

# CORPORATE Governance



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## Corporate Governance

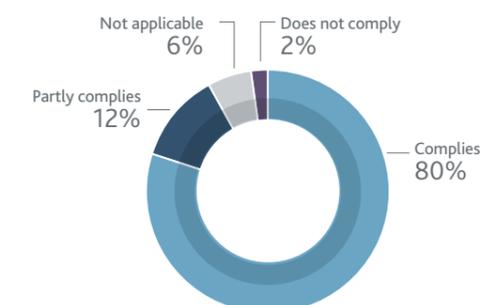
ACCIONA's corporate governance practices are geared towards the creation of economic and social value sustained over time. The aim of the Company is to guarantee financial stability and safeguard the interest of shareholders, maximising the positive impact on society as a whole.

ACCIONA is governed by the Spanish Corporation Law and by the Good Governance Code of Listed Companies of the Spanish Securities Market Commission (CNMV).

### ACCIONA and the new regulations on corporate governance

ACCIONA already complied with most of the requirements established in the new Spanish Corporation Law, and most of the recommendations included in the new Code of Corporate Governance were already being implemented in the Company voluntarily prior to its publication. Therefore, the internal regulations have not required significant changes or relevant adaptations.

#### → Compliance of ACCIONA with recommendations of the Good Governance Code of Listed Companies



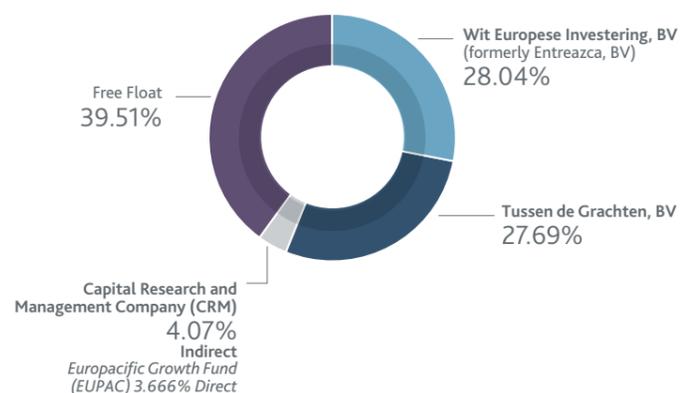
## Structure of the share capital of ACCIONA

The Company's share capital is represented by 57,259,550 ordinary shares with a nominal price of 1 euro each, fully subscribed and paid in.

The shares that make up the share capital enjoy the same rights and there are no statutory restrictions regarding their transferability, or the exercise of the voting

right, all of them having been admitted for trading on the stock exchanges of Madrid and Barcelona.

At 31 December 2015, the Company kept a total of 320,460 treasury shares, representing 0.56% of the share capital.



Source: CNMV, on 7 March 2016.

## The Company's Governing Bodies and their Duties

### The General Shareholders' Meeting

- This is the highest decision-making body at ACCIONA.
- Its duties include the approval of annual accounts and distribution of profit, the composition of the Board, and the directors' remuneration policy.
- In 2015 more than 80% of shareholders attended the General Shareholders' Meeting. During the meeting, more than 90% of all agreements put up for vote were approved by a significant majority, which reflects the degree of satisfaction of shareholders and the existing consensus between the shareholders and the Company.

### Board of Directors

- Its duties are to manage, supervise and administer Company matters.
- The Board is responsible, among other things, for directing the Company's strategy, supervising compliance with the targets set and ensuring that there are policies, processes and the necessary controls for the compliance of applicable internal and external regulations.

### Lead Independent Director

- Chairs the Board of Directors in the absence of the Chairman and the Vice Chairman.
- Reports on the concerns of non-executive directors and keeps in contact with investors and shareholders.
- Directs the assessment of the Chairman by the Board.

### Committees of the Board of Directors

#### Executive Committee

- In situations of extreme emergency, this committee is delegated all of the duties of the Board of Directors, except for those that cannot be delegated by law.

#### Appointments and Remuneration Committee

- Evaluates the competences, knowledge and experience necessary in the Board.
- Proposes and reviews the remuneration policy of the directors and top management.

#### Audit Committee

- Supports the Board in the supervision of accounting, fiscal and financial information, internal and external auditing services, corporate governance, compliance and risk management.

