Triodos Investment Management

AMADEUS IT HLDGS

MEETING DATE	Fri, 24 Jun 2016 11:00 am	TYPE	AGM	ISSUE DATE	Fri, 17 Jun 2016
MEETING LOCATION	Casa de América, Paseo de Recoletos, Madrid, Spain				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Travel & Tourism				

	PROPOSALS	ADVICE
1	**Receive the Annual Report** The financial statements were made available sufficiently before the meeting. The auditors have not qualified their opinion. No serious governance concerns have been identified. Acceptable proposal.	**For**
2	**Approve the Dividend** The Board proposes a dividend of EUR 0.775 per share. The dividend is covered by earnings. Acceptable proposal.	**For**
3	**Discharge the Board** Standard proposal. No serious governance concerns have been identified. Acceptable proposal.	**For**
4	**Appoint the Auditors** Deloitte proposed. Non-audit fees represented 46.46% of audit fees during the year under review and 43.85% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor.	**Oppose**
5	**Approve Merger** It is proposed to approve the merger Amadeus IT Group, S.A. into the Company. Amadeus IT Group, S.A. is a subsidiary of the Company, which holds 99.89% of its shares. No serious governance concerns have been identified. Acceptable proposal.	**For**
6.1	**Re-elect Jose Antonio Tazon Garcia** Non-Executive Chairman. Not considered to be independent as he was President and CEO of the Company from October 1990 to December 2008. There is insufficient independent representation on the Board.	**Oppose**
6.2	**Re-elect David Gordon Comyn Webster** Independent Non-Executive Director.	**For**
6.3	**Re-elect Francesco Loredan** Non-Executive Director. Not considered to be independent as as he has been on the Board for more than nine years. There is insufficient independent representation on the Board.	**Oppose**
6.4	**Re-elect Stuart Anderson Mcalpine** Non-Executive Director. Not considered to be independent as he has been on the Board for more than nine years. There is insufficient independent representation on the Board.	**Oppose**
6.5	**Re-elect Gullermo De La Dehesa Romero** Independent Non-Executive Director. There are concerns over the Director’s potential aggregate time commitments. He is chair of the Audit committee which is not fully independent which Triodos does not support.	**Oppose**
6.6	**Re-elect Dame Clare Furse** Independent Non-Executive Director. She is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not suppor	**Oppose**
6.7	**Re-elect Pierre-Henry Gourgeon as "other external"** Non-Executive Chairman. Not considered to be independent as he was previously the CEO of Air France, which held a significant percentage of the issued share capital until January 2015. In addition, he has served on the Board for over nine years. There is insufficient independent representation on the Board.	**Oppose**

7 Approve the Remuneration Report **Oppose**

It is proposed to approve the annual report on remuneration of executive and non-executive directors with an advisory vote. The Company discloses all elements of remuneration for executives and non-executives. Variable remuneration appears to be consistently capped, and the payout is in line with best practice. However, the Company has not disclosed quantified targets for its variable remuneration component nor achieved targets, which may lead to overpayment against underperformance. In addition, there are no claw back clauses in place over the entirety of the variable remuneration component, which makes is unlikely for shareholders to reclaim that variable remuneration unfairly paid out. On these bases, Triodos opposes this resolution.

8 Approve Fees Payable to the Board of Directors **For**

It is proposed to establish the remuneration of the Board of Directors at the maximum aggregate amount of EUR 1,405,000.00. No increase has been proposed. No serious concerns. Acceptable proposal.

9.1 Approve Performance Share Plan **Oppose**

The Board proposes the approval of the Performance Share Plan, which comprises three independent three-year cycles, with a new cycle commencing every year. Under the plan, the CEO and other executives will be awarded rights to shares, which will vest depending on the achievement of some performance criteria. Performance targets are not quantified, which makes an informed assessment impossible and may lead to (partial) payment against (partial) failure.

LTIP based schemes are inherently flawed. There is the risk that they are rewarding volatility rather than the performance of the company (creating capital and - lawful - dividends). They act as a complex and opaque hedge against absolute company underperformance and long-term share price falls. They are also a significant factor in reward for failure. Triodos opposes this resolution.

9.2 Approve Restricted Share Plan **For**

The Board proposes the approval of a new Restricted Share Plan. The beneficiaries of this Plan may include any Amadeus Group employee, except for members of the Executive Committee and second-tier senior management. Under the plan, the employees of the Company will be awarded rights to shares, which will vest depending on the achievement of some performance criteria. To be entitled to this Plan, employees must be employed by one of the Amadeus Group companies during the vesting period and, in exceptional cases, meet the performance targets that may have been established for a specific award.

No serious governance concerns. Acceptable proposal.

9.3 Approve All Employee Option Plan **Oppose**

The Board is seeking approval for a new Company's Share Match Plan. The Plan is offered to all employees who decide to join the Plan, except members of the Board of Directors. The Share Match Plan is divided into three independent two-year cycles. The start date of the 2016 cycle is July 2016 and the end date will be June 2018. The shares purchased by the participants will be acquired at their market value in the Spanish stock exchange. The Company will grant one Matching Share for every two shares purchased by the participants who meet holding requirements. Dilution in aggregate with authorizations mentioned in proposals 9.1 through 9.3 corresponds to 2.0% of the Company's share capital.

