

# Annual Report on Remuneration of Directors of Listed Companies

## ISSUER IDENTIFICATION DATA

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Domicile	Avenida de Europa, 18, Parque Empresarial La Moraleja Alcobendas (Madrid)

## A. Company Remuneration Policy for the Current Year

### A.1 Describe the Company's remuneration policy. Include the following information in this section:

- General principles and fundamentals of the remuneration policy.
- Most significant changes in the remuneration policy with respect to the previous year and changes made during the year to the conditions for the exercise of previously awarded options.
- Criteria used and composition of groups of comparable companies whose policies have been considered in establishing the Company's remuneration policy.
- Relative importance of variable remuneration items in comparison with fixed items and the criteria used to determine the components of the Directors' remuneration package (remuneration mix).

#### Describe the remuneration policy:

##### • Remuneration policy applicable to the Directors for supervision functions.

In accordance with article 32.1 of ACCIONA's Articles of Association, Directors' remuneration shall consist of a fixed annual amount for Membership of the Board of Directors and any Committees of which the Director is a Member. The total remuneration payable by the Company to the Directors as a whole for Membership of the Board of Directors and its Committees shall be the amount determined for this purpose by the General Meeting of Shareholders, and it shall remain in force until amended; nevertheless, the Board of Directors may reduce that amount in any given year if it sees fit.

The decision as to the exact amount to be paid within that limit, and how it is to be distributed among the Directors, lies with the Board of Directors. Article 55 of the Board of Directors' Regulation also refers to Director remuneration. That text is available on the Company's website.

##### • Remuneration policy applicable to Directors for discharging executive functions.

According to article 31.3, remuneration for Membership of the Board of Directors shall be compatible with any other remuneration (fixed salaries; variable remuneration tied to business, corporate and/or personal objectives; indemnities paid to the Director for termination due to causes other than breach of duty; pension and insurance plans; deferred compensation) to which the Director may be entitled, subject to a proposal by the Appointments and Remuneration Committee and a decision by the Board of Directors, for performing other functions in the Company, whether related to senior management or otherwise, other than the collective supervision and decision-making functions that are inherent to the position of Board Member.

Article 31.4 of the Articles of Association states that, subject to a decision by the General Meeting with the scope required by law, Executive Directors may also be paid in the form of shares or stock options or by any other remuneration system referenced to the share price.

##### • Company remuneration policy.

The Company's remuneration policy, including that of Members of the Board of Directors with executive functions, is guided by the following principles:

- Coherent with the business strategy: The Board of Directors shall define a remuneration policy which is coherent with the Company's business strategy, risk tolerance and long-term values.

- Corporate governance and transparency: The Board of Directors shall adopt the necessary measures to ensure corporate governance and transparency in Director remuneration.
- Balanced design: The Board of Directors shall ensure a reasonable proportion between fixed and variable, annual and multi-annual components, and payments in cash and in shares. The variable remuneration should be of a significant amount and include technical safeguards to ensure that such remuneration reflects the professional performance of the beneficiaries and not simply the general progress of the markets or the Company's sector, atypical or exceptional transactions or other circumstances of this kind.
- Internal fairness: The Board of Directors shall ensure that the remuneration system allocates analogous remuneration to comparable functions and dedication.
- External fairness: The Board of Directors shall ensure the Director remuneration is moderate and aligned with remuneration at other companies of a similar size and activity..

Under the current policy, in addition to the remuneration components which correspond to the Members of the Board of Directors, Executive Directors of the Company may also receive remuneration comprising the following elements: fixed remuneration, annual variable remuneration, shares and stock options, pension plans and insurance, remuneration in kind, and others set out in the Articles of Association.

ACCIONA, in accordance with article 31.5 of the Articles of Association, has arranged civil liability insurance for its Directors and Executives.

As for the most significant changes in the remuneration policy with respect to the previous year, it's worth nothing that a) remuneration for belonging to the Board and its Committees was reduced in 2013 by 10% with respect to 2009 (and they which had remained unchanged since then), and b) the General Shareholders' Meeting of 6 June 2013 established the cap on Director remuneration for discharging their duties.

That amount, which is 1,503,000 euros and which will remain in force until it is amended, may be reduced by the Board of Directors in the terms envisioned in the Articles of Association. The resolution was adopted with 99.9% of votes in favour.

#### • Remuneration mix of Executive Directors.

Executive Directors' remuneration mix, comprising the above-mentioned items, consisted primarily of variable remuneration in 2013 (approximately 70% of the total).

### **A.2 Information on the preparatory work and decision-making process followed to determine the remuneration policy and role, if any, performed by the Remuneration Committee and other supervisory bodies in shaping the remuneration policy. This information should include any mandate given to the Remuneration Committee, its composition and the identity of the external consultants whose services have been used to define the remuneration policy. Also describe the category of any Directors who participated in the definition of the remuneration policy.**

#### **Describe the process for determining the remuneration policy:**

##### **1. Composition of the Appointments and Remuneration Committee:**

ACCIONA's Board of Directors' Regulation establishes that the Appointments and Remuneration Committee shall comprise at least three (3) and at most five (5) Directors, all of them External. At the date of drafting this report, the Committee's composition was as follows:

- Mr. Fernando Rodès Vilá (Chairman. Independent Director).
- Mr. Jaime Castellanos Borrego (Member. Independent Director).
- Mr. Valentín Montoya Moya (Member. External Director).
- Mr. Juan Carlos Garay Ibargaray (Member. Independent Director).
- Mr. Jorge Vega-Penichet López (Secretary, not a Member).