#### Sustainability Committee

- It assesses compliance with the sustainability and corporate social responsibility policies approved by the Board of Directors.

### Senior Management

- Responsible for the daily management of the Company. Under the supervision of the Board of Directors, they should ensure efficient compliance in accordance with the policies and procedures established.
- They periodically report to the Board of Directors regarding compliance with the objectives set.
- With the aim of retaining and effectively incentivising the managerial team and achieving a greater alignment of its interests with those of the Company, in 2015 a plan was approved to replace variable remuneration with Group shares. This plan does not apply to the executive directors.

**i** For more information on the Company's governing bodies, please see: <http://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/>

## A focus on strategy, risks and compliance

### Strategic focus and supervision of compliance with the business goals

The Board of Directors establishes the strategy upon which the strategic plans of ACCIONA's divisions are formulated. The Board also supervises the implementation of said plans. To do so, the managers responsible at the divisions periodically inform the Board, providing the necessary documentation for the directors to analyse, with full independence, the different variables that may affect the development of the strategy.

The Board of Directors periodically supervises compliance with the targets established, and carries out a quarterly in-depth analysis that coincides with the

publication of the Company's Financial Statements.

In order to favour the interaction between Board directors and top management, the directors of the lines of business attend the meetings of the Board and report at least twice per year on the areas under their responsibility. All Board directors also hold individual meetings with the managers of the divisions. Likewise, the directors attend the Annual Convention of Executives, where they interact with the Company's managers for two days.

### Supervision of the appropriate operation of the management and risk control systems

The Board of Directors approves the Company's risk control and management policy, as well as keeping informed and supervising the financial and extra-financial risks affecting the Organisation in the short, medium and long term. On the other hand, the Audit Committee is in charge of periodically reviewing the internal control and risk management systems in order to identify, manage and make known the main risks as appropriate.

The risks scenarios considered in the Company's management system are classified as economic-financial, strategic, operational and fortuitous; the first two

presenting a profile of greater risk according to the Group's managers.

ACCIONA specifies its level of risk tolerance depending on the achievement of the targets set for each of the activities or investment projects. Any situations that surpass the established tolerance levels are analysed individually by those responsible for the business units, who establish the mitigation measures to be applied together with the Financial Economic Corporate Directorate.

#### New General Directorate of Compliance to safeguard ethics and integrity

The Board of Directors is the highest body responsible for respecting ACCIONA's ethics model and compliance framework. The Company's regulations establish the guidelines for action, which are reflected mainly in the Code of Conduct, the Policy Book and the commitments undertaken regarding anti-corruption.

In 2015, ACCIONA concluded its implementation of a new ethics and integrity model with the creation of the General Directorate of Compliance, which reports directly to the Audit Committee and the Chairman. The purpose of the Directorate of Compliance is to supervise compliance and the efficacy of

the procedures, controls and applicable internal and external commitments. To achieve this, the Directorate, acting together with the Audit Committee, has carried out an analysis and adaptation of the internal regulations regarding crime prevention and anti-corruption.

# Composition and Operation of the Board of Directors

The Board of Directors is made up of 11 members, who represent the interests of ACCIONA. The composition of the Board of Directors is designed taking into account the criteria of complementarity, balance, professionalism and diversity of knowledge, experience and gender established in the corporate government standards followed by the Company.

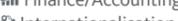
Every year, the Board of Directors assesses through an anonymous and individual questionnaire the quality and efficiency of its operations, the performance of the Chairman and the Vice Chairman of the Board and the operation of its Committees. In 2015, the self-assessment led to no significant changes in the internal Board organisation.