The proposed Plan is open to all employees and the dilution is not considered material. However, a discount considered excessive (up to 50%) would derive from matching shares. On this basis, Triodos opposes this resolution.

9.4 Delegation of faculties **For**

Standard resolution.

10 Powers to carry out all legal formalities **For**

Standard resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 1 - Receive the Annual Report

In November 2014, the Directive 2014/95/EU was published and Member States will have until end of 2016 to transpose the Directive into national legislation and companies will start reporting as of their financial year 2017. The Directive has legislative relevance for all the European Economic Area and as such should be implemented also by members of the European Free Trade Association. Under the Directive, companies should provide disclosure of non-financial information (policy and practice) in the annual report or on a separate report, made available at the latest 6 months after the date of the balance sheet. The European Commission has been tasked with publishing non-binding reporting guidelines by December 2016. Although the provisions contained in the Directive are not yet binding, they are considered to set the bar of best practice. PIRC maintains that corporations should not passively abide by minimum standards set in regulation, but actively exceed minimum thresholds and seek best practice. PIRC will accurately monitor the presence and the quality of non-financial information.

Proposal 4 - Appoint the Auditors

Spain Audit Act

The new Spanish Audit Act 22/2015 of 22 July 2015 (effective 17 June 2016) will implement EU Directive 2014/56 and Regulation 537/2014. The main elements of change apply directly the provisions of the Directive and include: 10-year rotation for auditors (possibility for one renewal for four years and under joint audit with another firm) as well as a cap on audit and non-audit fees (non-audit fees cannot exceed 70% of the average of audit fees over the previous three years, and fees invoiced to one company cannot exceed 15% of total income received by the audit firm in the last three years). The Law 22/2015 also enhances the content of the Audit Committee report, which should now include the volume of business by audit services and which audit services have been provided. Furthermore, new reporting obligations have been included for the supervisors of Public Interest Companies.

In addition, the new Law amends the Capital Companies Act 1/2010 (with effectiveness as from 1 January 2016) and the recent changes introduced by the Law 31/2014 in regards to the powers of the Audit Committee. According to the new Law, the Audit Committee must comprise a majority of independent directors (instead of at least two, as per Law 31/2014). The new Law also introduces the obligation for the Audit Committee to explain how it has contributed to the integrity of the financial information.

The new EU audit regulatory framework

Starting 1 January 2015, audit within the EU is regulated by Directive 2014/56/EU and Regulation 537/2014. This provides for significant harmonization of audit practices within the EU and for substantial changes in auditor's term and rotation, non-audit fees and clarification on conflicts of interest. EU Member States have two years to implement the provisions included in the Directive. The Directive has legal relevance also for all the States of the European Economic Area (EEA).

Pursuant the new audit framework, auditors must rotate at least every 10 years, however Member states can provide for shorter term. The term can be renewed once but the company must either call a public tendering or appoint another audit firm for joint auditing.

Non-audit fees may not exceed 70% of audit fees over the last three years, although Members States can adopt a lower threshold. In addition, a series of prohibited non-audit services are prohibited under the Directive, including: provision of tax advice and services linked to the client's financial and investment strategy, including tax compliance, tax advice, corporate finance and valuation services. Member States also have the option to allow certain tax and valuation services on condition that they do not have a direct effect on the financial statements or, if they do, that the effect is immaterial.

Excessive non-audit fees are considered as potentially creating conflict of interest and by that hindering an objective audit of the Company. Appointment of auditors who have bene paid excessive non-audit fees may not be supported. In addition, appointments of those auditors who did not disclose in detail the nature of their non-audit services may not be supported. In terms of good governance it is considered that auditors should rotate after a maximum term of five years, although annual election would be welcomed.

In November 2014, it was published Directive 2014/95/EU on disclosure of non-financial and diversity information by large companies and groups, which will have to be implemented by the 2017 reporting. Companies should provide disclosure of non-financial information (policy and practice) in the annual report or on a separate report, made available at the latest 6 months after the date of the balance sheet. Statutory auditors are tasked by the Directive to should check that such information had been provided.

Proposal 7 - Approve the Remuneration Report

In addition to submitting a remuneration policy valid for three years, Spanish companies must submit annually a remuneration report over remuneration practice for the year under review. The vote on the remuneration report is advisory and not binding, however in case the report were not approved by shareholders, the remuneration policy should also be submitted again for approval at a general meeting.

Proposal 9.1 - Approve Performance Share Plan

Options will start vesting after three years, which is not considered sufficiently long term. The performance criteria (Earnings per Share, Total Shareholder Return) include financial indicators and are not considered sufficiently challenging as they can be influenced by the very beneficiaries in a reasonably short term; as such, they would not creat an effective link between pay and performance. It is considered best practice to base long term incentives on at least two sets of criteria, of which at least one non-financial indicator, which should work interdependently.

Researcher: Jose Teixeria
Email: pircresearcheu@pirc.co.uk

PIRC

Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
http://www.pirc.co.uk