The Members of the Committee are appointed by the Board of Directors. The Chairman of the Committee is an Independent Director appointed by the Board of Directors.

##### **2. Functions of the Appointments and Remuneration Committee**

In accordance with the Board of Directors' Regulation, the Appointments and Remuneration Committee has general powers in remuneration

matters and in proposals for the appointment and removal of Directors and Senior Executives. Specifically, it has the following functions:

- Evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- Formulate and review the criteria to be employed regarding the composition of the Board of Directors and the selection of candidates.
- Make proposals to the Board of Directors as to the appointment of Independent Directors, for remittal to the Shareholders' Meeting or for approval by the Board itself by means of co-optation, and to advise on the appointments of other categories of Directors;
- Oversee the selection processes to ensure that there is no implicit bias preventing the appointment of Directors due to personal circumstances.
- Examine or organise, in appropriate form, the succession of the Chair and Chief Executive, making recommendations to the Board so that the handover proceeds in a planned and orderly manner.
- Advise on the appointment and removal of the Secretary and the Vice-Secretary to the Board of Directors.
- Propose, to the Board, the Directors to be designated as Chair, Managing Director and Members of the Executive Committee and the other Committees.
- Establish the conditions that the Chairman of the Board must fulfil in discharging his duties.
- Formulate and review the criteria to be applied in appointing Senior Executives of ACCIONA.
- Advise on the Senior Executive appointments and removals which the Chief Executive proposes to the Board.
- Evaluate the annual remuneration system and amounts paid to Directors and Senior Executives.

- Periodically review the variable remuneration programmes, considering their suitability and results.

- Make proposals to the Board of Directors as to the remuneration policy for Directors and Senior Executives, the individual remuneration and other contractual conditions of Executive Directors, and the basic conditions of Senior Executives' contracts.

- Ensure transparency in remuneration and compliance with ACCIONA's established remuneration policy.

- Be apprised of and, if appropriate, authorise transactions with related parties as provided in this Regulation.

- Be apprised of Directors' other professional obligations to ensure that they do not interfere with the necessary dedication to their position.

##### **3. Meetings of the Appointments and Remuneration Committee**

The Appointments and Remuneration Committee meets with sufficient frequency to perform its functions, and at least once per year, to evaluate remunerations and, if appropriate, to advise on renewal of the Board of Directors, its Executive Commission or its other Committees. The Committee shall also meet when convened in accordance with the provisions of the Board of Directors' Regulation.

The Appointments and Remuneration Committee shall meet as often as is necessary to cater to the requests of the Board of Directors, the Chairperson of ACCIONA, the Managing Director or the Executive Commission for a report, proposal or opinion from the Appointments and Remuneration Committee within the scope of its powers.

The Committee met on eight occasions in 2013. Preparatory reports of proposals submitted to the Committee are presented at the meetings, and a copy is preserved along with the minutes.

According to the schedule for 2014, the Appointments and Remuneration Committee is expected to hold 3 meetings during the year.

##### **4. External consulting**

In the process to adopt decisions in connection with remuneration, the Appointments and Remuneration Committee and the Board of Directors are informed and advised by the Company's internal specialised services as well as by a specialised external advisor, KPMG.

**A.3 Indicate the amount and nature of the fixed components, with a breakdown, where necessary, of the remuneration for the performance of senior management functions by the Executive Directors, the additional remuneration for acting as Chairman or Member of any Board Committee, per diem payments for participation in meetings of the Board and its Committees and other fixed payments for Directorship, and an estimate of the fixed annual remuneration to which they give rise. Identify other benefits not paid in cash and the parameters on which they are based.**

**Describe the fixed components of remuneration:**

At the proposal of the Appointments and Remuneration Committee, on 28 February 2013 the Board of Directors resolved to reduce remuneration for belonging to the Board of Directors and its Committees by 10%, with the following result:

- Fixed remuneration for belonging to the Board of Directors: 67,500 euros.
- Fixed remuneration for non-Executive Directors for belonging to the Executive Committee: 45,000 euros.
- Fixed remuneration for belonging to the Audit Committee: 45,000 euros.
- Fixed remuneration for belonging to the Appointments Committee: 36,000 euros.
- Fixed remuneration for belonging to the Sustainability Committee: 36,000 euros.

The Appointments and Remuneration Committee focused particularly on the level of responsibility when proposing remuneration for belonging to the Board and its Committees, ensuring that remuneration is competitive with that offered for equivalent functions at comparable companies.

Executive Directors who are Members of the Executive Committee do not receive remuneration for belonging to the Committee.

There are no specific per diems for attending Board of Directors' meetings.

The amount paid to Directors for belonging to the Board of Directors and its Committees was 1,491,750 euros in 2013, i.e. lower than the cap established by the Shareholders' Meeting (1,503,000 euros). Remuneration this year is expected to be in line with that of 2013.

Additionally, Executive Directors receive a salary for performing senior management functions, as detailed below:

- Executive Chairman: 1,000,000 euros.
- Executive Vice-Chairman: 500,000 euros.

The Executive Directors' salary in 2014 is unchanged with respect to the previous year.

Other remuneration paid in kind is detailed in section A.10.

