

## Corporate Governance

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The Board of Directors  
concentrates  
its attention on  
the Company's  
strategic approach  
and monitoring  
performance of its  
business objectives



## A governance model based on value creation

The Company's corporate governance practices are based on both internal and external guidelines and recommendations.

the Company's decisions are designed to maximize long-term value creation for its owners and society as a whole.

ACCIONA's corporate governance rules, procedures and controls aim to assure investors and other stakeholders that

## The Company's governing bodies

<b>The General Shareholders' Meeting</b>	The sovereign decision-making body of the owners of the Company, and the highest level decision-making body in ACCIONA. Its responsibilities include approving the composition of the Company's Board of Directors, decisions on remuneration policy and allocation of profits.
<b>The Board of Directors</b>	Guides, supervises and controls issues affecting the Company on behalf of its owners. Its members are chosen by the General Shareholders' Meeting. Its responsibilities include determining the Company's strategic approach, and oversight of compliance with objectives. It also ensures that the Company has the policies, processes and controls in place for compliance with applicable internal and external regulations.
<b>Board of Directors' Committees</b>	Monitor certain key issues for the Company and its owners on behalf of the Company's Board of Directors. Their work includes monitoring the effectiveness of internal risk management and control systems. They also ensure that the Board of Directors has the capabilities and competences needed, and aligns remuneration policy to balance the long-term interests of management and owners.
<b>Senior management</b>	Responsible for day-to-day management of the Company under the supervision of the Board of Directors, which sets objectives and regularly monitors performance. The chief executive and senior management report to the Board regularly on compliance with the objectives. The heads of each business and unit are responsible for ensuring their areas function efficiently and in accordance with the policies and procedures established by the governance bodies.

The Board of Directors ensures that it is informed of, and deliberates on and supervises the Company's main risks, challenges and decisions. It also exercises control over the most significant short, medium and long-term financial and non-financial issues affecting ACCIONA. The Directors therefore dedicate their time to the questions that are most relevant to creating value: strategy, risk management, developing the management model and regulatory and compliance questions.

## A focus on strategy, risks and compliance

The Board of Directors pays particular attention to the Company's strategic approach and monitoring its business objectives. The last meeting of the year is dedicated to analyzing, refining and determining the following year's strategy. Once the strategy has been defined, it is used in preparing business plans for the Company's divisions. The Board monitors performance of the objectives under these plans every month. The Board also carries out an in-depth quarterly assessment of the objectives in the Company's business plan as part of the process of preparing the financial statements.

The senior managers report regularly and formally on the business plan performance to the Board.

ACCIONA's Board of Directors meets monthly to assess the business units in detail, and is in regular contact with the Company's senior managers. The Chairmen of the Board Committees undertake this task independently. The regular work of the governance team includes assessing markets, strategies and risks, requesting the documentation required for such activities from the units.

The Board's main responsibilities also include overseeing the adequacy of the Company's risk control and management systems. The Audit Committee carries out an in-depth review of the key risks facing the Company's management and across its businesses. This work includes annual guidance and supervision of risk maps and the risk mitigation plans put in place. The Sustainability Committee monitors the

Company's non-financial risks, ensuring that ACCIONA has in place the policies, processes and controls needed to handle these risks.

