TCI Fund Management Limited

To: Teresa Ribera, Fourth Deputy Prime Minister of Spain, Minister for the Ecological Transition and Demographic Challenge

cc. Maurici Lucena, Chairman of the Board of Aena

Monday, 27th July 2020

Dear Mrs Ribera,

Aena Climate Change Plan

TCI is a London based investment manager in January 2004. As of July 2020, TCI had in excess of $30 billion of assets under management. TCI, through its managed funds, has been one of AENA's largest shareholder since the company went public in 2015 and currently holds a 3.86% stake. I have been a board member of the company since the IPO. In addition, I am the founding trustee of a foundation (the Children's Investment Fund Foundation) which is one of the world's largest funders in climate change action and currently making grants of over $100 m pa in climate change.

TCI's ESG policy requires us, wherever we have the necessary votes, to file AGM resolutions requiring a Sustainability Plan to be presented to shareholders and voted on every year. Consistent with this ESG policy we have recently submitted resolutions for Aena's AGM to be held on 29 October 2020 (copies are attached). The value of such resolutions are that they serve as a specific accountability mechanism on management to ensure that the issue of sustainability is dealt with seriously.

The purpose of this letter is to express our concerns regarding Aena's climate change plan and seek your support for proposing to the management specific improvements to the plan. If the company fails to address our concerns adequately it is our intention to notify all shareholders publicly of our intention to vote against the plan and then to vote against the plan.

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In summary, the company's proposal is not comprehensive and the commitments are vague and lack detail. Additionally the targets are too long term to be meaningful. We need targets and plans on a 1, 2 and 3 year timeframe to ensure tangible actions and results take place. Overall the plan fails to address the requirements set by the Paris Agreement and the Spanish Government's Declaration of Environmental Emergency. Aena, as a state owned company, should be a market leader in the fight against climate change.

Need for urgent action

The concern over climate change risks caused the European Parliament to declare a climate emergency on 28 November 2019, which the Spanish Government also did on 21 January 2020. In May 2020, the Spanish Government presented an ambitious draft law on climate change and energy transition (the "**Climate Change Law Project**"), which confirms that (i) the next 10 years are critical for achieving the goals of the Paris Agreement; (ii) these goals are indispensable to guarantee our security, and (iii) all actors, Governments, private companies and society, need to fight climate change.

On 30 November 2019 we sent an open letter to the AENA's board highlighting several shortcomings in the Company's climate change plan (a copy of this letter is attached). We asked the Company to implement best environmental practices and play a leadership role in advocating with regulators, clients and suppliers to reduce carbon emissions.

In February 2020 we submitted a number of climate change related shareholder resolutions for the AGM to be held in March 2020, which was cancelled due to the COVID-19 pandemic. These resolutions included a requirement for an annual plan to be presented and voted on by shareholders. This was not accepted by management but as is the legal right of large shareholders TCI submitted these resolutions in July for the October AGM in a legally binding form.

Aena's climate change plan lacks accountability without an annual update and annual vote

Transparency, screening and reporting obligations are important tools to ensure accountability. These screening and reporting obligations are contained in Regulation (EU) 2020/852 of the European

Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance) and in the Climate Change Project Law (article 28).

Specific Recommendations for Aena's Climate Change Plan

(i) **Aena must set annual targets for emission reduction over the next one, two and three years and details of how they plan to meet these targets.**
These targets should be expressed in both absolute terms and carbon intensity per passenger.

(ii) **Ambitious near term targets of self generation of electricity need to be established.**
Aena owns a large amount of surplus land and solar is very efficient in Spain, so Aena has the potential to significantly reduce its electricity costs if it moves to an all renewable strategy for electricity procurement.

Aena's commitment to move to 70pc self generation of electricity by 2030 is very good in principle but is too long term to allow any measure of accountability and does not work on the urgent timetable the world needs. It also unnecessarily delays the significant financial benefits of moving to self generation. We propose an additional target **of 30-40pc of electricity production to be self generated by 2025 with annual targets for each of the next 5 years.**

Aena's commitment to source all their electricity from existing renewable sources really does nothing to drive more renewable energy production and I discount this commitment.

(iii) **Minimise emissions of aircraft in landing and takeoff**
Up to 15% of aircraft emissions are produced during the ground level and landing and takeoff cycle. By working closely with Enaire, AENA can both track and create concrete targets and plans to reduce these emissions through better scheduling, gate management, and management of runway through put. Without tracking of key metrics, targets for reduction and transparency on results no progress will be made. Introducing mandatory electric taxiing which is recharged to the airlines is also an important step to reduce emissions. Key performance metrics should be measured and disclosed.

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(iv) **Advocating for mandatory low carbon fuels**.

Aena has an important leadership role to play in advocating with regulators for the adoption of regulations for the introduction of low carbon fuels. A carbon tax on non-low carbon fuels or a green fuel mandate that specifies gradually increasing the percentage of aviation fuel that must be sourced from low carbon sources are necessary to force the adoption of these fuels.

(v) **Decarbonising processes and activities**

This would include specific near term (1-3 year) targets for energy management of buildings, a commitment to electrify all transport in a near term, and a commitment to offset all corporate emissions with afforestation. Full details of Aena's offset programme need to be disclosed to understand the effectiveness of them.

(vi) **Management incentives**

Senior management and staff should be incentivised to deliver on emission reduction targets on timely basis with a meaningful percentage of incentive compensation tied to these targets.

I would be available at your convenience to discuss this letter.

Yours sincerely,

Sir Christopher Hohn

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