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

**Specifically:**

- **Detail the amount, date of approval, date of implementation, effective period and the main characteristics of the remuneration plans of which the Directors are beneficiaries. For plans involving stock options and other financial instruments, the general features of the plan must include information on the conditions for exercising such options or financial instruments for each plan.**
- **Indicate any payments made under profit-sharing or bonus schemes, and the reason why they were granted.**
- **Detail the basic parameters and grounds for any annual bonus scheme.**
- **The types of Directors (Executive Directors, Proprietary External Directors, Independent Directors or other External Directors) that are beneficiaries of remuneration systems or plans that incorporate variable remuneration.**

- **The foundations of such variable remuneration systems or plans, the criteria chosen to assess performance as well as the components and methods for determining whether or the criteria have been met, and an estimate of the total amount of variable remuneration that would result from the current compensation plan, as a function of the degree to which targets or benchmarks have been met.**

- **Where appropriate, give information on any deferral periods or deferral of payment established and/or retention periods for shares or other financial instruments.**

**Describe the variable components of the remuneration systems:**

**1. Annual variable remuneration system**

Variable remuneration is based essentially on compliance with the financial objectives set out in the annual budgets as well as on the individual professional performance of each Executive Director, as assessed by the Appointments and Remuneration Committee and finally approved by the Board of Directors.

EBITDA, EBT, debt and the other financial objectives established at the beginning of the year, in line with the Company's Strategy, are used to evaluate the attainment of annual financial targets. In addition to the economic value creation, objectives that contribute to development of a business model which promotes balanced, sustainable development and encourages social cohesion are also assessed. The annual assessment of Executive Director performance includes specific sustainability objectives and metrics. Variable remuneration includes the necessary safeguards to ensure that it is linked to the professional performance of its beneficiaries and not simply to the general performance of the market or of the Company's sector of activity.

Annual variable remuneration is paid on an accrual basis after the Board of Directors has authorised the Financial Statements and the specific amount has been established at the proposal of the Appointments and Remuneration Committee.

Only Executive Directors are eligible for remuneration systems which include variable remuneration, as established under article 31.3 of the Articles of Association. No profit-sharing or bonus schemes have been established.

**2. Remuneration linked to the Company's share**

As provided in article 31.4 of the Articles of Association and article 55.6 of the Board of Directors' Regulation, the Executive Directors may be beneficiaries of remuneration systems that comprise the delivery of shares or stock options or any other remuneration system referenced to the share price, subject to prior approval by the Shareholders' Meeting.

By Law and in accordance with the Company's Articles of Association, the decision to offer remuneration linked to the Group's share lies with the Shareholders' Meeting, based on a proposal by the Board of Directors following consultation with the Appointments and Remuneration Committee.

The Shareholders' Meeting in 2009 approved a remuneration plan for specific Executives at ACCIONA Group and Directors of ACCIONA, S.A. with executive functions, consisting of the payment of part of their variable remuneration in ordinary shares of ACCIONA, S.A. with the possibility of exchanging a portion of the shares assigned for options on ordinary shares of ACCIONA, S.A. The individual amount of bonus collected in shares may not exceed 150,000 euros.

The allocation of shares and options to senior management of ACCIONA, including Executive Directors, is governed by the Regulation of the 2009-2013 Plan to deliver shares and options to senior management of ACCIONA and its group. The Plan was extended to 2014 by resolution of the Shareholders' Meeting on 6 June 2013, without prejudice to the fact that the allocation of shares and stock options must be approved by the Shareholders' Meeting on an annual basis.

The Appointments and Remuneration Committee revises the assignment criteria every two years, maintaining proportionality as a function of beneficiaries' level of responsibility.

With a view to aligning the interests of beneficiaries with the Company's long-term performance, the shares must be held for at least 3 years. Accordingly, Executive Directors will not receive the shares until the third year after the year they were delivered, although they are entitled to receive dividends. During that three-year period, the Company reserves the right to buy back the shares at a token price of €0.01 per share in specific cases envisioned in the regulation if the relationship under which the Beneficiary provides his services to the Company is terminated.

Similarly, the Options may be exercised, in whole or in part, three years after they were granted and within a period of three years. Their exercise is conditional upon the Executive maintaining an unbroken relationship with the Group in accordance with the provisions set out in the Plan Regulation.

The terms and conditions of the allocation of shares and options on shares for Executive Directors and Senior Management are set out in section E.1.

**A.5 Describe the main features of the main long-term savings systems, including retirement and any other survivor benefit, partly or wholly funded by the Company, whether endowed internally or externally, with an estimate of their amount or annual equivalent cost, indicating the type of plan, whether defined contribution or defined benefit, the conditions for the vesting of the Directors' economic rights and their compatibility with any type of severance payment for early cancellation or termination of the contractual relationship between the Company and the Director.**

Also indicate payments made to any Director's defined-benefit pension scheme; or any increase in the Director's vested rights when linked to contributions to defined-benefit schemes.

**Describe the long-term saving systems:**

The Company does not have any type of long-term saving scheme for its Executive or non-Executive Directors (including benefit in the event of superannuation or early retirement and any other type of deferred principal or annuity).

**A.6 Indicate any indemnity payments agreed or paid in the event of termination as a Director.**

**Describe the indemnity payments:**

The Company has not signed any agreement establishing compensation in the event of termination as a Director nor has it paid any amount for the termination as Director.