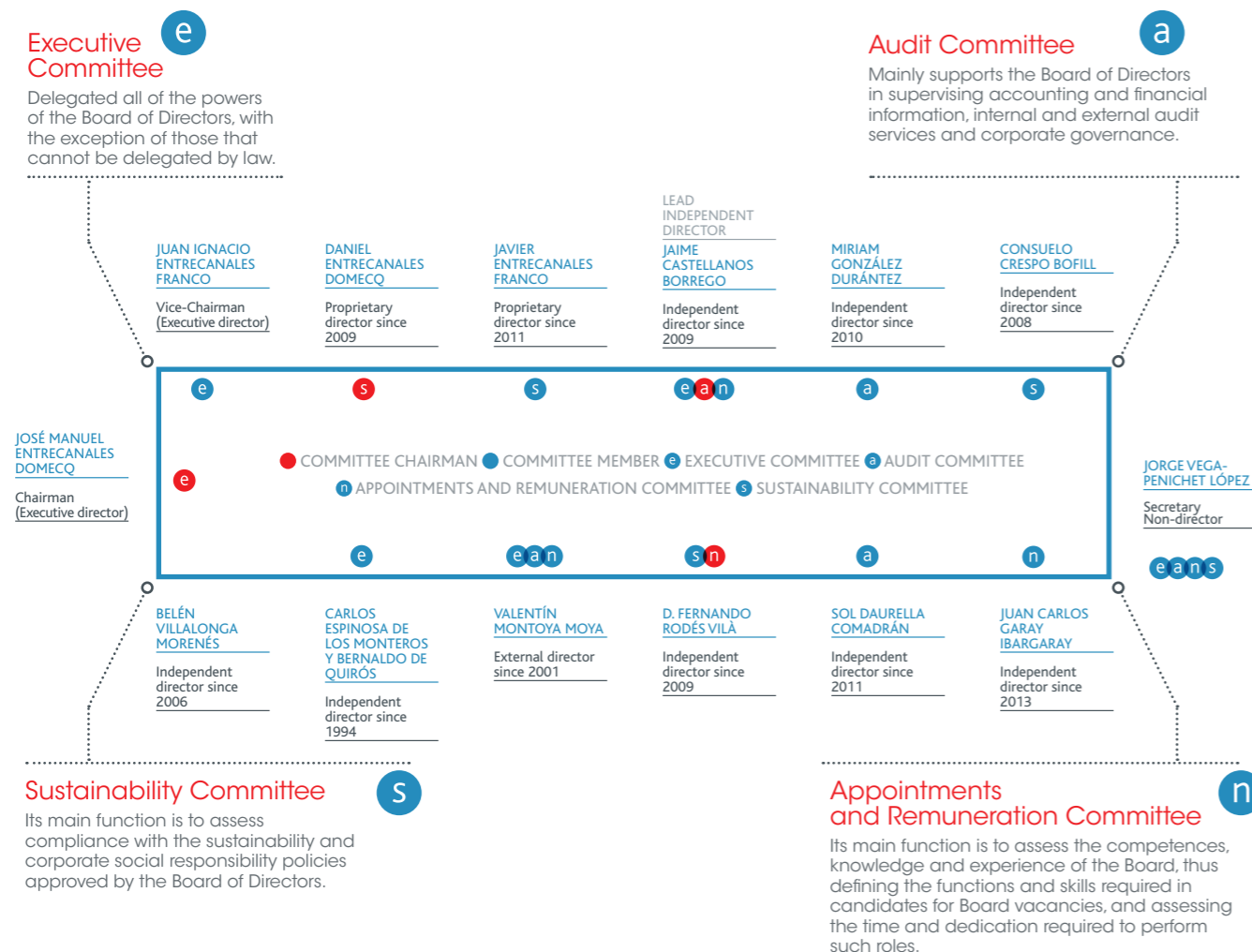
One of the Board of Director's main tasks is to contribute to an appropriate ethical attitude and compliance throughout the organization. In this regard, the Board has the ultimate responsibility for the Company having in place an effective ethical model, and for ensuring that both the letter and the spirit of all internal and external regulations applicable to the Company and its employees are complied with in full. The Board leads work to ensure the Company's compliance. In April 2013, the Board of Directors' Sustainability Committee approved the Corporate Policies Book, which covers issues such as sustainability, anticorruption, risk management, biodiversity and human rights.

## A structure that ensures incentives are aligned...

The purpose of corporate governance best practices is to ensure that companies are managed as efficiently as possible in the interests of their owners and other stakeholders.

The Company's Board of Directors has chosen the current structure to safeguard the interests of its owners and other stakeholders and to generate market confidence. This structure is based on criteria of complementarity, balance, professionalism and diversity, seeking to ensure that the interests of all owners are upheld.

