

APPENDIX 1

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED CORPORATIONS

ISSUER'S PARTICULARS

YEAR-END DATE IN QUESTION

31/12/2016

C.I.F.

A-28004885

COMPANY NAME

ACS, ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.

REGISTERED OFFICE

AVENIDA PIO XII, 102, MADRID

“Translation of original document issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails”

SPECIMEN ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED CORPORATIONS

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT YEAR

A.1 Explain the Company's remuneration policy. This heading includes information on:

General principles and fundamentals of the remuneration policy.

The most significant changes made to the remunerations policy with respect to that applied in the preceding year, as well as the changes made in the year in the conditions for the exercise of options already granted.

Criteria used and breakdown of the groups of comparable companies whose remuneration policies were examined to establish the Company's remuneration policy.

Relative importance of the variable remuneration items with respect to the fixed items and criteria followed to determine different components of the directors' remuneration package (remuneration mix).

Explain the remuneration policy

The remuneration system of ACS, Actividades de Construcción y Servicios, S.A. (hereinafter ACS or the ACS Group) is based on the following principles:

- Alignment with the creation of value for shareholders at long term
- Attracting and retaining talent
- Compensation of responsibility and professional career
- Internal equity and external competitiveness, through the establishment of comparable compensation schemes with the market
- Equilibrium among the different remuneration items

Under article 37 of the Bylaws, "the remuneration system of Directors in such capacity will consist in a fixed allocation. The determination of the fixed allocation of each of the Directors shall correspond to the Board of Directors, which will take into account for that purpose their functions and responsibilities, their role as members of Committees of the Board of Directors and the other objective circumstances deemed relevant. The maximum amount of the annual remuneration of all Directors in their capacity as such must be approved by the General meeting in the remuneration policy and shall remain in force until its modification is approved. The remuneration of Directors who have executive functions assigned, for the execution thereof, including early termination compensation and any amount to be paid by the Company as insurance premiums or savings system contributions, must comply with the remuneration policy approved by the General Meeting and shall be recorded, detailing all headings, in the agreement that each of the executive Directors must sign with the Company. This agreement must be approved in advance by the Board of Directors with the vote in favour of two thirds of its members.

It is expressly authorised that remuneration of all or some of the members of the Board of Directors may take the form of Company shares or share options or be tied to the

value of these shares, if thus resolved by the General Meeting, determining the maximum number of shares that may be assigned in each financial year, the strike price or strike price calculation system for options or the value of the shares which, as applicable, is taken as a reference, and the term of the plan. The General Meeting may delegate to the Board of Directors the determination of any other aspects of this type of remuneration.”

With regard to the Executive Directors and other managers, both the Company and the main companies forming the ACS Group shall consider remuneration to be an element to attract and retain the best professionals and to make them feel part of the ACS Group.

Accordingly, the first element to take into account shall be the comparison with other leading Spanish business groups. The second element to be taken into account is a rational distribution between annual and pluri-annual fixed and variable remuneration.

Fixed and variable annual remuneration shall be established taking into accounting mainly the aforementioned comparative criteria and the maximum amount of the variable remuneration shall be established as a percentage of the total remuneration.

At the date of this report, the remuneration policy only assigns variable elements to executive directors. Annual variable remuneration is associated with individual performance and obtaining specific, predetermined, economic and operational objectives that can be objectively quantified and that are in-line with Group strategy. This relationship also takes into account non-financial objectives, such as those associated with corporate social responsibility, which are more quantitative than qualitative.

In 2017, the remuneration policy changed significantly compared to 2016 to adapt it to criteria that are more in-line with prevailing Corporate Governance objectives.

The Appointments and Remuneration Committee shall assess how well the quantitative and qualitative objectives set by the Board of Directors have been met.

Specifically, in 2017 quantitative objectives shall represent at least 60% of the incentives offered and are based on the performance of the following operational and financial parameters (with the exception of extraordinary transactions, as these may distort the results);

1. Gross Operating Profit or Ebitda.
2. Net profit.
3. Financial leverage ratio measured as Net Debt as a percentage of Ebitda.
4. Order book.
5. Net cash flow.

Qualitative objectives shall represent at least 20% of the incentives offered and are based on Corporate Social Responsibility best practice. Specifically, the Group intends to:

1. Continue to be recognised internationally as one of the sector’s most sustainable companies according to the main CSR indexes such as ROBECO SAM, FTSE4Good, Sustainalytics, CDP, etc.
2. Improve the main non-financial performance indicators, particularly those associated with Corporate Social Responsibility, which are included in the ONE project the Group performs each year.
3. Increase adherence to the Corporate Governance recommendations issued by the principle national and international organisations and agencies.

Annual variable remuneration shall not exceed 150% of annual fixed remuneration.

The pluri-annual variable remuneration shall be organised through share option plans distributed among the top executives of the Company and the Group.

Plan 2014 is currently in effect. Details of the conditions of this plan, which runs until April 2017, are included in section A.4 of this report.

The company intends to implement a new share option plan, Plan 2017, the conditions of which must be approved by the next Ordinary General Meeting of Shareholders. The plan is likely to include the following:

1. Prior attainment of the operational and financial objectives set by the Board of Directors.
2. A period in which to exercise share options of more than three years.

A.2 Information on the preparatory work and the decision-making process to be followed to determine the remuneration policy and the role performed, where appropriate, by the Remuneration Committee and other control bodies in the configuration of the remuneration policy. This information will include, where appropriate, the term of office granted to the Remuneration Committee, its breakdown and the identity of the external advisers whose services were used to define the remuneration policy. Likewise, the type of the directors which, where appropriate, have intervened in the definition of the remuneration policy will be identified.

Explain the process to determine the remuneration policy

Pursuant to the Board of Directors' Regulations, the Remuneration and Appointments Committee's functions include that of proposing the remuneration policy of the directors to the Board of Directors. This Committee is currently composed of one Chairman and six members. The Chairman, pursuant to the Regulations, is an independent director. The members comprise one independent director, two external directors (who must have exceeded the 12 year legal requirement to be considered as independent) and three significant-shareholder-appointed directors representing the majority shareholders.