**A.7 Describe the conditions with which contracts with Executive Directors in senior management positions must comply. Among other aspects, give information on the term, limits to the amounts of indemnity, permanence clauses, notice periods and payments in lieu of notice, and any other clauses regarding hiring bonuses, as well as severance payments or golden handshakes for early cancellation or termination of the contractual relationship between the Company and the Executive Director. Include, inter alia, non-compete, exclusivity, permanence or loyalty covenants or agreements and any governing non-competition after termination.**

**Describe the conditions of Executive Directors' contracts:**

The term of the Executive Directors' contract for their executive functions is indefinite. According to article 31.1 of ACCIONA's Articles of Association, Members of the Board of Directors hold office for a term of three years, and can be re-elected once or more times.

According to the Board of Directors' Regulation, Executive Directors must tender their resignation to the Board of Directors and, if the latter deems it appropriate, resign if they are removed from the executive position that resulted in their appointment as Directors.

No indemnity for termination, early or otherwise, of Directors' executive functions has been arranged.

A Director, Executive or otherwise, who concludes his term or is terminated who, for any other reason, ceases to discharge his duties may not, during a period of two years, provide services to competitors without prejudice to the Board of Directors' ability, if it deems fit, to exempt the outgoing Director of these obligations or shorten the duration established in the Regulation.

According to article 45 of the Board of Directors' Regulations, Competing Companies are those that (i) engage in an activity that is identical, similar or complementary to that of ACCIONA or any of the companies in its group; and (ii) regularly and effectively coincide with ACCIONA or any of those companies in the same or similar types of projects, business opportunities or investments.

The following are incompatible with the office of Director:

a) ownership of direct or indirect holdings in companies owned by or which contribute to the results of competitors of ACCIONA or the main companies in its group; and b) the performance of administrative or executive duties or the provision of professional services to such competitors, when the size of the holding or the significance of the duty undertaken may be harmful to ACCIONA's interests or may jeopardise the Director's ability to discharge his/her duties with the due independence and loyalty to the interests of ACCIONA and of its group.

No hiring bonuses, permanence clauses or notice periods have been arranged.

Executive Directors' regular employment relationship with the Company is suspended from the moment they join the Company.

**A.8 Describe any additional remuneration paid to Directors for services rendered other than those inherent to their Directorship.**

**Describe supplementary remuneration items:**

The Directors have not received any other remuneration other than those indicated in this report.

**A.9 Indicate any remuneration granted in the form of advances, loans and guarantees, indicating the interest rate, key features and any amounts finally repaid, as well as the obligations assumed by way of guarantee.**

**Describe the advances, loans and guarantees granted:**

The Directors have not received any type of remuneration in the form of advances, loans or guarantees.

**A.10 Describe the main features of remuneration in kind.**

**Describe any remuneration in kind:**

In addition to the remuneration items discussed above, Directors who perform executive functions receive specific remuneration in kind in connection as follows:

- Vehicle use.

- Health insurance, under the same conditions as ACCIONA Executives.

- Casualty and death benefit insurance, under the same conditions as other group employees and Executives.

**A.11 Indicate the remuneration accruing to the Director by virtue of payments made by the listed company to a third party in which the Director provides services, when such payments are intended to remunerate the Director's work in the Company.**

**Describe the remuneration accruing to the Director by virtue of payments made by the listed company to a third party in which the Director works.**

Remuneration corresponding to Miriam González Durántez for belonging to the Board of Directors and its Committees is paid to DECHERT LLP Office, where she works.

**A.12 Any remuneration other than those listed above, regardless of their nature or the group undertaking that pays it, especially when it may be considered a related-party transaction or when its payment may distort the true and fair view of the total remuneration received by the Director.**

**Describe other remuneration items:**

The Directors have not received any remuneration other than that set out in this report, without prejudice to that which corresponds to them for their status as shareholders.

**A.13 Describe the actions taken by the Company in connection with the remuneration system to reduce excessive risk exposure and match it to the Company's long-term goals, values and interests. Include references to any: measures designed to ensure that the remuneration policy is aligned with the Company's long-term performance; measures to provide an appropriate balance between fixed and variable compensation; measures taken in relation to those categories of staff whose work has a material impact on the undertaking's risk profile; clawback formulae or clauses to claim**

back performance-based variable remuneration when it was paid out on the basis of data that is subsequently proven to be inaccurate; and measures designed to prevent conflicts of interest, where applicable.

**Describe actions taken to reduce the risks:**

Director remuneration for Membership of the Board of Directors and its Committees is a fixed annual amount. The maximum remuneration that Directors may receive for discharging their supervisory functions is that established by the General Shareholders' Meeting.

Variable remuneration takes into account qualitative objectives which contribute to a business model that promotes balanced, sustainable development and social cohesion. Variable remuneration is analysed each year by the Appointments and Remuneration Committee and is submitted to the Board of Directors for final approval.

Moreover, Executive Directors participate in the Share and Stock Options Delivery Plan under the terms set out in the regulation, as detailed in section A.4, the goal being to align remuneration with the Company's long-term objectives and interests.