The Board is currently comprised of 13 members, of whom nine are external to ensure that free-float interests are protected (eight of these being independent directors with the other being classified as an external director); two others are proprietary directors representing significant shareholders, with the remaining two directors being the Chairman and the Vice Chairman in their executive capacities.



## ...and facilitates performance of the responsibilities assigned

The Board Committees facilitate the guidance, supervision and control responsibilities of the Company's Board of Directors.

There are currently three Committees and one delegated commission. The

Committees determine the schedule for their own meetings and their annual work programs, collecting the reports they deem appropriate for their deliberations and for decisions on issues submitted to them for consideration. They meet six times a year, on average.

As an additional guarantee for the owners, the Company has now designated a Lead Independent Director. This person is an independent director who is empowered, among other things, to call Board meetings.

<b>Executive Committee</b>	Delegated all the powers of the Board of Directors in exceptional circumstances.
<b>Appointments and Remuneration Committee</b>	Its main functions include assessing the competences, knowledge and experience of the Board and Senior Management; selecting candidates for the Board of Directors; proposing the appointment of independent directors; considering and organizing the Chairman's succession; and assessing the remuneration system and payments to directors and senior managers, and ensuring the transparency of this system. It is chaired by an independent director and comprised exclusively of non-executive directors.
<b>Audit Committee</b>	Supports the Board of Directors in supervising accounting and financial information, internal and external audit services and corporate governance. It is chaired by an independent director and comprised exclusively of non-executive directors.
<b>Sustainability Committee</b>	Responsible for identifying and guiding the Group's corporate social responsibility and sustainability policies, objectives, best practices and programs; assessing, monitoring and reviewing implementation plans for these policies and submitting budgets to the Board of Directors, as necessary; and for preparing the annual Sustainability Report for approval by the Board. It is chaired by a non-executive director and comprised exclusively of non-executive directors.

### LEAD INDEPENDENT DIRECTOR

It was agreed on 6 June 2013 to modify Article 19.4 of the Regulations of the Board of Directors to read as follows:

"The Board of Directors, at the proposal of the Appointments and Remuneration Committee, will designate one of the Independent Directors as the *Lead Independent Director*, who will:

- a) Coordinate the work of external directors appointed by the Company in defense of the interests of all Company shareholders, and serve as the spokesperson for the concerns of such directors;
- b) Request that the Chairman of the Board of Directors call a meeting of the Board, and the inclusion of items on the Agenda when appropriate under the standards of good governance; and
- c) Direct the evaluation by the Board of Directors of its Chairman."

## Composition of the Board of Directors

The professional profiles and experience of the members of the Company's Board of Directors combine the competences and skills required for the responsibilities entrusted to them.

