

Corporate Governance

ACCIONA's ownership structure

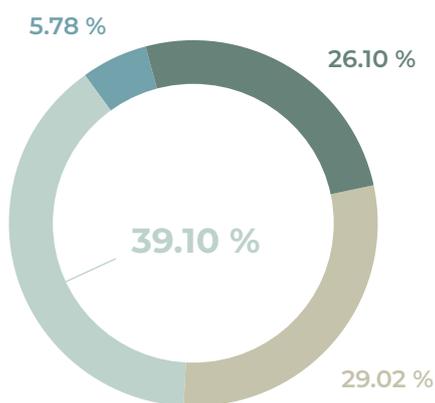
On 27 March 2018, the Board of Directors approved a share buyback programme for up to 2,448,480 shares, valid for a period of one year from its approval, under Regulation (EU) No. 596/2014 on market abuse, and its Delegated Regulation, the goal being to reduce share capital by cancelling own shares and, to a lesser extent, to fulfil the obligations that may arise from the Share Ownership Programmes for executive Board directors, executives and employees of the Group.

The Shareholders' Meeting on 30 May 2018 resolved to reduce capital by at most 2,862,978 shares and to empower the Board of Directors to establish the other conditions of this reduction. Using that power, in March 2019 the Board of Directors approved the capital reduction and cancellation of a total of 2,402,897 own shares, as a result of which the capital stock of ACCIONA was represented by 54,856,653 fully-paid uncertificated ordinary shares with one euro par value each, all of the same class and serie¹.

All the shares representing the capital stock have the same rights, the Articles provide no restrictions on their transferability, and all of them are listed on the Madrid and Barcelona Stock Exchanges.

OWNERSHIP STRUCTURE²

- Tussen de Grachten, BV
- Wit Europese Investerings, BV
- Free Float
- La Verdosa, SL (A.E.M.)



OWN SHARES: SHARE BUYBACK PLAN

In 2018, ACCIONA spent 196 M€ on share buybacks and redemptions.

AT 31 DECEMBER 2018, THE GROUP HAD 2,902,115 OWN SHARES, REPRESENTING **5.07 %** OF CAPITAL

Source: CNMV, 1 April 2019.

¹ See ACCIONA's communiqué to the CNMV dated 28 March 2019: <https://accionacorp.blob.core.windows.net/media/3311237/276527.pdf>

² On 26 January 2018, the family group of the heirs of Mr. José María Entrecanales de Azarate disclosed an internal reorganisation in the investment company that agglutinates their holding in ACCIONA, S.A., whereby La Verdosa, S.L. became the direct owner of the stake in ACCIONA, S.A. shown above. The percentage of ownership is that following the capital reduction.

Corporate Governance

New developments in 2018

- Approval of an Audit Committee Regulation in accordance with the provisions of CNMV Technical Guide 3/2017 on audit committees at public-interest entities.
- Implementation of a continuous training programme for directors.
- Approval of a Policy for the Prevention of Crime and Bribery.

ACCIONA's corporate governance practices help protect the interests of the company and shareholders.

ACCIONA regularly reviews its terms of reference in order to incorporate best practices in the area of corporate governance, as part of its endeavour to be in the lead in the adoption of recommendations, best practices and trends in corporate governance at a domestic and international level.

EXTERNAL REGULATORY FRAMEWORK

- Capital Companies Act.
- Consolidated text of the Securities Market Act.
- Good Governance Code of Listed Companies published by the National Securities Market Commission (CNMV).
- CNMV Technical Guide 3/2017 on audit committees at public-interest entities.
- CNMV Technical Guide 1/2019: on nomination and remuneration committees at public-interest entities.

INTERNAL REGULATORY FRAMEWORK

- Articles of Association.
- Shareholders' Meeting Regulation.
- Board of Directors Regulation.
- Code of Conduct.
- Audit Committee Regulation.
- Internal Code of Conduct in connection with the securities markets.
- Policy Book:
 - Sustainability policies.
 - Other policies³.
- ACCIONA Anti-corruption guidelines.

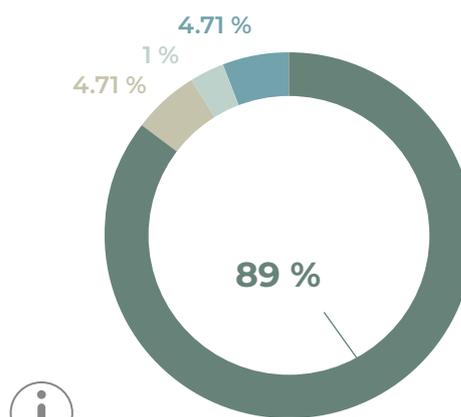
In line with the recommendations in the CNMV Good Governance Code of Listed Companies and the Technical Guide 3/2017 on audit committees at public-interest entities, in 2018 the Board of Directors approved a specific regulation for the Audit Committee that addresses the following issues, among others: its composition, requirements for membership, and functions, with a view to fostering its independence.