## B. Remuneration Policy Projected for Future Years

**B.1 Give a general forecast of the remuneration policy for future years, describing the policy with respect to: fixed components and variable remuneration and per diem payments, the relationship between remuneration and performance, providential systems, conditions of Executive Directors' contracts and forecast regarding the most significant changes in remuneration policy with respect to previous years.**

**General forecast of the remuneration policy:**

The Appointments and Remuneration Committee, in the exercise of the functions assigned by the Board of Directors of ACCIONA, periodically reviews the remuneration policy of members of the Company's Board of Directors and its validity on the basis of the Company's remuneration principles and the remuneration provided for equivalent functions at comparable companies.

Accordingly, the Appointments and Remuneration Committee may propose to the Board of Directors any modification in that policy in terms of remuneration items (fixed and variable remuneration, long-term incentives, pension plans, and other remuneration components) and their amounts as a function of the Group's Strategy, the Company's results and legal requirements. At any rate, and in accordance with the Articles of Association, the General Shareholders' Meeting establishes the amount of remuneration ACCIONA may pay to its Directors as a whole for belonging to the Board of Directors and its Committees.

On the date this report was drafted, the Company's internal services were studying the advisability of extending or modifying the Plan to Deliver Shares and Stock Options to management, which includes Executive Directors, and is also analysing the draft law to amend the Capital Companies Act in pursuit of better corporate governance in order to consider possible implications for the Company.

The maximum amount to be paid to the Board of Directors for discharging supervisory functions will continue to be the amount established by the Shareholders' Meeting in 2013, until it is amended by the Shareholders' Meeting.

**B.2 Describe the decision-making process for shaping the remuneration policy planned for future years, and the role, if any, of the Remuneration Committee.**

**Describe the decision-making process for shaping the remuneration policy:**

The Appointments and Remuneration Committee, in the exercise of the functions assigned by the Board of Directors of ACCIONA, periodically reviews the policy for remuneration of Members of the Board of Directors.

Accordingly, the Appointments and Remuneration Committee may propose to the Board of Directors any modification to that policy, in either the remuneration items or their amounts, as a function of the economic context, the Company's results, the Group's Strategy and legal requirements.

Each year, the Appointments and Remuneration Committee will draft a Report on Director Remuneration. This report will be put to an advisory vote as a separate item on the agenda at the General Shareholders' Meeting.

**B.3 Describe the incentives created by the Company in the remuneration system to reduce excessive risk exposure and match it to the Company's long-term objectives, values and interests.**

**Describe the incentives created to reduce risks:**

As detailed in section A.13, variable remuneration takes into account qualitative objectives which contribute to a business model that promotes balanced, sustainable development and social cohesion.

Annual variable remuneration is analysed each year by the Appointments and Remuneration Committee and is submitted to the Board of Directors for final approval.

The Executive Directors also participate in the Plan to Deliver Shares and Stock Options, in accordance with the terms set out in the regulation, as indicated in section A.4 with the goal of aligning remuneration for the Company's long-term objectives and interests.

As detailed in section B.1 above, the Company's internal services are analysing the advisability of extending or modifying the Plan to Deliver Shares and Stock Options to management, which includes Executive Directors.

## C. Overall Summary of How the Remuneration Policy Was Applied During the Financial Year of Reference

**C.1 Give a brief description of the main features of the structure and remuneration items of the remuneration policy applied during the last financial year, with a breakdown of the individual remuneration accrued by each of the Directors listed in Section D of this report, and a summary of the resolutions passed by the Board to implement those items.**

**Describe the structure and remuneration items of the remuneration policy applied during the year:**

Fixed remuneration for Directors for discharging supervisory functions was reduced by 10% with respect to previous years. Non-Executive Directors do not receive any type of variable remuneration.

Executive Directors' salary remained unchanged with respect to the previous year, and has not increased in the last three years.

With respect to annual variable remuneration, the aggregate amount of variable remuneration collected in 2013 by Directors who performed executive functions was approximately 10% less than the previous year.

With respect to remuneration linked to the Company's shares, at the proposal of the Board of Directors and following a report from the Appointments and Remuneration Committee, the Shareholders' Meeting approved the delivery of 4,002 shares and 10,138 options in total to the Executive Directors under the conditions established in the plan regulation. The individual variable remuneration disclosed in this report is the result of decisions by the Board in its overall evaluation of compliance with the financial targets established in the annual budgets and in the assessment of the professional performance by each Executive Director, which includes qualitative objectives which contribute to a business model that promotes balanced, sustainable development and social cohesion.

## D. Individual Remuneration Accrued By Each Director

Name	Type	Accrual period for 2013
JOSE MANUEL ENTRECANALES DOMEQ	Executive	From 01/01/2013 to 31/12/2013.
JUAN IGNACIO ENTRECANALES FRANCO	Executive	From 01/01/2013 to 31/12/2013.
JAIME CASTELLANOS BORREGO	Independent	From 01/01/2013 to 31/12/2013.
CONSUELO CRESPO BOFILL	Independent	From 01/01/2013 to 31/12/2013.
SOL DAURELLA COMADRÁN	Independent	From 01/01/2013 to 31/12/2013.
CARLOS ESPINOSA DE LOS MONTEROS Y BERNALDO DE QUIRÓS	Independent	From 01/01/2013 to 31/12/2013.
VALENTÍN MONTOYA MOYA	Other External	From 01/01/2013 to 31/12/2013.
FERNANDO RODÉS VILÀ	Independent	From 01/01/2013 to 31/12/2013.
BELÉN VILLALONGA MORENÉS	Independent	From 01/01/2013 to 31/12/2013.
MIRIAM GONZÁLEZ DURÁNTEZ	Independent	From 01/01/2013 to 31/12/2013.
JUAN MANUEL URGOITI Y LÓPEZ OCAÑA	Independent	From 01/01/2013 to 06/06/2013.
JUAN CARLOS GARAY IBARGARAY	Independent	From 06/06/2013 to 31/12/2013.
DANIEL ENTRECANALES DOMEQ	Proprietary	From 01/01/2013 to 31/12/2013.
JAVIER ENTRECANALES FRANCO	Proprietary	From 01/01/2013 to 31/12/2013.

