CORPORATE GOVERNANCE

Ethical behavior and transparency as trust generators

Our integrity and corporate governance framework are contained in our Internal Code of Conduct and Policies Book, thereby guaranteeing responsible management.

2014

Challenges	Advances
■ Perform an external diagnosis of corporate governance (anti-corruption and human rights)	■ External diagnosis for the Prevention of Offenses and Anti-Corruption Program carried out at all activities in Spain ■ Ongoing external human rights diagnosis
■ Draw up an anti-corruption program	■ Program for the Prevention of Offenses and Anti-Corruption being drawn up (due to conclude at end of first half 2015)
■ Conduct anti-corruption training workshop for executives	■ Training material being prepared
■ Adapt the Code of Conduct to the reformed Spanish Penal Code	■ Adaptation in progress following approval of reform on January 21, 2015

2015

Challenges

■ Carry out international diagnosis of the Program for the Prevention of Offenses and Anti-Corruption

■ Roll out Prevention of Offenses and Anti-Corruption Program in Spain

■ Offer training workshops for executives and key staff affected by the Prevention of Offenses and Anti-Corruption Program

■ Roll out improvement measures following human rights diagnosis

■ Extend scope of environmental responsibility training

■ Adapt governance regulations to legislative and corporate governance changes

We are working on gradually introducing improvements to our corporate governance structure to add real value to the company. In 2014 we:

→ Extended the scope of the risk identification study to 12 countries in total

→ Carried out an external diagnosis of prevention of offenses and anti-corruption at all activities in Spain

→ Started drawing up a human rights risk Diagnosis for the entire group

Corporate Governance

One of ACCIONA's pledges in the area of corporate governance is the ongoing improvement, enhancing transparency and efficiency and adapting its corporate governance. This is decisive to building long-term trust and commitment between ACCIONA and its stakeholders.
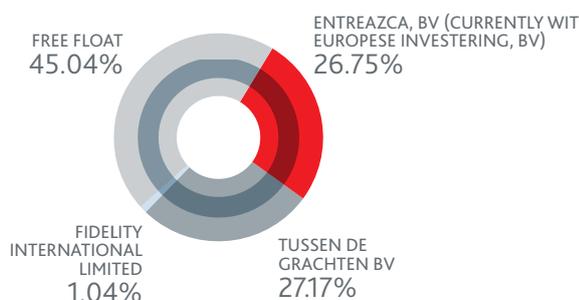
Within the framework of this ongoing improvement, in 2015 ACCIONA will adapt its governance regulations to incorporate and comply with the legislative changes which occurred in 2014 and the majority of the recommendations contained in the CNMV's new corporate governance code.

→ **Significant shareholders (at 12/310/14)**

FREE FLOAT
45.04%

ENTREAZCA, BV (CURRENTLY WIT EUROPESE INVESTERING, BV)
26.75%

FIDELITY INTERNATIONAL LIMITED
1.04%

TUSSEN DE GRACHTEN BV
27.17%

SHAREHOLDERS

At December 31, 2014, the Parent company's share capital was composed of 57,259,550 fully subscribed and paid in ordinary shares, represented by book entries, with a par value of one euro each.

The corporate Bylaws do not place any restrictions on the exercise of voting rights by shareholders, nor a maximum limit on the exercise of voting rights by them. Nor are there legal or statutory restrictions on the acquisition or transfer of holdings in the share capital.

The company's communication channels are available at all times so our stakeholders are always able to contact us. There is an Electronic Shareholders' Forum, where, in accordance with the requirements set forth in Spain's Corporate Enterprise Act, prior to the Shareholders' Meeting users may post the proposals that they intend to submit as an addendum to the Agenda announced in the notice. They can also post requests for support for such proposals, initiatives on reaching the percentage required to exercise minority rights as set forth in the Corporate Enterprise Act, as well as proxy offers or requests.

The Board of Directors strives to ensure that shareholders are able to call on a group of professionals which can offer the company real value.

The Board of Directors' Regulations contain the Board's express commitment to "foster gender and age diversity, personal training, and other factors within the process of selecting its own members, ensuring that there is no implicit bias hindering diversity".

ACCIONA's Board comprises 13 members:

11 of these are External directors, two of whom are External Proprietary directors, six are Independent and three are Other External Directors. The remaining two are Executive Directors.

That is, 84.61% are External directors, of which 46,15% are independent.Three directors are women, representing 23.08% of the Board.