In the preparatory work and the decision-making process followed to determine the remuneration policy, the Remuneration and Appointments Committee and the Board have taken into account the standard practices on the market and at comparable entities, considering the size, characteristics and activity of the Company.

External advisers have not intervened in determining the remuneration policy.

A.3 Indicate the amount and the type of the fixed components, with a breakdown, where appropriate, of the remuneration for the performance of functions of the senior management of the executive directors, of the additional remuneration as chairman or member of any board committee, of the allowances for participation on the board and its committees or other fixed remuneration as director, as well as an estimate of the annual fixed remuneration arising. Identify other benefits which are not paid in cash and the fundamental parameters for which they are granted.

Explain the fixed components of the remuneration

The Board, endeavouring to objectify as far as possible, established the annual remuneration amount of the Directors based on the posts occupied on the Board and on its membership on the different Board committees and their related functions which, each year, are submitted to the approval of the Company's General Shareholders' Meeting. Accordingly, at its meeting on 26 March 2009, the Board of Directors approved the following remuneration table, and the annual bylaw-stipulated directors' emoluments

currently in force:

Chairman €275,000

Vice-Chairman of the Board €250,000

First Vice-Chairman of the Board or Vice-Chairman of the Executive Committee
€400,000

Director member of the Executive Committee €125,000

Director member of a committee €97,000

Director €80,000

The directors do not receive attendance fees.

The Executive Directors receive fixed remuneration for the performance of their senior management duties. Fixed remuneration is determined by taking into account the content of the executive functions associated with the post and the market information of comparable companies. In 2016, the fixed remuneration in respect of wages paid to the Executive Directors of the entire ACS Group for the performance of their senior management duties amounted to EUR 3,972 thousand, the same figure as in the 2015 financial year.

A.4 Explain the amount, nature and main characteristics of the variable components of the remuneration systems.

In particular:

Identify each one of the remuneration plans of which the directors are beneficiaries, their scope, their approval date, implementation date, period in force and their main characteristics. In the case of share options and other financial instruments, the general characteristics of the plan will include information on the conditions to exercise such options or financial instruments for each plan.

Indicate any remuneration for participation in profits or premiums, and the reason for which it is granted.

Explain the fundamental parameters and fundamentals of any annual premium system (bonus).

The types of directors (executive directors, significant-shareholder appointed non-executive directors, independent non-executive directors or other non-executive directors) who are beneficiaries of remuneration systems or plans which include variable remuneration.

The fundamentals of these variable remuneration systems or plans, the performance assessment criteria chosen, and the assessment methods and components to determine whether such assessment criteria have been met or otherwise, and an estimate of the absolute amount of the variable remuneration arising from the remuneration plan in force, based on the degree of compliance with the assumptions or objectives taken as reference.

Where appropriate, information will be provided on the payment deferral or deferral periods stipulated and/or the withholding periods for shares or other financial instruments, if any.

Explain the variable components of the remuneration systems
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Executive Directors are the main beneficiaries of remuneration systems or plans incorporating variable remuneration. Only under exceptional circumstances will variable remuneration be paid to non-executive directors.

A significant portion of the remuneration of the Executive Directors is variable. The percentage of variable remuneration is based on compliance with the ACS Group's strategic objectives, in line with standard market practices for posts of similar responsibility, and is divided into an annual and a pluri-annual component.

The final calculation of the variable remuneration is based on the assessment made by the Remuneration and Appointments Committee of the obtainment of the annual targets set for the different operating indicators determined at the beginning of the year, details of which for the year 2017 are included in section A 1.

Annual variable remuneration is compared with the bonus which is paid only once. Its maximum amount is established as a percentage of total remuneration which, in the case of the Chairman and the CEO, may not exceed 60% of the total annual remuneration (60% for the remaining Executive Directors). This means that, in practice, variable remuneration may not exceed 150% of fixed remuneration.

The pluri-annual variable remuneration is mainly organised through the system of share options which is established among the top executives of the Company and the Group and which grants its beneficiaries the right to buy Company shares at the listed price on the day on which the Plan is implemented and, accordingly, the beneficiary only obtains a positive result if the price of the share rises on the exercise date, which is always one year after the implementation of the Plan.

Only the 2014 Share Options Plan is currently in force, which was adopted by the Company's Board of Directors at its meeting held on 29 May 2014, supplemented by resolution of the Appointments and Remuneration Committee of 31 July 2014, pursuant to the resolution adopted by the shareholders of the Annual General Meeting of ACS, Actividades de Construcción y Servicios, S.A. held on 15 April 2010, which extends the authorisation contained in the resolutions of the General Meeting of Shareholders of 25 May 2009, thereby authorising the Board to establish a Company Share Option Plan for the people making up the Group's management team and the main companies forming it. The Plan has the following characteristics:

Share Option Plan on 6,293,291 shares with a strike price of EUR 33.8992 per share.

The options may be exercised in two equal parts, cumulative if the beneficiary so wishes, during the second and third years after 1 May 2014, inclusive. However, in the event an employee is terminated without just cause or if it is the beneficiary's own will, the options may be exercised six months following the event in question in the cases of death, retirement, early retirement or permanent disability, and after 30 days in all other cases. Tax withholdings and the taxes to be paid as a result of exercising the share options will be borne exclusively by the beneficiary.

ACS, Actividades de Construcción y Servicios, S.A., has outsourced these commitments to a financial institution. This plan and the individual allocations, which involved two Executive Directors, were notified as a Relevant Fact to the Spanish National Securities Market Commission on 1 August 2014.

Section D.1 a) ii) includes details of the share options of executive directors.

The current plan came into force in 2014 before the changes adopted under the current Code of Good Governance were implemented. Therefore, it does not include the recommendations issued in this regard. However, the majority of these

recommendations are likely to be included in future plans the Group intends to create as a mechanism of pluri-annual variable remuneration aligned with the creation of long-term value for the shareholder. Specifically, Plan 2017 is likely to include:

1. Prior attainment of the operational and financial objectives set by the Board of Directors.
2. A period in which to exercise share options of more than three years.