The Board of Directors is also currently considering the inclusion of the recent recommendations contained in CNMV Technical Guide 1/2019 on nomination and remuneration committees, which was approved in February 2019. ACCIONA had already anticipated and exceeded the requirements of that guide by appointing the Lead Independent Director to chair the committee⁴.

ACCIONA is in compliance with 89 % of the recommendations of the Good Governance Code of Listed Companies; the only recommendation it has not applied is the separation of the Appointments and Remuneration Committee into two separate committees⁵.

ACCIONA'S DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS OF THE GOOD GOVERNANCE CODE

- Complied with
- Not complied with
- Partially complied with
- Not applicable



Further information in the 2018 Annual Corporate Governance Report <https://www.acciona.com/shareholders-investors/corporate-governance/corporate-governance-report/>

³ Policy on Communications and Contacts with Shareholders and Investors, Director Selection Policy, Director Remuneration Policy of ACCIONA, S.A., and Personal Data Protection Policy.

⁴ According to the Technical Guide, given the functions attributed to the lead independent director by the Capital Companies Act and the Good Governance Code, it might be meaningful for that director to chair the Appointments and Remuneration Committee.

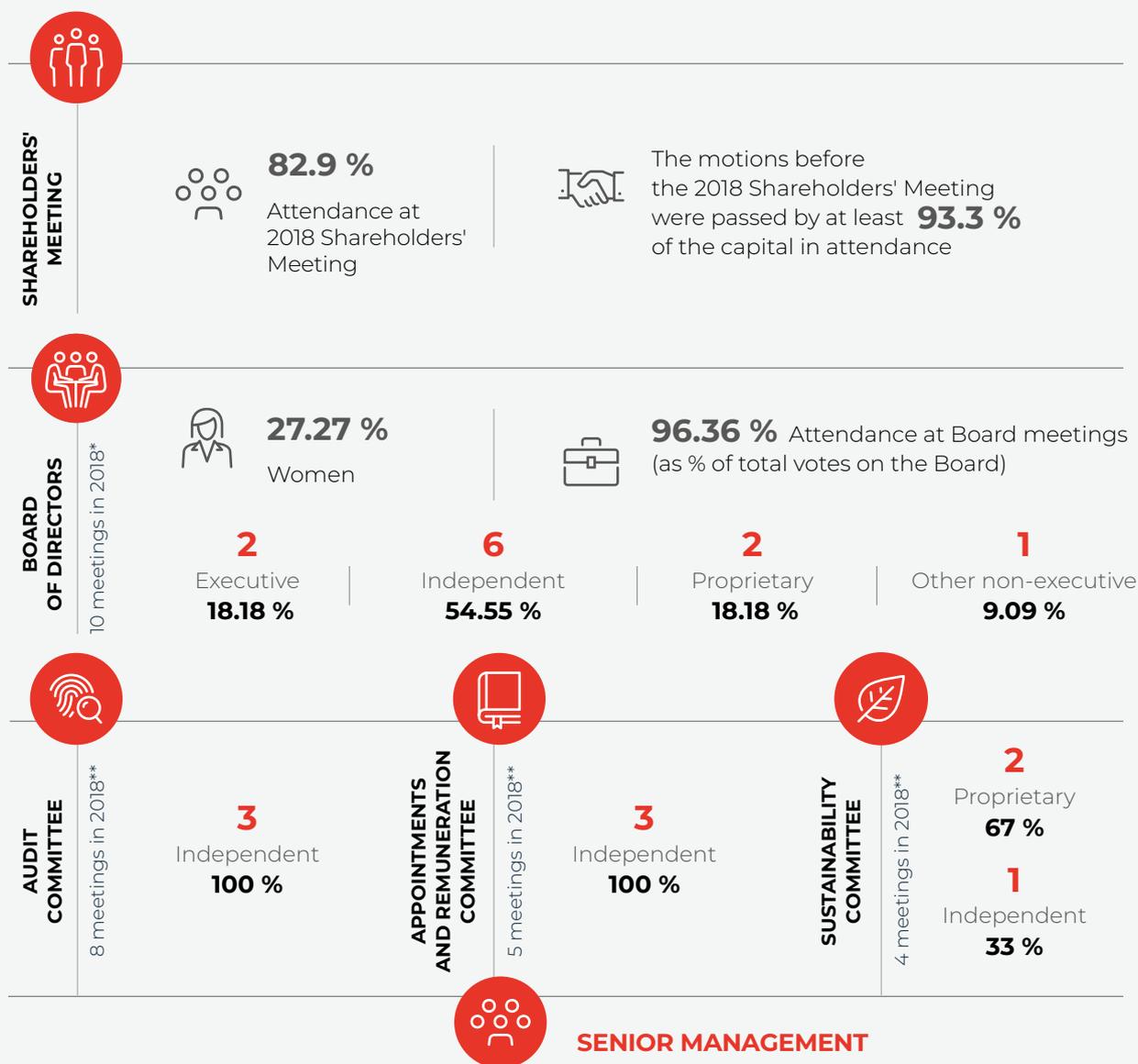
⁵ At present, ACCIONA does not consider it necessary to create two separate committees since it understands that, by retaining a single committee, it avoids potential conflicts of interest in the tasks related to the selection and nomination of candidates for directorships and executive positions and those related to their assessment and remuneration, thus prioritising the necessary coordination between these two functions that are essential for hiring talent. Nevertheless the company's Articles of Association do allow for this possibility, and two separate committees may be created in the future if the circumstances warrant this.