## Board of Directors

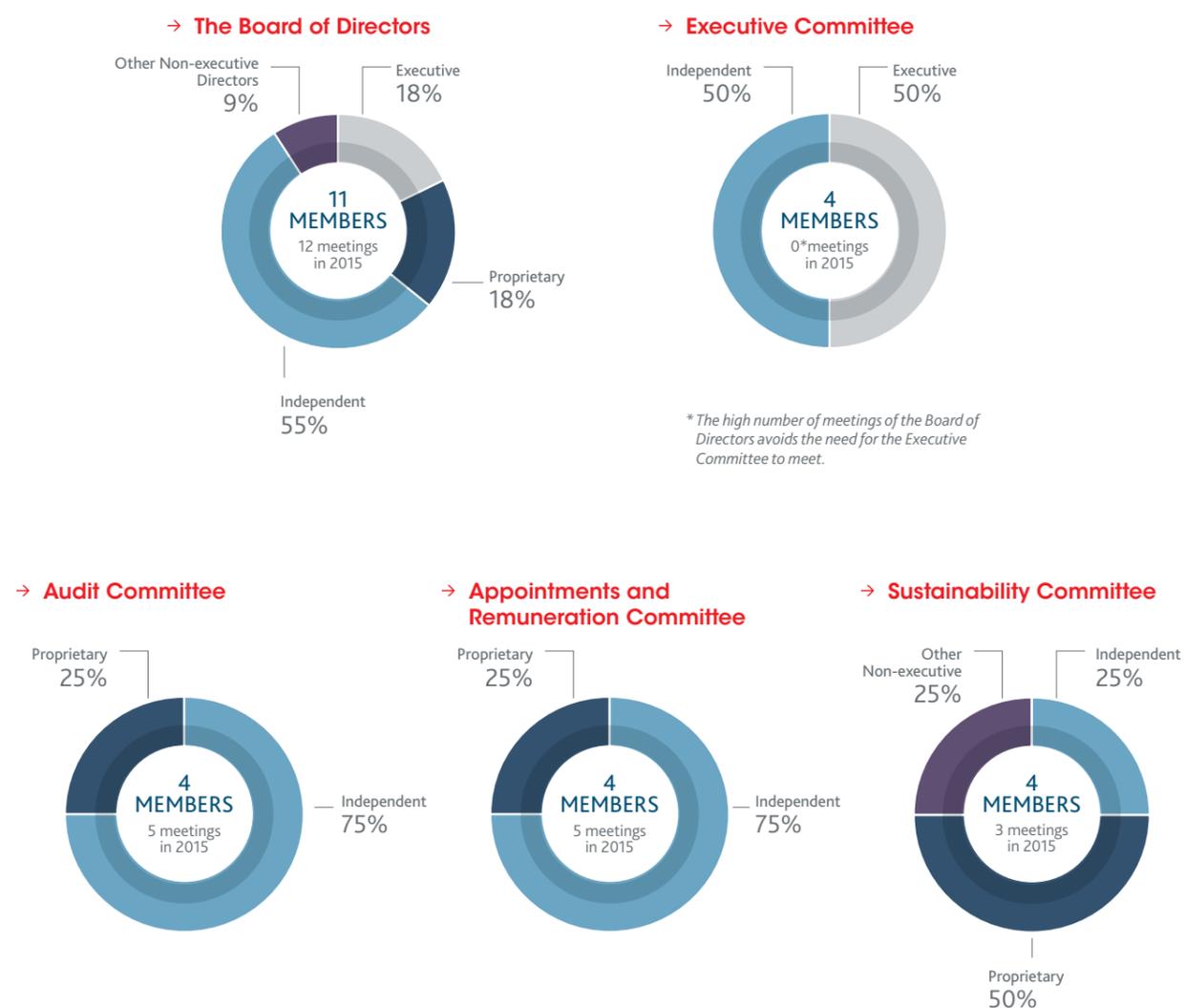
	Year of first appointment	Profile	Board Committees on which they sit	Number of direct voting rights of the shares	Other positions as directors
Jose Manuel Entrecanales Domecq *     	1997	Executive Chairman	e	2,169	
Juan Ignacio Entrecanales Franco *     	1997	Executive Vice Chairman	e	11,529	
Belén Villalonga Morenés   	2006	Independent		200	<ul style="list-style-type: none"> <li>Grifols, S.A.</li> <li>Talgo.</li> </ul>
Jaime Castellanos Borrego   	2009	Independent	a e n	10,000	<ul style="list-style-type: none"> <li>Vocento, S.A.</li> <li>Willis Consulting, S.L.</li> <li>Willis Iberia Correduría de Seguros y Reaseguros, S.A.</li> <li>Lazard Asesores Financieros, S.A.</li> </ul>
Fernando Rodés Vilà     	2009	Independent	s n	9,000	<ul style="list-style-type: none"> <li>Nometics.</li> <li>Acta Diurna.</li> <li>In Store Media.</li> <li>Havas Group, S.L.</li> <li>Proximia Baleares</li> <li>ACACIA ISP, S.L.</li> </ul>
Daniel Entrecanales Domecq    	2009	Proprietary (Wit Europese Investerings B.V.)	s n		<ul style="list-style-type: none"> <li>Madrid Horse Week, S.L.</li> <li>Revolution Publicidad, S.L.</li> <li>Fractalía Remote System, S.A.</li> <li>Entreriver, S.A.</li> </ul>
Javier Entrecanales Franco     	2011	Proprietary (Tussen de Grachten B.V.)	a s	5	<ul style="list-style-type: none"> <li>Hef Inversora, S.L.</li> <li>Draco Inversiones SIVAC.</li> <li>Livorno Inversiones, S.A.</li> <li>La Sin Rival, S.L.</li> </ul>
Juan Carlos Garay Ibargaray    	2013	Independent - Lead Independent Director	a e n		
Jerónimo Marcos Gerard Rivero *     	2014	Independent			
Carmen Becerril Martínez *     	2014	Other non-executive	s	8,006	
Ana Sainz de Vicuña Bemberg   	2015	Independent	a		<ul style="list-style-type: none"> <li>Inmobiliaria Colonial, S.A.</li> </ul>
Jorge Vega-Penichet López	2006	Secretary (Non-Director)			