In 2016 extraordinary remuneration was paid to one of the external directors in recognition of their dedication and efforts made in recent years to successfully transform Hochtief and Cimic, in which the said individual has played an important role as a member of both Boards of Directors and as Chair of the Supervisory Board of Hochtief.

A.5 Explain the main characteristics of the long-term savings systems, including retirement and any other survival benefits, financed partially or in full by the Company, be they provided internally or externally, with an estimate of their amount or annual equivalent cost, indicating the type of plan, whether it is a defined benefit or contribution, the conditions of the consolidation of economic rights to directors and their compatibility with any type of indemnity for the early termination of the contractual relationship between the Company and the director.

Also indicate the contributions to directors as part of defined contribution pension plans; or the increase in consolidated rights of the director, with regard to defined benefit plan contributions.

Explain the long-term savings systems
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Explain two types of long-term savings systems affecting the Company's directors:

The Company is required, under specific conditions, to make monthly payments to a group of employees of the Grupo Dragados, S.A. absorbed by the Company to supplement the mandatory public social security system benefits for retirement, permanent disability, death of spouse or death of parent. The defined benefit pension commitments have been outsourced with group life insurance contracts, in line with that indicated in the Financial Statements.

In relation to this obligation, one of the Executive Directors availed himself of this plan which did not involve any contribution in this year.

Additionally, the Company has commitments with two Executive Directors, which are formalised through group savings insurance contracts in relation to capital contributions. Regarding long-term savings systems, because they form part of the annual remuneration of executive directors, they are consolidated as the amounts are made to the insurance company to which the pension plan is outsourced. Additionally, these contributions, which are part of their annual remuneration, are fully compatible with the compensation to which they are entitled in the event of such circumstances occurring.

The annual contribution of the Company for 2016 for the two aforementioned Executive Directors was EUR 2,019 thousand. Section E explains the differences with the figures contained in the Financial Statements.

A.6 Indicate any indemnity payments agreed upon or paid in the event of termination of directors' duties.

Explain the indemnity payments

No indemnity payments have been agreed or paid with respect to an individual ceasing to be a director.

A.7 Indicate the conditions which must be met under the contracts of those who perform senior management functions as executive directors. Information will be provided, inter alia, on the duration, indemnity payment limits, permanence clauses, advance notice periods, and payment as a substitution of this advance notice period, and any other clauses relating to recruitment premiums, and indemnity payments or lock-in clauses for the (early) termination of the contractual relationship between the Company and the Executive Director. Include, among others, the non-competition, exclusivity, permanence or loyalty-building and post-contractual non-competition clauses or agreements.

Explain the conditions of the contracts of the Executive Directors

The contracts between the Company and the Executive Chairman and the Secretary to the Board are of an indefinite nature and, include the obligation to provide services exclusively to the Company on a full-time basis and, accordingly, the Executive Directors may not provide services, for their own account or for the account of others, directly or indirectly to third parties outside the ACS Group, unless with the express agreement of the Company.

Furthermore, the contracts expressly include a director's right to receive compensation if unfairly relieved of their executive functions or if the employment relationship ends due to a change in control of the Company. Maximum compensation is between three and five years of remuneration. The said contracts were executed under current market conditions and with an age limit for each executive. As these age limits had been reached at the time this report was issued, the corresponding compensation is now no longer valid. All other provisions of relevant legislation apply to senior management contracts.

A.8 Explain any supplementary remuneration paid to directors as consideration for the services provided other than those inherent to their position.

Explain the supplementary remuneration

The Company has arranged life insurance cover for all its employees based on the construction agreement, whose coverage takes into account the employee's family situation. This insurance is applicable to three Executive Directors.

A.9 Indicate any remuneration in the form of advances, credits and guarantees granted, indicating the type of interest, its essential characteristics and the amounts possibly refunded, together with the obligations assumed on their behalf by way of security.

Explain the advances, credits and guarantees granted

No advances, credits and guarantees were granted to any of the directors in 2016.

A.10 Explain the main characteristics of payments in kind.

Explain payments in kind

No remuneration of this nature was accrued other than that referred to in the previous sections.

A.11 Indicate the payments accrued by the director for payments made by the Company making contributions to a third-party entity at which the director provides services, when the purpose of such payments is to remunerate the director's services at the Company.

Explain the remuneration accrued by the director for payments made by the Company making contributions to a third-party entity at which the director provides services.

No remuneration of this type accrued in the year.

A.12 Any other remuneration item other than the foregoing, whatever its nature or the Group company that pays it, especially when it is considered to be a related-party transaction or its payment distorts the true and fair view of the total remuneration accrued by the director.

Explain the other remuneration items

No additional remuneration items exist other than those indicated in the foregoing sections.

A.13 Explain the measures adopted by the Company in relation to the remuneration system to reduce the exposure to excessive risks and adjust it to the Company's long-term objectives, values and interest, which will include, where appropriate, reference to: measures envisaged to guarantee that the remuneration policy is in line with the Company's long-term results, measures which establish an adequate equilibrium between the fixed and variable components of remuneration, measures adopted in relation with those personnel categories whose professional activities have a material effect on the entity's risk profile, collection formulas or clauses in order to be able to claim the refund of the variable remuneration components based on the results when such components were paid in line with certain data whose inaccuracy was subsequently manifestly demonstrated and measures envisaged to avoid conflicts of interest, where appropriate.

Explain the measures adopted to reduce the risks

In order to reduce risks and align the objectives of the Company and its shareholders to the objectives of the managers, a portion of the remuneration of the Executive Directors and of the managers is tied to the Company's long-term strategic objectives, as detailed in section A.4.

B REMUNERATION POLICY ENVISAGED FOR FUTURE YEARS.

Abolished.

C GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED IN THE YEAR ENDED.

