes (DSY FP Equity)	Paychex (PAYX US Equity)	Verisk Analytics (VRSK US Equity)
Deutsche Lufthansa (LHA GY Equity)	Pearson (PSON LN Equity)	Visa (V US Equity)
Deutsche Telekom (DTE GY Equity)	Publicis Groupe (PUB FP Equity)	Vivendi (VIV FP Equity)
Dun & Bradstreet (DNB US Equity)	Reed Elsevier (REL LN Equity)	Vodafone Group (VOD LN Equity)
Equifax (EFX LN Equity)	Ryanair Holdings (RYA ID Equity)	Western Union (WU US Equity)
Ericsson (ERICB SS Equity)	SAP (SAP GY Equity)	Whitbread (WTB LN Equity)
Eutelsat Comms (ETL FP Equity)	SAGE Group (SGE LN Equity)	WPP (WPP LN Equity)

The final evaluation of the PSP outcome was performed based on the audited results for the EPS objective and a third party's assessment of the TSR performance of the 58 companies in the comparator group (including Amadeus). In relation to the Relative TSR, Amadeus was ranked number 18<sup>th</sup> in the comparator group (equivalent to percentile 69.1, where rank 1 is equivalent to percentile 100).

Section E includes a table with the payout corresponding to the above objectives and their level of achievement.

The Chairman and Non-Executive Directors do not participate in incentive plans, therefore their remuneration is not linked to the Company's performance.

D.3. Report the results of the consultative vote of the shareholders on the annual remuneration report for the preceding financial year, indicating the number of votes against, if any:

	<b>Number</b>	<b>% of total</b>
<b>Votes cast</b>	321,611,094	73.290%

	<b>Number</b>	<b>% of votes cast</b>
<b>Votes against</b>	40,722,180	12.66%
<b>Votes for</b>	262,878,862	81.74%
<b>Votes withheld (abstentions)</b>	18,010,052	5.60%

## E OTHER INFORMATION OF INTEREST

If there are any significant aspects regarding director remuneration that could not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

### **Additional information in relation to Sections A.2 and A.3:**

The Nominations and Remuneration Committee normally reviews the outcomes from the compensation benchmarking on an annual basis and retains an external consultant, Willis Towers Watson, to assist in this review.

The Company's primary comparator group for benchmarking purposes spans a broad set of predominantly European companies with similar business activities, of similar size to Amadeus in terms of revenue and/or market capitalisation, that have a similar geographic profile to Amadeus or are companies that Amadeus have lost talent to, or recruited talent from. The list of companies included in the benchmark comparator group is the following:

Alcatel-Lucent	Experian	Neopost
Altice	Gemalto	Oracle*
ARM Holdings	IBM*	Proximus (Belgacom)
ASM International	Indra Sistemas	Sabre
ASML Holding	Infineon Technologies	Sage Group
Atos	Informa	SAP
Bechtle	Ingenico Group	Software
Bureau Veritas Intl.	ITV	Tele2
Cap Gemini	Kabel Deutschland	Telenet Group Holding
Dassault Systemes	KPN	Travelport Worldwide
Deutsche Boerse	Mediaset España	Wolters Kluwer

\*Roles in the European divisions of Oracle and IBM are considered in the benchmarking, not the US based corporate positions.

### **Additional information in relation to Sections C and D.2:**

#### i) Annual Bonus 2017:

The level of achievement for the different objectives results in the following breakdown of the payout:

Objectives	Weighting	Degree of achievement				
		Below threshold	Between threshold and target	On target	Between target and maximum	Maximum
Revenue	33.3%				X	
EBITDA	33.3%				X	
Adjusted EPS	33.3%					X
Total					X	

#### ii) PSP 2014:

The level of achievement for the different objectives results in the following breakdown of the payout:

Objectives	Weighting	Degree of achievement				
		Below threshold	Between threshold and target	On target	Between target and maximum	Maximum
Adjusted EPS	60%					X
Relative TSR	40%				X	
Total					X	

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This annual remuneration report was approved by the Company's Board of Directors, at its meeting of 27<sup>th</sup> of February, 2018.

Please indicate whether there were Directors who voted against or abstained in relation to the approval of this report.

Yes       No