**D.1 Complete the following tables on the individual remuneration accrued during the year by each of the Directors (including remuneration for carrying out executive functions).**

**a) Remuneration accrued in the reporting Company:**

**i) Remuneration in cash (thousand euros)**

Name	Wages	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Indemnities	Other items	2013 total	2012 total
JOSE MANUEL ENTRECANALES DOMEQ	1,000	68	0	2,967	0	0	0	16	4,051	4,374
JUAN IGNACIO ENTRECANALES FRANCO	500	68	0	1,023	0	0	0	13	1,604	1,706
JAIME CASTELLANOS BORREGO	0	68	0	0	0	103	0	0	171	165
DANIEL ENTRECANALES DOMEQ	0	68	0	0	0	36	0	0	104	115
JAVIER ENTRECANALES FRANCO	0	68	0	0	0	18	0	0	86	75
SOL DAURELLA COMADRÁN	0	68	0	0	0	22	0	0	90	75
CARLOS ESPINOSA DE LOS MONTEROS Y BERNALDO DE QUIRÓS	0	68	0	0	0	67	0	0	135	175
BELÉN VILLALONGA MORENÉS	0	68	0	0	0	0	0	0	68	75
FERNANDO RODÉS VILA	0	68	0	0	0	72	0	0	140	155
MIRIAM GONZÁLEZ DURÁNTEZ	0	68	0	0	0	45	0	0	113	125
JUAN CARLOS GARAY IBARGARAY	0	34	0	0	0	18	0	0	52	0
CONSUELO CRESPO BOFILL	0	68	0	0	0	36	0	0	104	115
VALENTÍN MONTOYA MOYA	0	68	0	0	0	126	0	0	194	215
JUAN MANUEL URGOITI Y LÓPEZ OCAÑA	0	34	0	0	0	70	0	0	104	230

**ii) Share-based remuneration systems**

JUAN IGNACIO ENTRECANALES FRANCO 2009 Plan												
Options held at the beginning of 2013							Options assigned during 2013					
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period		
24/06/2009	1,013	1,013	89.00	04/12 a 03/15			0	0	0.00			
Conditions:												
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end				
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	1,013	1,013	89.00	04/12 to 03/15	
Other requirements for exercise:												
JUAN IGNACIO ENTRECANALES FRANCO 2010 Plan												
Options held at the beginning of 2013							Options assigned during 2013					
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period			No. of options	Shares affected	Strike price (€)	Exercise period		
23/06/2010	3,600	3,600	91.10	04/13 a 03/16			0	0	0.00			
Conditions:												
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end				
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	3,600	3,600	91.10	04/13 to 03/16	
Other requirements for exercise:												

JUAN IGNACIO ENTRECANALES FRANCO 2013 Plan												
Options held at the beginning of 2013						Options assigned during 2013						
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period		No. of options	Shares affected	Strike price (€)	Exercise period			
06/06/2013	0	0	0.00			0	0	0.00				
Conditions:												
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end				
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period	
2,668	47.40	127	0.00	0	0	0	0	0	0	0.00		
Other requirements for exercise:												

JOSE MANUEL ENTRECANALES DOMEQ 2009 Plan												
Options held at the beginning of 2013						Options assigned during 2013						
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period		No. of options	Shares affected	Strike price (€)	Exercise period			
24/06/2009	2,529	2,529	89.00	04/12 a 03/15		0	0	0.00				
Conditions:												
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end				
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	2,529	2,529	89.00	04/12 to 03/15	
Other requirements for exercise:												

JOSE MANUEL ENTRECANALES DOMEQ 2010 Plan												
Options held at the beginning of 2013						Options assigned during 2013						
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period		No. of options	Shares affected	Strike price (€)	Exercise period			
23/06/2010	4,342	4,342	91.10	04/13 a 03/16		0	0	0.00				
Conditions:												
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end				
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	4,342	4,342	91.10	04/13 to 03/16	
Other requirements for exercise:												

JOSE MANUEL ENTRECANALES DOMEQ 2011 Plan												
Options held at the beginning of 2013						Options assigned during 2013						
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period		No. of options	Shares affected	Strike price (€)	Exercise period			
29/06/2011	4,874	4,874	53.00	04/14 a 03/17		0	0	0.00				
Conditions:												
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end				
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	4,874	4,874	53.00	04/14 to 03/17	
Other requirements for exercise:												

JOSE MANUEL ENTRECANALES DOMEQ 2012 Plan											
Options held at the beginning of 2013						Options assigned during 2013					
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period		No. of options	Shares affected	Strike price (€)	Exercise period		
25/05/2012	9,995	9,995	66.73	04/15 a 03/18		0	0	0.00			
Conditions: .											
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end			
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period
0	0.00	0	0.00	0	0	0	0	9,995	9,995	66.73	04/15 to 03/18
Other requirements for exercise: .											