C.1 Summarise the main characteristics of the remuneration structure and items of the remuneration policy applied in the year ended, which gives rise to the detail of the individual remuneration accrued by each of the directors reflected in section D of this report, as well as the decisions taken by the board regarding the application of such items.

Explain the remuneration structure and items of the remuneration policy applied in the year

The remuneration policy of the executive and non-executive directors applied in 2016 has adhered to the application of the prevailing remunerations policy. Details of the policy for 2017 are provided in item A and the result of it is indicated in item D.

The remuneration system employed by ACS Actividades de Construcción y Servicios, S.A., for 2016 was based on the following principles:

Creating long-term value for shareholders.

Attracting and retaining talent.

An understanding of professional accountability and career paths.

Providing internal equality and external competitiveness by establishing remuneration schemes that are in-line with the market.

In order to achieve this, the Group has applied Article 37 of the Articles of Association, which prescribes the following: "The remuneration system offered to Directors for their performance of the said role comprises a single fixed amount. The amount awarded to each Director is decided by the Board of Directors and takes into account the functions and responsibilities of the individual in question, whether or not they belong to any Committees of the Board of Directors and other objective circumstances deemed relevant. The maximum amount that may be paid to all Directors for their performance of the said role must be approved as part of the remunerations policy by a General Meeting and shall remain in effect unless an amendment is approved. The remuneration awarded to Directors who perform an executive role, which includes compensation for early retirement and any other amounts to be paid by the Company in respect of insurance premiums and contributions to savings schemes, must comply with the remunerations policy approved by the General Meeting and must be included in detail in the agreement that each executive Director must execute with the Company. This agreement must be approved in advance by the Board of Directors, two thirds of which must vote in favour of the content thereof. It is expressly permitted that the remuneration of all or some of the members of the Board of Directors may be through the assignment of shares in the Company or options on the same, or be referenced to the value of the said shares. Any such action must be approved by the General Meeting, which shall determine the maximum number of shares that may be assigned each year, the price or system used to calculate the price at which share options may be exercised, the value of the shares, where applicable, used as a benchmark and the period of time the plan will remain in effect. The General Meeting may appoint the Board of Directors to determine any other aspects of this type of remuneration."

With regards to the Executive Directors and other directors of both the Company and the main entities of the ACS Group, remuneration is considered a means to attract and retain the best professionals and to ensure they feel part of the ACS Group.

Thus, in devising its remuneration package, the ACS Group has taken into account how it compares to other large corporate groups in Spain. It has also considered how best to reasonably distribute both annual and pluri-annual fixed and variable remuneration.

Annual fixed and variable remuneration has been set taking into account the comparative criteria indicated in the remuneration policy and the maximum amount of variable remuneration that may be paid has been established as a percentage of total remuneration.

Pluri-annual variable remuneration is mainly effected through a system of share options offered to the senior executives of both the Company and the Group. The system entitles beneficiaries to purchase shares in the company at the price they traded at the day the Plan was established. As such, a beneficiary will only make a profit if share prices are higher on the day the option is exercised, which shall always be more than one year after the Plan is established.

No share options were exercised during the year, as share prices did not surpass the trading threshold required for the beneficiary to generate a profit.

Extraordinary remuneration was paid to one of the external directors in recognition of their dedication and efforts made in recent years to successfully transform Hochtief and Cimic, in which the said individual has played an important role as a member of both Boards of Directors and as Chair of the Supervisory Board of Hochtief.

D DETAIL OF THE INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS

Name	Type	Period accrued 2016
AGUSTIN BATUECAS TORREGO	Executive	From 01/01/2016 to 31/12/2016.
ANTONIO BOTELLA GARCÍA	Independent	From 01/01/2016 to 31/12/2016.
JOSE LUIS DEL VALLE PEREZ	Executive	From 01/01/2016 to 31/12/2016.
MANUEL DELGADO SOLIS	Proprietary	From 01/01/2016 to 31/12/2016.
JAVIER ECHENIQUE LANDIRIBAR	Proprietary	From 01/01/2016 to 31/12/2016.
JAVIER FERNANDEZ ALONSO	Proprietary	From 01/04/2016 to 29/06/2016.
ANTONIO GARCIA FERRER	Executive	From 01/01/2016 to 31/12/2016.
EMILIO GARCÍA GALLEGO	Independent	From 01/01/2016 to 31/12/2016.
JOAN DAVID GRIMA TERRE	Other External	From 01/01/2016 to 31/12/2016.
MARIANO HERNANDEZ HERREROS	Proprietary	From 05/05/2016 to 31/12/2016.
IBEROSTAR HOTELES Y APARTAMENTOS, S.L.	Proprietary	From 01/01/2016 to 22/12/2016.
JOSE MARIA LOIZAGA VIGURI	Other External	From 01/01/2016 to 31/12/2016.
PEDRO JOSE LOPEZ JIMENEZ	Other External	From 01/01/2016 to 31/12/2016.
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	Proprietary	From 01/01/2016 to 31/03/2016.
CATALINA MIÑARRO BRUGAROLAS	Independent	From 01/01/2016 to 31/12/2016.
JAVIER MONZON DE CACERES	Proprietary	From 01/01/2016 to 05/05/2016.
FLORENTINO PEREZ RODRIGUEZ	Executive	From 01/01/2016 to 31/12/2016.
MARÍA SOLEDAD PÉREZ RODRÍGUEZ	Proprietary	From 01/01/2016 to 31/12/2016.
MIGUEL ROCA JUNYENT	Other External	From 01/01/2016 to 31/12/2016.
JOSE ELADIO SECO DOMINGUEZ	Independent	From 22/12/2016 to 31/12/2016.
PABLO VALLBONA VADELL	Proprietary	From 01/01/2016 to 29/06/2016.