CHAIRMAN	
<b>José Manuel Entrecanales Domecq</b>	<p><b>Mr. Entrecanales Domecq</b> began his professional career with Merrill Lynch in London and New York in 1985. In 1991 he joined ACCIONA, where he was Corporate Development Director and Finance Director before being named Chairman in 2004.</p> <p><b>From 1994 to 2000</b> he was a Board Member of Vodafone España, and from 2000 to 2007 he was Chairman of Vodafone España and its Foundation. From 2007 to 2009 he was Executive Chairman of Endesa, as a result of ACCIONA's stake in its capital.</p> <p><b>He is an active member of some of the main corporate organizations promoting</b> sustainable development and the fight against climate change.</p> <p><b>In 2013 he was elected to the Advisory Council of the UN and World Bank Sustainable Energy For All</b> initiative. He is a member of the Executive Committee of the World Business Council for Sustainable Development (WBCSD), and a member of the UN Global Compact and the Corporate Leaders Group on Climate Change (EUCLG).</p>
VICE-CHAIRMAN	
<b>Juan Ignacio Entrecanales Franco</b>	<p>Mr. Juan Ignacio Entrecanales holds an Industrial Engineering Degree from Tufts University (1990) and an Executive MBA from the Instituto de Empresa business school (1996). He began his professional career at Arthur Andersen in 1991 and joined ACCIONA in 1993. He was Deputy Director of Construction from 1995 until his appointment as Executive Vice Chairman of ACCIONA Infrastructure in 1997.</p> <p>In 2004 he was appointed as Vice Chairman of ACCIONA and Chairman of ACCIONA Infrastructure.</p> <p>His international responsibilities have included being the Chairman of Mostostal Warszawa from 2001 to 2007, leading the expansion of ACCIONA Infrastructure in Poland.</p>
GENERAL SECRETARY	
<b>Jorge Vega-Penichet López</b>	<p>Mr. Vega-Penichet López holds a degree in Law from Madrid's Complutense University, 1980; Visiting Scholar, Yale Law School, 1981; Graduate of the Academy of American and International Law, The Southwestern Legal Foundation, 1983.</p> <p>Since 2006 he has been the General Counsel and Secretary of the Board of Directors; Chairman of ACCIONA Trasmediterranea since 2008; Chairman of Bestinver since 2007.</p> <p>Chambers of M. Vega-Penichet; 1983-2006: Co-Managing Partner and Managing Partner of the M&amp;A Department; 1980-1983: Corporate Department.</p> <p>Other: Former Secretary and member of the Board of Directors of Avanzit S.A. (2005). Member of the Board of Directors of Endesa (2009).</p>
INDEPENDENT DIRECTORS	
<b>Belén Villalonga Morenés</b>	<p>Professor at Harvard Business School where she has been teaching finance and business assessment to MBA and PhD students, and programs for business executives since July 2001. She holds a PhD in Business Management and a Masters Degree in Economics from the University of California (Los Angeles). She graduated and later earned her PhD in Economic and Business Science from the Complutense University of Madrid, where she was also a professor. Her areas of specialization include corporate finance, corporate management and business strategy.</p>
<b>Carlos Espinosa de los Monteros y Bernaldo de Quirós</b>	<p>Lawyer, graduate in Business Science (ICADE) and Commercial Expert and State Economist. Former Vice Chairman of the state industrial holding company INI; Chairman of Iberia and Aviaco; Chairman of the Businessmen's Circle and Chairman and Managing Director of Mercedes-Benz España, S.A. He is currently Chairman and Managing Director of Fraternidad Muprespa (a mutual benefit association for accidents in the workplace), and a member of the Inditex Board of Directors.</p>
<b>Consuelo Crespo Bofill</b>	<p>A trustee of the Mirada Solidaria Foundation, a member of Advisory Council of the Esplai Foundation and a member of the governing board of Deusto University. Chairperson of UNICEF España, an independent member of the Board of Directors of Tubacex, S.A. Lecturer on the masters program on international cooperation at universities of the Basque Country and Barcelona and at Madrid's Complutense University.</p>
<b>Fernando Rodés Vilà</b>	<p>Vice Chairman of the Paris-based Havas Group. He began his career in 1985 in the capital markets department of the Manufacturers Hanover Trust Bank. He was appointed CEO of Media Planning, S.A. in 1994. In 2006 he became the CEO of the Havas Group, the fifth largest communications, marketing and advertising group in the world, which is listed on the Paris stock exchange (HAV); he held this position until March 2012. He is the Chairman of Neometrics, a director of other companies in his family-owned group, a trustee of the Natura/Accionatura Foundation and Chairman of the Advisory Council for Sustainable Development of Catalonia.</p>