The Board of Directors conducts an annual analysis of the quality and efficiency of its operations, the performance by the Board Chairman and Vice-Chairmen of their duties and the functioning of the Executive Committee and other Committees, based on the reports submitted by such committees. The evaluation is conducted by means of individual forms that are filled out anonymously by each director. The Audit and Appointments and Remuneration Committees analyze the results and submit the pertinent reports to the Board of Directors. In 2014, the self-evaluation gave

JUAN IGNACIO ENTRECANALES FRANCO

Vice-Chairman

DANIEL ENTRECANALES DOMECQ

Proprietary Director since 2009

JAVIER ENTRECANALES FRANCO

Proprietary Director since 2011

LEAD INDEPENDENT DIRECTOR

JAIME CASTELLANOS BORREGO

Independent Director since 2009

JERÓNIMO MARCOS GERARD RIVERO

Independent Director since 2014

MARÍA DEL CARMEN BECERRIL MARTÍNEZ

External Director since 2014

JOSÉ MANUEL ENTRECANALES DOMECQ

Chairman & CEO

JORGE VEGA-PENICHET LÓPEZ

Secretary Non-Director

BELÉN VILLALONGA MORENÉS

Independent Director since 2006

CARLOS ESPINOSA DE LOS MONTEROS Y BERNALDO DE QUIRÓS

External Director since 2014

VALENTÍN MONTOYA MOYA

External director since 2001

FERNANDO RODÉS VILÀ

Independent Director since 2009

SOL DAURELLA COMADRÁN

Independent Director since 2011

JUAN CARLOS GARAY IBARGARAY

Independent Director since 2013

🔴 COMMITTEE CHAIRMAN   🟤 COMMITTEE MEMBER

ⓔ EXECUTIVE COMMITTEE   ⓐ AUDIT COMMITTEE   ⓝ APPOINTMENTS AND REMUNERATION COMMITTEE   ⓢ SUSTAINABILITY COMMITTEE

Lead Independent Director

In accordance with good corporate governance practices and prevailing legislation, the ACCIONA Board of Directors, based on a proposal of the Appointments and Remuneration Committee, has a Lead Independent Director who will:

- 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.
- Request that the Chairman of the Board of Directors call a meeting of the Board and include items on the Agenda.
- Direct the evaluation by the Board of Directors of its Chairman.

rise to no significant changes in the Board organization.

The Report on the Remuneration Policy for Directors was submitted to the 2014 General Meeting for its consultative approval. The report contains an overview of the remuneration policy during the year, as well as a breakdown of the remuneration earned by each director individually. The report was approved by 88.67% of the shareholders in attendance or represented at the Shareholders' Meeting.

INTEGRITY FRAMEWORK
ACCIONA has corporate standards laying down action guidelines applicable to its subsidiaries, within a framework of ethics and integrity.

ACCIONA Policiy Book
ACCIONA's Policies Book, approved by the Sustainability Committee in April 2013, updated existing policies and added new ones. The Policy Book was updated in 2014 to add a Water Policy.

The Book comprises four sections:

- Sustainability and Innovation: the sustainability policy is applicable company-wide and establishes the framework for all other ACCIONA policies and standards.

- Economic and Corporate Governance: comprises anti-corruption, antitrust, risk management and quality policies

- Society: includes policies concerning human rights, human resources and occupational risk prevention, and social action.

- Environment: covers policies on the environment, biodiversity, the fight against climate change and water.

Internal communication regarding the Policy Book has been extensive and employees can access it on the company's website in Spanish, English, French, Polish and Brazilian Portuguese. (**http://www. acciona.com/shareholders-investors/ corporate-governance/corporate-policies-book/**)

Code of Conduct
The Code of Conduct details the values which should guide the behavior of all ACCIONA companies at all times and outlines business behavior which must be accepted and adhered to by all employees and managers.

Through the Code, ACCIONA assumes a commitment to carry out its activities in

accordance with the legislation in force wherever it operates, in accordance with internationally recognized standards such as the United Nations Universal Declaration on Human Rights, the ILO Tripartite Declaration, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact.

In 2014, the Code of Conduct Committee received 30 complaints through the Ethics Channel which were processed in accordance with the characteristics and seriousness of each specific case.

During the year, ACCIONA continued to offer its employees training on the Code of Conduct with 6,499 workers taking part.

Anti-corruption commitment

The company's commitment to fighting corruption and bribery is reflected both in the establishment of anti-bribery and anti-corruption measures in the Internal Code of Conduct, and through its Anti-corruption Policy.