D.1 Fill in the following tables regarding the individual remuneration of each of the directors (including the remuneration for the performance of executive functions) accrued in the year.

a) Remuneration accrued at the Company forming the scope of this report:

i) Cash payments (in thousands of Euros)

Name	Wages	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Indemnity payments	Other items	Total 2016	Total 2015
AGUSTIN BATUECAS TORREGO	0	80	0	0	0	0	0	0	80	80
ANTONIO BOTELLA GARCÍA	0	80	0	0	0	52	0	0	132	84
ANTONIO GARCIA FERRER	708	250	0	779	0	0	0	0	1,737	1,737
CATALINA MIÑARRO BRUGAROLAS	0	80	0	0	0	17	0	0	97	66
EMILIO GARCÍA GALLEGO	0	80	0	0	0	56	0	0	136	125
FLORENTINO PEREZ RODRIGUEZ	1,623	275	0	2,678	0	0	0	0	4,576	4,576
JAVIER ECHENIQUE LANDIRIBAR	0	80	0	0	0	62	0	0	142	142
JOAN DAVID GRIMA TERRE	0	80	0	0	0	0	0	0	80	80
JOSE ELADIO SECO DOMINGUEZ	0	2	0	0	0	0	0	0	2	0
JOSE MARIA LOIZAGA VIGURI	0	400	0	0	0	0	0	0	400	400
MANUEL DELGADO SOLIS	0	80	0	0	0	17	0	0	97	97
MARÍA SOLEDAD PÉREZ RODRÍGUEZ	0	80	0	0	0	34	0	0	114	114
PABLO VALLBONA VADELL	0	200	0	0	0	0	0	0	200	400
MARIANO HERNANDEZ HERREROS	0	53	0	0	0	0	0	0	53	0
JAVIER MONZON DE CACERES	0	28	0	0	0	0	0	0	28	80
IBEROSTAR HOTELES Y APARTAMENTOS, S.L.	0	78	0	0	0	0	0	0	78	80
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	0	20	0	0	0	4	0	0	24	97

Name	Wages	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Indemnity payments	Other items	Total 2016	Total 2015
JAVIER FERNANDEZ ALONSO	0	20	0	0	0	4	0	0	24	0
MIGUEL ROCA JUNYENT	0	80	0	0	0	17	0	0	97	97
JOSE LUIS DEL VALLE PEREZ	1,193	0	0	1,562	0	0	0	0	2,755	2,755
PEDRO JOSE LOPEZ JIMENEZ	0	80	0	0	0	45	0	1,000	1,125	125

ii) Share-based remuneration systems

JOSE LUIS DEL VALLE PEREZ

[Plan 2014](#)

Implementation date	Ownership of options at the beginning of 2015				Options assigned in 2016			
	No. of options	No. of shares involved	Strike price (€)	Option period	No. of options	No. of shares involved	Strike price (€)	Option period
31/07/2014	418,266	418,266	33.90	30/04/2017	0	0	0	0

Conditions: 0

Shares delivered in 2016			Options exercised in 2015				Matured unexercised options	Options at the end of 2016			
No. of shares	Price	Amount	Strike price (€)	No. of options	No. of shares involved	Gross profit (€m)	No. of options	No. of options	No. of shares involved	Strike price (€)	Option period
0	0,00	0	0,00	0	0	0	0	418,266	418,266	33.90	30/04/2017

Other requirements to exercise options: 0

FLORENTINO PEREZ RODRIGUEZ

[Plan 2014](#)

Implementation date	Ownership of options at the beginning of 2015				Options assigned in 2016			
	No. of shares	Price	Amount	Strike price (€)	No. of options	No. of shares involved	Gross profit (€m)	No. of options
31/07/2014	540,950	540,950	33.90	30/04/2017	0	0	0,00	0

Conditions: 0

Shares delivered in 2016			Options exercised in 2015				Matured unexercised options	Options at the end of 2016			
No. of shares	Price	Amount	Strike price (€)	No. of options	No. of shares involved	Gross profit (€m)	No. of options	No. of options	No. of shares involved	Strike price (€)	Option period
0	0,00	0	0,00	0	0	0	0	540,950	540,950	33.90	30/04/2017

Other requirements to exercise options: 0

iii) Long-term savings systems

Name	Contribution of the exercise by the Company (thousands of Euros)		Amount of the accumulated funds (thousands of Euros)	
	2016	2015	2016	2015
ANTONIO GARCIA FERRER	0	0	3.813	3.974
FLORENTINO PEREZ RODRIGUEZ	1,362	1,362	39,673	38,193
JOSE LUIS DEL VALLE PEREZ	657	657	8.879	8.190

iv) Other profit (in Thousands of Euros)

ANTONIO GARCÍA FERRER			
Remuneration in the form of advances and credits granted			
Type of interest on the transaction		Essential characteristics of the transaction	Amounts possibly refunded
0,00		N/A	N/A
Life insurance premiums		Guarantees provided by the company for Board Members	
2016	2015	2016	2015
2	3	N/A	N/A
FLORENTINO PEREZ RODRIGUEZ			
Remuneration in the form of advances and credits granted			
Type of interest on the transaction		Essential characteristics of the transaction	Amounts possibly refunded
0,00		N/A	N/A
Life insurance premiums		Guarantees provided by the company for Board Members	
2016	2015	2016	2015
17	15	N/A	N/A

JOSE LUIS DEL VALLE PEREZ			
Remuneration in the form of advances and credits granted			
Type of interest on the transaction		Essential characteristics of the transaction	Amounts possibly refunded
0,00		N/A	N/A
Life insurance premiums		Guarantees provided by the company for Board Members	
2016	2015	2016	2015
1	1	N/A	N/A

b) Remuneration earned by Company directors for membership on boards of other Group companies:

i) Cash payments (in thousands of Euros)