Composition of the Governing Bodies

The composition of the Board of Directors and its committees is based on the principles of transparency and independence, guided by criteria of complementarity, professionalism and diversity.

New developments in 2018

- Decision not to renew the Executive Committee: Because of its schedule, the Board has been able to perform all the functions in recent years.
- It was decided that the Board committees would have three members each.
- Interaction between committees was encouraged by holding joint meetings of the Audit Committee and Sustainability Committee to discuss non-financial disclosures.



* In two cases, resolutions were adopted in writing without a meeting.

** In one case, resolutions were adopted in writing without a meeting.



Further information on ACCIONA's governing bodies <https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/>

Description of the Board of Directors

The Board of Directors of ACCIONA is composed of 11 members who guarantee appropriate representation of all the shareholders and the body's effective performance. All the members of the Board have the necessary competencies, knowledge and experience to perform their duties, with a diversity in terms of origin, nationality, gender and age.

In 2018, the Board of Directors reviewed the Director Selection Policy to adapt it to the most recent legislation on diversity. With regard to gender diversity, the number of women on the Board, who represent 27.27 % of the total, will be maintained.

BOARD OF DIRECTORS COMPOSITION

Competencies and experience

- Energy
- Infrastructure
- Finance/Accounting
- Internationalisation
- Sustainability
- Marketing
- Business management
- IBEX

Board of Directors Committees

- Audit Committee
- Appointments and Remuneration Committee
- Sustainability Committee
- Committee Chairman

	First appointment	Profile	Committees	Competencies and experience	Total % of voting rights (2018 Corporate Governance report)	Directorships at other listed companies
Mr. José Manuel Entrecanales Domecq	1997	Chairman - Managing Director			0.01	
Mr. Juan Ignacio Entrecanales Franco	1997	Vice-Chairman - Managing Director			0.10	
Ms. Ana Inés Sainz de Vicuña Bemberg	2015	Independent	□			Inmobiliaria Colonial Socimi, S.A. Prosegur Cash, S.A.
Mr. Juan Carlos Garay Ibargaray	2013	Lead Independent Director	□ C ○ C			
Mr. Javier Entrecanales Franco	2011	Proprietary (Tussen de Grachten B.V.)	△		0.00	
Mr. Javier Sendagorta Gómez del Campillo	2018	Independent	○		0.00	
Ms. Belén Villalonga Morenés	2006	Other non-executive			0.00	Grifols, S.A.
Mr. Daniel Entrecanales Domecq	2009	Proprietary (Wit Europese Investerings B.V.)	△ C			Prosegur Cash, S.A.
Ms. Karen Christiana Figueres Olsen	2017	Independent	□			
Mr. Jerónimo Marcos Gerard Rivero	2014	Independent	○			
Mr. José María Pacheco Guardiola	2018	Independent	△		0.07	
Mr. Jorge Vega-Penichet López	2006	Secretary (not a director)				



Further information on the Director Selection Policy
<https://www.acciona.com/shareholders-investors/corporate-governance/corporate-policies-book/>

New developments in 2018

- Mr. Jaime Castellanos Borrego and Mr. Fernando Rodés Vila reached the end of their term as directors of ACCIONA and were not re-appointed.
- Mr. Javier Sendagorta Gómez del Campillo and Mr. José María Pacheco Guardiola were appointed as independent directors in their place.
- Ms. Belén Villalonga Morenés was reclassified as an “Other non-executive” director, as required by the Capital Companies Act, since she had held office as an independent director for 12 years.