INDEPENDENT DIRECTORS	
<b>Jaime Castellanos Borrego</b>	<p>Chairman and CEO of the Recoletos Communication Group from 1991 until its sale in 2007. Currently Chairman of Willis Iberia and Lazard Asesores Financieros. He is also on the Board of Directors of Vocento and is the Vice Chairman of the Seres Foundation.</p>
<b>Sol Daurella Comadrán</b>	<p>Degree in Business Studies and MBA from ESADE. Executive chairman of Coca-Cola Iberian Partners, S.A. She is also an External Independent Director and member of the audit and control committee of Banco de Sabadell, S.A. She is an External Independent Director and Chairperson of the audit and control committee, and a member of the appointments and remuneration committee of Ebro Foods, S.A. She is Co-Chair of the Cacaolat, S.L. group and a trustee of various foundations (ESADE, FERRO-VHIO, Science Health and Education, and Friends of the Prado).</p>
<b>Juan Carlos Garay Ibaragaray</b>	<p>Studied at the University of Southern California's Marshall School of Business, MBA. Studied at Duke University. Fuqua School of Business. Senior Executive Program.</p> <p>His career includes time at Citibank (1980 – 1989) where he was the Chairman, and as chief executive for Citicorp for Spain and Portugal.</p> <p>In 2000 he was appointed CEO of Deutsche Bank for the Iberian Peninsula, and was responsible for the Personal Banking division for the whole of Europe, except Germany.</p> <p>From 2005 to 2008 he was Chairman of Deutsche Bank in Spain.</p>
<b>Miriam González Durántez</b>	<p>Graduate in Law from the University of Valladolid, Master's degree from the College of Europe and Senior Associate Member, St. Anthony's College at Oxford University. She has advised the Foreign and Commonwealth Office and the European Union on the Middle East, and was a member of the cabinet of two EU foreign affairs commissioners from 1999 to 2004. At present, she is a partner and heads the international trade and European government relations departments of the law firm Dechert LLP and is Vice President of Canning House in London.</p>
EXTERNAL DIRECTORS	
<b>Valentín Montoya Moya</b>	<p>Graduate in Business Studies from Madrid's Complutense University, he has been with the Group since the start of his career. From 1986 to 1992 he was the Head of the Audit Department for the Entrecanales Group, following which he became the Deputy Executive Director of Finance.</p> <p>In 1997 he became the Director of Financial Control for ACCIONA, S.A., and became a director in 2001, becoming the Chief Financial Officer and a board member in 2004.</p> <p>He has also been a director of Endesa, S.A., Airtel Móvil, S.A. and Hidroeléctrica de Navarra, S.A. (EHN). He has been an External Director of ACCIONA, S.A. since 2009.</p>
PROPRIETARY DIRECTORS	
<b>Daniel Entrecanales Domecq</b>	<p>Mr. Entrecanales holds a degree in Economics from the Carroll School of Management of Boston College. He joined the Anglo-Dutch multinational Unilever in Madrid in 1993. Two years later he moved to Milan in Italy as the Project Manager for the Company's International R&amp;D Center, developing its global products and strategies. In 1998 he returned to Madrid as Director of Marketing and Communication for Loewe (LVMH Group) with worldwide responsibilities for marketing, communication, merchandising and architecture, and as a member of the Management Committee. From 2001 to 2004 he was the General Manager of Grupo Cinnabar, S.A., a retail textile company, focusing on reorientation of the Group's strategies.</p> <p>In 2003, he simultaneously founded and chaired the Revolution advertising and communication agency with a group of executives from the sector. He has also been involved in and a director of various companies in several sectors.</p>
<b>Javier Entrecanales Franco</b>	<p>Holds a degree in Business and Economics from the Colegio Universitario de Estudios Financieros (CUNEF) with an Executive MBA from the Instituto de Empresa business school. He began his career in 1997 as an Audit Analyst for Price Waterhouse Coopers Madrid. In 2000 he moved to New York to work as an associate in the Corporate Finance Department of BBVA Securities Inc, and was responsible for advising Latin American companies on mergers and acquisitions and takeover bids. In 2004 he returned to Spain as the Vice President of the Leveraged Finance Department of Banco Bilbao Vizcaya Argentaria, S.A., working in close collaboration with the Bank's risk management area. In 2005 he moved to BNP Paribas as head of its Acquisitions Financing Department for Spain and Portugal, and was responsible for structuring and executing acquisitions for corporate clients. He has also undertaken teaching activities for the new generation of Master's courses at the BBVA School of Finance.</p>