Name	Wages	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board committees	Indemnity payments	Other items	Total 2016	Total 2015
AGUSTIN BATUECAS TORREGO	448	0	0	0	0	0	0	1	449	449
ANTONIO BOTELLA GARCÍA	0	0	0	0	0	0	0	0	0	0
ANTONIO GARCIA FERRER	0	0	0	0	0	0	0	0	0	0
CATALINA MIÑARRO BRUGAROLAS	0	0	0	0	0	0	0	0	0	0
EMILIO GARCÍA GALLEGO	0	0	0	0	0	0	0	0	0	0
FLORENTINO PEREZ RODRIGUEZ	0	0	0	0	0	0	0	0	0	0
IBEROSTAR HOTELES Y APARTAMENTOS, S.L.	0	41	0	0	0	0	0	0	41	0
JAVIER MONZON DE CACERES	0	14	0	0	0	0	0	0	14	42
JAVIER ECHENIQUE LANDIRIBAR	0	42	0	0	0	0	0	0	42	42
JAVIER FERNANDEZ ALONSO	0	21	0	0	0	0	0	0	21	0
JOAN DAVID GRIMA TERRE	0	0	0	0	0	0	0	0	0	0
JOSE LUIS DEL VALLE PEREZ	0	292	0	0	0	0	0	0	292	317
MANUEL DELGADO SOLIS	0	42	0	0	0	0	0	0	42	42
MARÍA SOLEDAD PÉREZ RODRÍGUEZ	0	84	0	0	0	0	0	0	84	84
MARIANO HERNANDEZ HERREROS	0	84	0	0	0	0	0	0	84	0
MIGUEL ROCA JUNYENT	0	0	0	0	0	0	0	0	0	0
PABLO VALLBONA VADELL	0	0	0	0	0	0	0	0	0	0
PEDRO JOSE LOPEZ JIMENEZ	0	598	0	0	0	0	0	0	598	527
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	0	0	0	0	0	0	0	0	0	0
JOSE MARIA LOIZAGA VIGURI	0	0	0	0	0	0	0	0	0	0

ii) Share-based remuneration systems

iii) Long-term savings systems

c) Remuneration summary (in thousands of Euros):

The summary must include the amounts relating to all the remuneration items included in this report accrued by the director, in thousands of Euros.

In the case of long-term savings systems, contributions or provisions made to this type of systems will be included:

Name	Remuneration accrued at the Company				Remuneration accrued at Group companies				Totals		
	Total cash payments	Amount of the shares granted	Gross profit of the options exercised	Total Company 2016	Total cash payments	Amount of the shares granted	Gross profit of the options exercised	Total Group 2016	Total 2016	Total 2015	Contribution to the savings systems in the year
AGUSTIN BATUECAS TORREGO	80	0	0	80	449	0	0	449	529	529	0
ANTONIO BOTELLA GARCÍA	132	0	0	132	0	0	0	0	132	84	0
ANTONIO GARCIA FERRER	1,737	0	0	1,737	0	0	0	0	1,737	1,737	0
CATALINA MIÑARRO BRUGAROLAS	97	0	0	97	0	0	0	0	97	66	0
EMILIO GARCÍA GALLEGRO	136	0	0	136	0	0	0	0	136	125	0
FLORENTINO PEREZ RODRIGUEZ	4,576	0	0	4,576	0	0	0	0	4,576	4,576	1,362
IBEROSTAR HOTELES Y APARTAMENTOS, S.L.	78	0	0	78	41	0	0	41	119	80	0
JAVIER MONZON DE CACERES	28	0	0	28	14	0	0	14	42	122	0
JAVIER ECHENIQUE LANDIRIBAR	142	0	0	142	42	0	0	42	184	184	0
JAVIER FERNANDEZ ALONSO	24	0	0	24	21	0	0	21	45	0	0
JOAN DAVID GRIMA TERRE	80	0	0	80	0	0	0	0	80	80	0
JOSE ELADIO SECO DOMINGUEZ	2	0	0	2	0	0	0	0	2	0	0
JOSE LUIS DEL VALLE PEREZ	2,755	0	0	2,755	292	0	0	292	3,047	3,072	657
JOSE MARIA LOIZAGA VIGURI	400	0	0	400	0	0	0	0	400	400	0
MANUEL DELGADO SOLIS	97	0	0	97	42	0	0	42	139	139	0
MARÍA SOLEDAD PÉREZ RODRÍGUEZ	114	0	0	114	84	0	0	84	198	198	0

Name	Remuneration accrued at the Company				Remuneration accrued at Group companies				Totals		
	Total cash payments	Amount of the shares granted	Gross profit of the options exercised	Total Company 2016	Total cash payments	Amount of the shares granted	Gross profit of the options exercised	Total Group 2016	Total 2016	Total 2015	Contribution to the savings systems in the year
MARIANO HERNANDEZ HERREROS	53	0	0	53	84	0	0	84	137	0	0
MIGUEL ROCA JUNYENT	97	0	0	97	0	0	0	0	97	97	0
PABLO VALLBONA VADELL	200	0	0	200	0	0	0	0	200	400	0
PEDRO JOSE LOPEZ JIMENEZ	1,125	0	0	1,125	598	0	0	598	1,723	652	0
SANTOS MARTINEZ-CONDE GUTIERREZ-BARQUIN	24	0	0	24	0	0	0	0	24	97	0
TOTAL	11,977	0	0	11,977	1,667	0	0	1,667	13,644	12,638	2,019

D.2 Report on the relationship between the remuneration obtained by the directors and the results or other company performance measurements explaining, where appropriate, how the variations in company return may have influenced the variation in directors' remuneration.

In the ACS Group, only the executive directors are beneficiaries of annual variable remuneration plans. With regard to assessment methods for annual remuneration, the Appointment and Remuneration Committee not only considers quantitative variables (such as evolution of the quantitative operating variables of turnover, gross operating profit, net recurring profit and the portfolio) but also qualitative elements, which are weighted according to the evolution experienced during the year. This fact determines that the quantification of the variable remuneration not only has objective components, but also other components that are evaluated by the Committee.

With regard to the estimated amount of variable remuneration which would arise under the current remuneration plan, the report establishes the maximum amount of annual compensation which constitutes a "percentage of total remuneration which, in the case of the Chairman and the CEO, may not exceed 60% of the total annual remuneration and 60% for the remaining Executive Directors". This means that variable remuneration may not exceed 150% of fixed remuneration.