In the second half of the year, an external assessment of prevention of offenses and anti-corruption began, covering Spanish operations in the first phase. Executives at all divisions and businesses (Corporate, Construction, Water, Services, Concessions, Industrial, Energy, Bestinver,

Real Estate, Trasmediterranea and Hijos de Antonio Barceló) were interviewed, and an exhaustive analysis of existing controls carried out.

Based on the results of the assessment, a risk matrix by business and process has been drawn up for each offense contained in the penal code and the existing controls to mitigate these risks. An Action Plan was also prepared which details those aspects which need to be expanded upon, improved or adapted so as to complete the Prevention of Offenses and Anti-Corruption Program.

Consequently, the Group is now upgrading its anti-corruption systems and policies to bring them in line with the requirements of the new Penal Code.

CODE OF CONDUCT AND REGULATIONS

POLICY BOOK

- Regulation for Prevention of Crime
- Ethical Principles for Suppliers, Contractors and Partners
- Protocol on response to harassment

Regulatory system which includes:
- Corporate Regulations
- Corporate Regulations in Expenses and Purchasing
- Corporate Investment and Divestment
- Corporate Regulations on Corporate Transactions
- Corporate Regulations on Control, Preparation and Reporting of Financial Information
- Corporate Regulation on Crisis Management

Control of and Compliance with Code of Conduct

Code of Conduct Committee	Body responsible for the **study and analysis** of reports of non-compliance with the Internal Code of Conduct. Also available for reporting cases that affect third parties.
Ethics Channel	Allows irregular conduct related to accounting, control, auditing or any alleged non-compliance with, or violation of, the conduct set forth in the Code of Conduct to be **reported** confidentially by email or regular mail. The channel can be accessed by the company's employees, suppliers, and contractors.
Protocol for situations of harassment	Through the Ethics Channel, the Committee evaluates **each case and establishes** the actions to be taken. Through the protocol, the company has put on record that it intends to adopt any measures needed to promote a harassment-free workplace, and that it does not acquiesce to, and will not permit, behavior of this nature.

Complaints received and handled

→ **30 Complaints received in 2014**

SEXUAL HARASSMENT
6.6%

FINANCIAL
3.3%

OTHERS (OHS)
13.3%

LABOR/ DISCRIMINATION/ WORKPLACE HARASSMENT
76.6%

→ **Processing of complaints received in 2014**

SUSPENSION OR TEMPORARY RESIGNATION
6.6%

FILED
23.3%

INVESTIGATED
70.1%

RISK MANAGEMENT AT ACCIONA

Risk management at ACCIONA is detailed in the Corporate Governance Report published annually by the company.

The main improvements made to the Risk Management System in 2014 include:

- Identifying and assessing the main risks concerning sustainability and the environment using a risk map for each division and area.

- Extending the scope of the risk identification study from 11 to 12 countries, given the company's ongoing international expansion.

- As mentioned above, the Group is currently upgrading its crime prevention and anti-corruption systems and policies to bring them into line with the requirements of the new Penal Code which was approved on January 21, 2015.

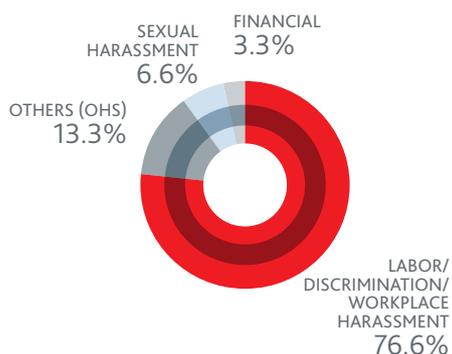### Risk management in sustainability

ACCIONA's managers must take into consideration the impact on the company's image and sustainability when assessing different scenarios and risk maps.

An exhaustive identification is carried out of sustainability and development related risks, as managers with responsibilities in human resources, sustainability and development, corporate resources, the environment and other directly or indirectly related areas participate in the process.
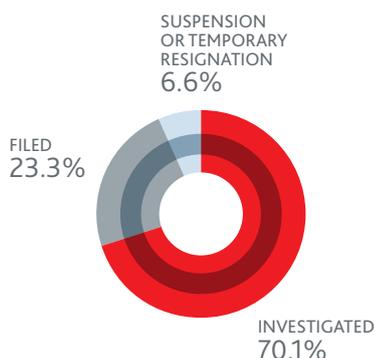
Those Directors helping draw up the Map are responsible for classifying the risk scenarios (probability, economic-financial, impact on the image, sustainability and development, company's ability to manage the risk,

company's risk policy). These are then rated according to a severity scale.