- Committee Chairman
- Committee Member
- e Executive Committee
- a Audit Committee
- n Appointments and Remuneration Committee
- s Sustainability Committee

**Competences and Experience:**

-  Energy
-  Infrastructures
-  Finance/Accounting
-  Internationalisation
-  Sustainability
-  Marketing
-  Business Management
-  IBEX Ibex

## Composition of the Board of Directors and the Committees



The diversity of the profiles in the Board of Directors is very significant for the Company. The composition of the Board should be balanced to develop the Company's goals and strategic priorities. When incorporating new directors, ACCIONA considers professional profiles and career paths that bring together the skills and the experience necessary for the appropriate performance of the assigned responsibilities. Thus, ACCIONA's Board of Directors includes men and women of different fields of specialism (energy and infrastructure), with financial

and accounting knowledge, and with international profiles, among others.

In 2015, a new director was appointed, following the resignations filed by Sol Daurella Comadrán due to incompatibility, Carlos Espinosa de los Monteros y Bernaldo de Quirós due to no longer being an independent director, and Valentín Montoya Moya due to his wish not to be re-appointed. The Appointments and Remuneration Committee proposed Ana Sainz de Vicuña Bemberg as Independent Director, whose appointment was approved

by the Ordinary General Shareholders' Meeting of 2015.

Ana Sainz de Vicuña Bemberg is a Board member of Corporación Financiera Guadalmar, and Independent Director and Member of the Auditing Committee of Inmobiliaria Colonial S.A. She has been a member of the Board of Mobiel Dreams Factory and that of Asturbega. She also spent 18 years of her professional career working in private banking, and was appointed Director General of the Spanish branch of Merrill Lynch International Bank.

### Remuneration of the Board of Directors

According to the article 31 of ACCIONA's Corporate Bylaws, the Director Remunerations Policy must be approved by the General Shareholders Meeting, at least every three years, as a separate point of the agenda.

The remuneration of the Directors consists of a fixed allowance which is linked to their membership to the Board of Directors and the Committees (a total of 1,365 thousand euros in 2015).

The fixed remuneration received by the Executive Directors for the senior management duties they carried out experienced no changes with regard to the previous years, with no increase having been applied over the last four years.

With regard to the Executive Directors, the remuneration for their executive duties is directly linked to the results of the company and to the professional

performance evaluation. The annual variable remuneration is mainly based on compliance with economic targets established in the annual budgets. Likewise, the annual performance evaluation of the Executive Directors includes specific sustainability objectives and metrics.

**i** For further information about the remuneration of the Board of Directors, see the Annual Report regarding Remunerations of Directors 2015: <http://www.acciona.com/general-meeting-shareholders-2016>