With regards to pluri-annual variable remuneration, since it is mainly organised through a system of share options, it is difficult to predict or estimate its amount because it will depend on the evolution of the ACS share prices on the Stock Exchange. In the 2014 Share Option Plan in force, the share price has been below the strike price, thus not giving rise to any remuneration under this heading in this plan.

D.3 Report on the result of the consultation vote of the General Shareholders' Meeting to the Annual Remuneration Report for the previous year, indicating the number of opposing votes cast, if any:

	Number	% of total
Votes cast	220,260,547	69.99%

	Number	% of total
Opposing votes	58,945,928	26.76%
Votes in favour	159,168,611	72.26%
Abstentions	2,146,008	0.97%

E OTHER INFORMATION OF INTEREST

Please briefly detail any significant matter existing with respect to directors' remuneration not included in the other sections of this report, but which is required to include more complete, founded information on the company's structure and remuneration practices with regard to its directors:

To clarify point A.5, it is noted that in relation to the financial statements, these show that contributions to pension funds and plan amounted to EUR 1,673 thousand, while in the present report an amount of EUR 2,019 thousand is shown.

The explanation is that the CNMV application for preparing this report does not allow the entry of negative data therefore only positive amounts appear. This is because one of the directors of ACS surpassed the retirement age according to the configuration of the pension plan to which he was entitled and thus prompting the outsourced insurance company to make a payment to ACS. The financial statements include the net amounts contributed by ACS as the cost for this item, therefore reflecting EUR 1,673 thousand. More in detail, the difference in the amount of EUR 346 thousand in 2016 is due to the return premium received from the insurance company. The policy that covers the receipt of a defined retirement benefit of one of the insured directors establishes the estimated retirement age at 65 in the aforementioned policy. In the event that an insured reaches the age mentioned but does not opt for retirement, a new foreseeable future accrual date is set established annually, as is the case here. Adjusting the new accrual date entitles the policyholder to a reverse premium for the revenue initially planned between the original accrual date and the new date established. In the case of this director (Mr Antonio García Ferrer) the date of accrual in 2016 was fixed at September 2016 and, in the adjustment at the end of 2016, the new accrual date was established for June 2017. As a result of the postponement of the accrual date, ACS was entitled to a reverse premium for amounts accrued and unpaid for 2016 amounting to the aforementioned EUR 346 thousand.

Section A 3 of the IARC includes the amount of EUR 3,524 thousand paid by the Company, as reflected in section D.1.a)i), and the amount of EUR 448 thousand received by the directors of other group companies, as shown in section D.1.b)i). The sum of the two amounts totals EUR 3,972 thousand. The Company has chosen to include this figure in section A 3 in order to better reflect the amounts received in respect of wages by the directors of all ACS Group companies, rather than confining the amount to the Company subject to this report.

In relation to point D.3 hereof, it is indicated that the number of abstentions, strictly speaking, was really 365,903; however, the figure of 2,146,008 has been included given that 1,780,105 votes could not be used due to the fact that they were delegated to the Chairman without voting instructions in relation to points 3 and 4 on the Agenda of the General Shareholders' Meeting held on 5 May 2016.

This Annual Remuneration Report was approved by the Company's Board of Directors at its meeting on 23/03/2017.

Indicate whether any directors have voted against or abstained with respect to the approval of this Report.

Yes

No



COMISION NACIONAL DEL MERCADO DE VALORES

Dirección General de Mercados

A la atención de D. Eduardo Manso Ponte

C/ Edison 4

28006 Madrid

Madrid, a 6 de abril de 2017

Muy señores nuestros:

Nos referimos a su carta del pasado 29 de marzo de 2017, con número de registro de salida 2017036956, recibidas en nuestras oficinas el 4 de abril. En dicha carta nos requieren de determinada información en relación con la revisión del Informe Anual de Remuneraciones de los Consejeros (en adelante IARC) correspondiente al ejercicio 2016 de ACS, Actividades de Construcción y Servicios, S.A. (en adelante ACS o la Sociedad).

A continuación pasamos a responderle a la cuestión planteada:

En el apartado A.5, la Sociedad indica que los consejeros ejecutivos son beneficiarios de dos tipos de sistemas de ahorro a largo plazo, pero no identifican a los consejeros que son beneficiarios de cada uno de los planes.

Tampoco explican sus características principales, como son los beneficios económicos a que dan derecho, las condiciones para que se produzca su consolidación o titularidad incondicional, desde cuándo y por qué cuantías se inicia la corriente de pago, si los que no proceden del Grupo Dragados, S.A. son de aportación o prestación definida, y no se cuantifica tampoco la aportación anual que se tenga que realizar a los sistemas de aportación definida, ni la prestación a la que tengan derecho los beneficiarios en el caso de sistemas de prestación definida.

Adicionalmente, la Compañía deberá manifestar expresamente si los sistemas de ahorro a largo plazo o cualquier otro componente remunerativo contemplan cualquier clase de pago a los consejeros que se genera por el cese en sus funciones ejecutivas y/o como administrador de la sociedad, desde qué momento comienza su percepción por el consejero y cualquier condición, como pacto de no competencia, a los que tales pagos estén sujetos.

De los informes de remuneraciones presentados, tanto del último como los anteriores, la Sociedad entendía que de la lectura del apartado A.5 junto con el apartado D iii) se podía concluir que los consejeros ejecutivos beneficiarios de planes de aportación definida son Florentino Pérez Rodríguez y Jose Luis del Valle Pérez y que el consejero ejecutivo Antonio García Ferrer, procedente de Grupo Dragados, S.A., es el beneficiario del plan de pensiones complementario de la Seguridad Social.