In the risk evaluation, the criterion relating to a negative impact on sustainability and development is rated on a scale of 1 to 3, from lesser to greater seriousness, in accordance with the following parameters:

- **High:** Failure to meet the expectations of more than one key stakeholder group: customers, employees, media, etc. Indicates a total failure of business ethics/transparency. Has a considerably negative impact on the development of the communities in which ACCIONA operates or on the environment.

- **Medium:** Failure to meet the expectations of a key stakeholder group. Indicates a one-off failure of business ethics/transparency. Has a limited negative impact on the development of the communities in which ACCIONA operates and/or on the environment.

- **Low:** Does not affect the expectations of stakeholders. Does not indicate a lack of business ethics/transparency. Does not have a negative impact on the development of the communities in which ACCIONA operates and/or on the environment.

Any risks which breach the company's culture, policy and/or values in the area of sustainability and development are reported to the head of the area where these scenarios have been identified so they may be resolved.

In 2014, ACCIONA focused its initiatives on environmental risk management. After identifying and assessing the Company's main risks in this area, work will turn to identifying and implementing measures to mitigate the key risks.

Committed to risk management in Human Rights

Since 2013, ACCIONA's Policy Book has included a public Human Rights policy.

In 2014, the company carried out a Human Rights Risk Assessment according to the UN's Guiding Principles on Business and Human Rights to draw up a risk rating for each business unit in those countries where ACCIONA is present and which are more vulnerable to Human Rights infringements.

The risks are classified into 4 categories:

- Labor risks.
- Risks to communities.
- Risks to vulnerable groups.
- Risks to personal safety.

The final result differentiates between those risks which are likely to occur and are caused directly by ACCIONA or those caused indirectly by a third party. In 2015, ACCIONA will continue working on its policies and drawing up commitments as well as reviewing its internal procedures to ensure potential violations are avoided and resolved should they occur.
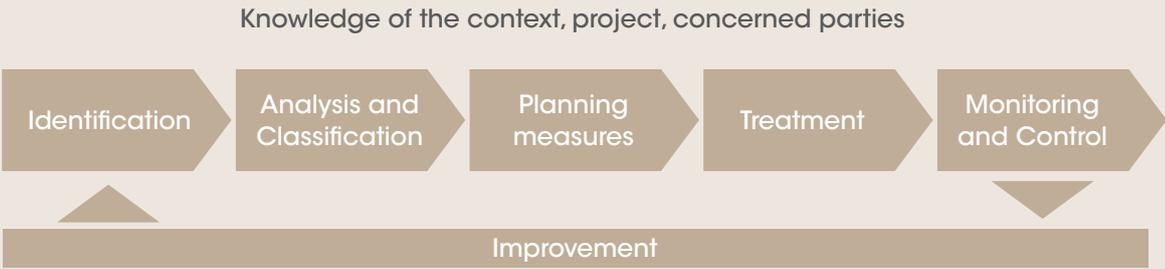
Sustainability risk management at ACCIONA Infrastructure

When analyzing each risk, the Risk Management System at ACCIONA Infrastructure identifies the social and environmental aspects as well as the likelihood of corruption adapted to local customs. The Group as a whole is making progress on assessing risks related to human rights, ethics and corporate governance. The system covers projects at the bidding stage, in the execution phase and at country level.

The objective is to manage risks and opportunities within the tolerance thresholds accepted by the company and offer reasonable security that the objectives will be met using the tools available so as to leverage the experience, knowledge and abilities of ACCIONA Infrastructure to the maximum, helping provide sustainable and efficient growth.

During the year, 40 general risk analyses were carried out. In all, non-financial risks were analyzed, both with regard to their origin and their impact. At December 31, 2014, the representative percentage with regard to the tender budget covered by these analyses in international projects was 88.10%.

The risk management structure is as follows:

Knowledge of the context, project, concerned parties

Identification → Analysis and Classification → Planning measures → Treatment → Monitoring and Control

Improvement

For each risk event and opportunity detected, based on information concerning the project and its background, the causes and consequences are identified while taking into account the particularity of each case in so far as possible.

The consequences are classified as follows so they can be assessed later:

- Economic (impact on the cost and outcome of the project).

- Term (impact on programming, milestones and terms).

- Environmental and Community (impact on the environment and third parties).

- Reputation (impact on the image of the company or customer).

- Health and Safety (impact on employees).

- Acceptance and development of the infrastructures (impact on the workings of the infrastructures, its design, execution process, location, internal organization, performance, etc.).