Effectiveness of the Board of Directors and its committees

At Board of Directors meetings, directors are encouraged to be critical and to participate actively, with full respect for freedom of opinion. This ensures an effective process for the adoption of decisions by consensus, i.e. the interplay of the directors' opinions based on their experience.

There is also direct fluid communication between Board members and Group executives, who report regularly on company performance, corporate transactions and progress with meeting objectives. In this way, the Board of Directors contributes actively to defining the organisation's strategy and participates in overseeing its implementation. Once per quarter, the Board undertakes an in-depth review of the degree to which the objectives for the year are being achieved.

AN ATTITUDE OF CRITICAL THINKING AND SCEPTICISM IS ENCOURAGED IN BOARD OF DIRECTORS MEETINGS TO ENSURE A LIVELY, DYNAMIC DEBATE IN THE COMPANY'S BEST INTERESTS

ASSESSMENT OF THE BOARD OF DIRECTORS

The Board of Directors performed a self-assessment of the quality and efficiency of its performance in 2018. That self-assessment did not lead to material changes in the Board's internal organisation.

In 2017, ACCIONA engaged an external consultant to assist with the assessment of its governing bodies. Among the main conclusions were that the agenda should provide greater detail of the business to be transacted by the Board and its Committees and that information should be circulated longer in advance. The company is already applying the improvements proposed in the external consultants' report.

MOST OF THE RECOMMENDATIONS

ARISING FROM THE EXTERNAL ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE IN 2017 WERE IMPLEMENTED IN 2018

Information provided to directors

Before the beginning of each year, the Board of Directors and its committees establish a detailed meeting schedule and an agenda of matters to be discussed in ordinary meetings. Notice of meetings is given at least three days in advance. Notice includes the agenda and the necessary written documentation so that directors can analyse it in depth. Directors are also reminded that they can request the inclusion in the agenda of any business that they consider appropriate and ask for any information they consider to be necessary to supplement that which has been supplied.

Business transacted at meetings is duly minuted.

Director training

In order to provide directors with the necessary familiarity with the company and its group, the Board of Directors has an induction and ongoing training programme. All members of the Board receive daily press dossiers and are informed of significant changes in legislation. Additionally, in 2018 a specific induction and training programmes were established for members of the Audit Committee.

Since 2018, the Board attaches considerable importance to the issue of cybersecurity, and the Internal Audit team, reporting to the Audit Committee, recently hired an expert in IT systems security audits.

The ongoing training programme for Board members will be expanded in 2019 to include sessions on sustainability.

Board members are entitled to request support from outside advisors in legal, accounting, financial or other matters in order to discharge their duties.

Ethics and compliance

ACCIONA's guidelines for action derive from the Code of Conduct, the Policy Book, the commitments against corruption and bribery, and respect for free competition. Compliance with these corporate standards is a priority for the organisation. To this end, the Compliance Department and the Corporate Internal Audit Department supervise the effectiveness of ACCIONA's compliance framework. In 2018, the Compliance Director reported twice to the Audit Committee, whose chairman reports to the Board of Directors after each meeting.

The Code of Conduct fosters a form of business conduct that is accepted and respected by all employees and executives. Oversight and compliance with the Code of Conduct are performed by the Code of Conduct Commission, the Whistleblower Channel and the Protocol for action in cases of harassment.

On an operating level, in line with the company's commitment to combat corruption and bribery, a Crime Prevention and Anti-Corruption Model has been implemented. This model establishes the general control environment for the Group in line with international best practices.

In 2018, ACCIONA, S.A. was certified by AENOR to the ISO 37001 standard on Anti-bribery management system and the UNE 19601 standard on Crime compliance management system, which certify that the company has management systems that meet those standards.

With regard to due diligence in connection with third parties, ACCIONA has implemented a tool for properly identifying and obtaining knowledge about third parties with which it interacts. By the end of 2018, over 320 third parties (project partners and commercial consultants) had been assessed.

Training in this area continued in 2018. During the year, 436 senior and middle managers took the Anti-corruption course and 2,965 employees took the Code of Conduct course (which has been taken by 9,143 employees to date).