Los dos primeros consejeros ejecutivos mencionados en el párrafo anterior (Florentino Pérez



Rodriguez y Jose Luis del Valle Pérez) son beneficiarios de sistemas de ahorro a largo plazo que están formalizados a través de contratos de seguros de ahorro colectivo en relación con prestaciones en forma de capital desde el año 2004. En este sentido, debido a que forman parte de la remuneración anual de los consejeros ejecutivos, se consolidan a medida que las cantidades son aportadas a la compañía de seguros en la que está externalizado el plan de pensiones. Una vez alcanzada la edad de jubilación (65 años en estos casos concretos), las cantidades anuales a aportar permanecen constantes en el futuro. En ambos casos, una vez se jubile el consejero se cobra todo el fondo aportado hasta ese momento de una sola vez; no hay pacto de no competencia porque no hay otra retribución que compense económicamente la no competencia (no hay retribución distinta a la pensión en caso de jubilación) y por último, en caso de fallecimiento, tienen derecho al fondo que se haya generado sus herederos.

En el caso de Florentino Pérez Rodriguez a partir de los 70 años y Jose Luis del Valle Pérez a partir de los 65 años (en ambos casos ya cumplidos) tienen la obligación de jubilarse en el caso de que sea así requerido por la Sociedad, de tal forma que si no lo hicieran, la Sociedad cesaría en su obligación de aportación al fondo y se reduciría el fondo a razón de un 25% por cada año. La única diferencia entre ambos planes residía en la necesidad de tener dotado un fondo de 25 millones de euros a la edad de 65 años para el consejero ejecutivo Florentino Perez Rodriguez.

De acuerdo con su petición, las cantidades aportadas por la Sociedad desde 2004 al fondo, como prima de ahorro (en euros) son las siguientes:

Florentino Pérez Rodriguez:

Periodo	Prima Ahorro
01/01/2004 a 31/12/2004	13.447.062,27
01/01/2005 a 31/12/2005	1.248.009,54
01/01/2006 a 31/12/2006	1.298.808,33
01/01/2007 a 31/12/2007	1.288.848,66
01/01/2008 a 31/12/2008	1.312.277,18
01/01/2009 a 31/12/2009	1.435.376,93
01/01/2010 a 31/12/2010	1.510.158,53
01/01/2011 a 31/12/2011	1.488.295,83
01/01/2012 a 31/03/2012	290.842,94
01/04/2012 a 31/03/2013	1.362.004,57
01/04/2013 a 31/03/2014	1.362.004,57
01/04/2014 a 31/03/2015	1.362.004,57
01/04/2015 a 31/03/2016	1.362.004,57
01/04/2016 a 31/03/2017	1.362.004,57
TOTAL	30.129.703,06

Cumple 65 años



José Luis del Valle Pérez:

Periodo	Prima Ahorro
01/07/2004 a 30/06/2005	360.053,59
01/07/2005 a 30/06/2006	371.575,30
01/07/2006 a 30/06/2007	385.323,59
01/07/2007 a 30/06/2008	505.922,00
01/07/2008 a 30/06/2009	527.170,72
01/07/2009 a 30/06/2010	599.071,00
01/07/2010 a 30/06/2011	603.863,57
01/07/2011 a 30/06/2012	621.979,00
01/07/2012 a 30/06/2013	636.906,50
01/07/2013 a 30/06/2014	655.376,79
01/07/2014 a 30/06/2015	657.342,92
01/07/2015 a 30/06/2016	657.342,92
01/07/2016 a 30/06/2017	657.342,92
TOTAL	7.239.270,82

Cumple 65 años

La diferencia entre el total de las cantidades aportadas y el importe de los fondos acumulados indicados en el informe al 31 de diciembre de 2016 corresponde a los rendimientos financieros generados por el propio fondo a lo largo de los diferentes años.

En el caso de Antonio Garcia Ferrer, que procede de Grupo Dragados, S.A, absorbida por la Sociedad en 2003, dado que cumplía unas condiciones concretas, tiene derecho a un complemento económico mensual adicional a las prestaciones obligatorias del Régimen General de la Seguridad Social relativas a jubilación e invalidez. De acuerdo con lo que se expone en las cuentas anuales, los compromisos por pensiones de prestación definida se encuentran externalizados con contratos de seguros colectivos de vida en los que se han asignado inversiones cuyos flujos coinciden en tiempo y cuantías con los importes y calendario de pagos de las prestaciones aseguradas. Las hipótesis actuariales utilizadas en las valoraciones de 2016 y 2015 detalladas anteriormente, son las indicadas a continuación:

Tasa anual de crecimiento de la pensión máxima de la Seguridad Social	2,00%
Tasa anual de crecimiento de los salarios	2,35%
Tasa anual de crecimiento del Índice de Precios al Consumo (IPC)	2,00%
Tabla de mortalidad (*)	PERM/F-2000 P

(*) Hipótesis garantizada, que no tendrá variación

Los tipos de interés aplicados desde el momento de la externalización de los anteriores compromisos se han situado entre un máximo del 5,93% y un mínimo del 1,14%. En el ejercicio 2016 el tipo de interés aplicado ha sido del 1,14% mientras que en 2015 fue del 1,72%.

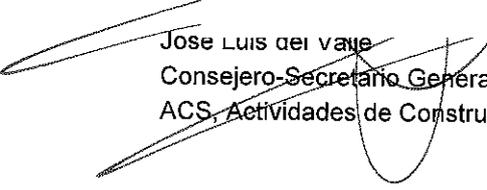
Como el consejero Antonio Garcia Ferrer supera los 65 años de edad y no se ha jubilado, no se ha iniciado el cobro de la prestación. Sin embargo, una vez cumplidos los 65 años de edad, fecha límite para aportar, la compañía de seguros extorna las cantidades dotadas como provisión matemática anual tal como se explica en el apartado E del Informe de remuneraciones. El salario



pensionable del mencionado consejero no ha variado en los últimos años por lo que no se ha necesitado realizar aportaciones adicionales. La pensión complementaria a la vigente de la Seguridad Social al 31 de diciembre de 2016, asciende a 347.894,36 euros/año.

En la confianza de que la presente resulte de utilidad, quedamos a su entera disposición para atender cualquier comentario o nueva solicitud de información que estimen oportuno.

Sin otro particular, reciban un atento saludo.



Jose Luis del Valle
Consejero-Secretario General
ACS, Actividades de Construcción y Servicios, S.A.