JOSE MANUEL ENTRECANALES DOMEQ 2013 Plan											
Options held at the beginning of 2013						Options assigned during 2013					
Date of implementation	No. of options	Shares affected	Strike price (€)	Exercise period		No. of options	Shares affected	Strike price (€)	Exercise period		
06/06/2013	0	0	0.00			10,138	10,138	56.21	04/16 to 03/19		
Conditions: .											
Shares delivered in 2013			Options exercised in 2013				Options vested but not exercised	Options at 2013 year-end			
No. of shares	Price	Amount	Strike price (€)	No. of options	Shares affected	Gross gain (m€)	No. of options	No. of options	Shares affected	Strike price (€)	Exercise period
1,334	47.40	63	0.00	0	0	0	0	0	0	0.00	
Other requirements for exercise: .											

## iii) Long-term savings systems

## b) Remuneration accrued by Company Directors for belonging to boards of other Group companies:

## i) Remuneration in cash (thousand euros)

Name	Wages	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Indemnities	Other items	2013 total	2012 total
JOSE MANUEL ENTRECANALES DOMEQ	0	0	0	0	0	0	0	0	0	0
JUAN IGNACIO ENTRECANALES FRANCO	0	0	0	0	0	0	0	0	0	0
JAIME CASTELLANOS BORREGO	0	0	0	0	0	0	0	0	0	0
DANIEL ENTRECANALES DOMEQ	0	0	0	0	0	0	0	0	0	0
JAVIER ENTRECANALES FRANCO	0	0	0	0	0	0	0	0	0	0
SOL DAURELLA COMADRÁN	0	0	0	0	0	0	0	0	0	0
CARLOS ESPINOSA DE LOS MONTEROS Y BERNALDO DE QUIRÓS	0	0	0	0	0	0	0	0	0	0
BELÉN VILLALONGA MORENÉS	0	0	0	0	0	0	0	0	0	0
FERNANDO RODÉS VILÀ	0	0	0	0	0	0	0	0	0	0
MIRIAM GONZÁLEZ DURÁNTEZ	0	0	0	0	0	0	0	0	0	0
JUAN CARLOS GARAY IBARGARAY	0	0	0	0	0	0	0	0	0	0
CONSUELO CRESPO BOFILL	0	0	0	0	0	0	0	0	0	0
VALENTÍN MONTOYA MOYA	0	0	0	0	0	0	0	0	0	0
JUAN MANUEL URGOITI Y LÓPEZ OCAÑA	0	0	0	0	0	0	0	0	0	0

## ii) Share-based remuneration systems

## iii) Long-term savings systems

### c) Summary of remuneration (thousand euros):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to the Director, in thousand euros.

Where there are long-term saving systems, include contributions or endowments made to such systems:

Name	Remuneration accrued in the Company				Remuneration accruing to Group companies				Total		Contributions to savings systems during the year
	Total cash remuneration	Value of shares granted	Gross gain on options exercised	2013 Total - Company	Total cash remuneration	Value of shares delivered	Gross gain on options exercised	2013 Total - Group	2013 Total	2012 Total	
JOSE MANUEL ENTRECANALES DOMEQ	4,051	63	0	4,114	0	0	0	0	4,114	4,425	0
JUAN IGNACIO ENTRECANALES FRANCO	1,604	127	0	1,731	0	0	0	0	1,731	1,808	0
JAIME CASTELLANOS BORREGO	171	0	0	171	0	0	0	0	171	165	0
DANIEL ENTRECANALES DOMEQ	104	0	0	104	0	0	0	0	104	115	0
JAVIER ENTRECANALES FRANCO	86	0	0	86	0	0	0	0	86	75	0
SOL DAURELLA COMADRÁN	90	0	0	90	0	0	0	0	90	75	0
CARLOS ESPINOSA DE LOS MONTEROS Y BERNALDO DE QUIRÓS	135	0	0	135	0	0	0	0	135	175	0
BELÉN VILLALONGA MORENÉS	68	0	0	68	0	0	0	0	68	75	0
FERNANDO RODÉS VILÀ	140	0	0	140	0	0	0	0	140	155	0
MIRIAM GONZÁLEZ DURÁNTEZ	113	0	0	113	0	0	0	0	113	125	0
JUAN CARLOS GARAY IBARGARAY	52	0	0	52	0	0	0	0	52	0	0
CONSUELO CRESPO BOFILL	104	0	0	104	0	0	0	0	104	115	0
VALENTÍN MONTOYA MOYA	194	0	0	194	0	0	0	0	194	215	0
JUAN MANUEL URGOITI Y LÓPEZ OCAÑA	104	0	0	104	0	0	0	0	104	230	0
<b>TOTAL</b>	<b>7,016</b>	<b>190</b>	<b>0</b>	<b>7,206</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,206</b>	<b>7,753</b>	<b>0</b>

### D.2 Describe the relationship between the remuneration received by the Directors and the undertaking's earnings or other performance indicators, detailing how any variations in the Company's performance influenced the variation in Directors' remuneration.

Director remuneration for belonging to the Board of Directors and its Committees is fixed, as detailed in section A.3 and, therefore, it bears no relationship to the Company's earnings or other metrics of performance during the year.

With respect to Executive Directors, remuneration for their executive functions is directly related to the Company's earnings and the evaluation of their professional performance. Variable remuneration is based essentially on meeting the economic objectives set out in the annual budget, as described in section A.4. The Appointments and Remuneration Committee evaluates the results and submits its proposal to the Board of Directors for final approval.

### D.3 Describe the outcome of the consultative vote at the Annual Meeting on the annual remuneration report for the previous year, indicating the number of votes cast against, if any:

	Number	% of total
Votes cast	45,376,709	79.21%

	Number	% of total
Votes against	4,680,376	8.13%
Votes in favour	40,623,290	70.94%
Abstentions	73,043	0.14%

## E. Other Information of Interest

**If there are any material aspects relating to Directors' remuneration that could not be disclosed in other sections of this report but that are necessary to provide a more comprehensive and fully reasoned picture of the remuneration structure and practices for the Company's Directors, describe them briefly.**

### Note on section A.4.

The Plan Regulation regulates the annual assignment of the bonus in the form of Shares and the individual amount of the bonus in the terms detailed below:

#### A) Share Delivery.

For each year of the Plan (2009-2014), the Board of Directors may assign a specific number of Company Shares to the Beneficiaries, to be given for no consideration, as part of variable remuneration assigned by the Board of Directors.

The total number of Shares assigned to the Beneficiaries in a specific year will be known as the "Share Bonus". The Board of Directors will also determine the number of Shares assigned to each Beneficiary, with respect to the limits established in the Regulation. The part of the bonus in Shares allocated to each Beneficiary in a specific year will be known as the "Individual Bonus Amount".

The Board of Directors will determine the Share Bonus and the Individual Bonus Amount for each Beneficiary in March of each year, following a proposal by the Appointments and Remuneration Committee. The Appointments and Remuneration Committee will revise the assignment criteria every year, which must be proportional to the Executives' level of responsibility.

The Shares to be delivered will be newly issued or existing, or a combination of both.

#### B) Quantification in monetary terms and in Shares.

The Bonus Shares and Individual Bonus Amount may be set by the Board of Directors as a monetary amount, in which case they will be converted into a specific number of Shares at a price per Share which will be the closing price of the Company's share on Spain's Electronic Market on the last trading day in March of the calendar year in which the Shares are delivered (the "Annual Reference Price of the Share"). The number of Shares will be rounded down to the nearest whole number.

#### C) Exchange ratio between Shares and Options.

Once the Bonus in Shares has been set for each year, the Board of Directors will establish a fixed exchange ratio between Shares and Options. The ratio will be established freely by the Board of Directors, after considering the Annual Reference Price of the Share and any market value of the Options in transactions between independent parties, as defined in the Regulation. The Options will be subject to the rules and conditions set out in the Regulation.

#### D) Partial replacement of Shares with Options at the choice of the Beneficiary.

Once the Beneficiary has been notified of the Individual Bonus Amount assigned and the exchange ratio between Shares and Options, the Beneficiary may opt to replace a portion not exceeding fifty per cent (50%) of the assigned Shares with Options.

The Beneficiary's decision must be notified to the Company within fifteen (15) calendar days. Absent such notification, it will be understood that the Beneficiary is not replacing Shares and will receive the Individual Bonus Amount entirely in Shares.

#### E) Maintenance of Shares and Options.

With a view to aligning the interests of beneficiaries with the Company's long-term performance, the Regulation of the Plan establishes that the Shares must be held for at least 3 years.

Therefore, Executive Directors may not dispose of Shares until the third year after the year in which they were delivered, although they will be entitled to receive dividends.

During that three-year period, the Company reserves the right to buy back the Shares at a token price of €0.01 per Share if the employment or civil or mercantile law relationship under which the Beneficiary provides his/her services is terminated in specific cases envisioned in the regulation of the plan, including Executive Directors.

Similarly, the Options may be exercised, in whole or in part, once three years have elapsed since they were granted and within the following three years. Their exercise is conditional upon the Executive maintaining an unbroken relationship with the Group in accordance with the provisions set out in the Plan Regulation.

### Note on section D.2.

At the proposal of the Appointments and Remuneration Committee, on 10 April the Board of Directors meeting approved the following variable remuneration:

The variable remuneration paid to the Executive Chairman in 2014 was 2,040,000 euros, 30% less than in the previous year.

The variable remuneration paid to the Executive Vice-Chairman in 2014 was 765,000 euros, 15% less than in the previous year.

The variable remuneration received by management in 2014 was 12% lower than in the previous year.

With respect to remuneration linked to Company Shares, following a report from the Appointments and Remuneration Committee, the Board of Directors has proposed to deliver a total of 3,340 Shares to Executive Directors in the conditions established in the Plan Regulation. The beneficiaries must decide if they want to receive a portion not exceeding fifty per cent of the assigned Shares in the form of Options, as set out in the Plan.

The reference value and the option strike price will be 62.84 euros per Share as provided under the Plan since that was the closing price of the Shares on Spain's Electronic Market on the last day of March. The delivery of Shares and Options will be submitted for approval by the Shareholders' Meeting to which the Financial Statements for the year ended 31 December 2013 are submitted for approval.

This Annual Report on the Remuneration of Directors was approved by the Company's Board of Directors on 10 April 2014.

**Indicate whether any Board Members voted against or abstained with respect to the approval of this report.**

Yes		No	X
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