

TRANSLATION

[The text below is a certified translation into English of the ACGR of the Spanish company Acciona, S.A.]

APPENDIX I

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES**

ISSUING COMPANY'S IDENTIFICATION DETAILS

CLOSING DATE OF THE FINANCIAL YEAR OF REFERENCE: 31/12/2015

Tax ID no. A-08001851

Corporate Name:

ACCIONA, S.A.

Registered Office:

Avenida Europa, 18. "Parque Empresarial La Moraleja" Alcobendas (Madrid)

**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES**

A OWNERSHIP STRUCTURE

A.1 Complete the following table about the Company's share capital:

Date of last modification	Capital (€)	Number of shares	Number of voting rights
24/05/2012	57,259,550	57,259,550	57,259,550

Indicate whether there are different share classes with different associated rights:

No

A.2 List the direct and indirect registered holders of significant shareholdings in the Company at the close of the financial year, excluding directors:

Full name or Corporate name of the shareholder	Number of direct voting rights	Number of Indirect voting rights	% of total voting rights
WIT EUROPESE INVESTERING, BV	16,057,205	0	28.04%
TUSSEN DE GRACHTEN, BV	15,857,847	0	27.69%
CAPITAL RESEARCH AND MANAGEMENT COMPANY	230,400	2,099,000	4.07%

Full name or Corporate name of the indirect shareholder	Held through: Full name or Corporate name of the direct shareholder	Number of voting rights
CAPITAL RESEARCH AND MANAGEMENT COMPANY	EUROPACIFIC GROWTH FUND	2,099,000

Indicate the most significant movements in the shareholding structure occurring during the financial year:

Full name or Corporate name of the shareholder	Date of the operation	Description of the operation
CAPITAL RESEARCH AND MANAGEMENT COMPANY	14/12/2015	Share capital has exceeded 3%

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A.3 Complete the following tables about the members of the Company's board of directors holding voting rights through shares in the Company:

Full name or Corporate name of the Director	Number of direct voting rights	Number of voting rights	% of total voting rights
MR. JUAN IGNACIO ENTRECANALES FRANCO	11,529	7,668	0.03%
MR. JAIME CASTELLANOS BORREGO	10,000	31,000	0.07%
MS. MARÍA DEL CARMEN BECERRIL MARTINEZ	8,006	0	0.01%
MR. FERNANDO RODÉS VILA	9,000	0	0.02%
MR. JAVIER ENTRECANALES FRANCO	5	0	0.00%
MR. JOSÉ MANUEL ENTRECANALES DOMEQ	2,169	0	0.00%
MS. BELEN VILLALONGA MORENES	200	0	0.00%

Full name or Corporate name of the indirect shareholder	Held through: Full name or Corporate name of the direct shareholder	Number of voting rights
MR. JUAN IGNACIO ENTRECANALES FRANCO	OTHER SHAREHOLDERS IN THE COMPANY	7,668
MR. JAIME CASTELLANOS BORREGO	OTHER SHAREHOLDERS IN THE COMPANY	31,000

% of the total voting rights in the power of the board of directors	0.14%
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Complete the following tables about the members of the Company's board of directors holding rights over shares in the Company:

Full name or Corporate name of the Director	Number of direct voting rights	Number of indirect voting rights	Equivalent number of shares	% of total voting rights
MR. JUAN IGNACIO ENTRECANALES FRANCO	4,613	0	4,613	0.01%
MR. JOSÉ MANUEL ENTRECANALES DOMEQ	37,389	0	37,389	0.07%

A.4 Indicate any family ties or commercial, contractual or corporate relationships, if any, between the registered holders of significant shareholdings, insofar as these are known to the Company, unless they are scarcely relevant or derive from the normal course of the Company's business:

Related name or corporate name
WIT EUROPESE INVESTERING, BV
TUSSEN DE GRACHTEN, BV

Type of relationship: Familial

Brief description:

The shareholders of the companies that are the registered holders of significant shareholdings form part of the familial group of the descendants of Mr. José Entrecanales Ibarra.

A.5 Indicate, where appropriate, the commercial, contractual or corporate relations between the registered holders of significant shareholdings and the Company and/or its group, except where these are scarcely relevant or derive from the normal run of commercial business:

A.6 Indicate whether any Shareholders' Agreements have been notified to the Company pursuant to the provisions contained in sections 530 and 531 of the Capital Companies Act. Where appropriate, describe them briefly and list the shareholders bound by the agreement:

Yes

Parties to the shareholders' agreement
TUSSEN DE GRACHTEN, BV
WIT EUROPESE INVESTERING, BV

% of share capital affected: 55.73%

Brief description of the agreement:

The shareholders' agreement was notified to the National Securities Market Commission ("CNMV") on 15 July 2011 and was registered under number 147698 where the entire text of the agreement can be consulted. It has also been deposited at the Companies' Registry.

The basic terms of the agreement are summarised in the corresponding note in section H.

Indicate whether the Company is aware of the existence of concerted action among its shareholders. If so, describe these briefly:

No

Where there has been any amendment or suspension of any shareholders agreement or concerted actions in the course of the financial year, indicate it expressly:

A.7 Indicate whether there is any individual or body corporate exercising or able to exercise control over the Company in accordance with section 4 of the Securities Market Act. If so, identify this individual or body corporate:

No

Comments
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A.8 Complete the following tables about the Company's treasury stock:

At the close of the financial year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
301,071	18,000	0.55%

(*) **Through:**

Full name or corporate name of the direct registered shareholder	Number of direct shares
FINANZAS DOS, S.A.	18,000
Total:	18,000

Detail the significant variations, in accordance with the provisions contained in Royal Decree 1362/2007, effected during the financial year:

Explain the significant variations

18/06/2015:

% of direct voting rights: 1.884; % of indirect voting rights: 0.031; % of total voting rights: 1.915

26/06/2015:

% of direct voting rights: 0.542; % of indirect voting rights: 0.031; % of total voting rights: 0.574

05/08/2015:

% of direct voting rights: 0.542; % of indirect voting rights: 0.031; % of total voting rights: 0.574

01/09/2015:

% of direct voting rights: 0.542; % of indirect voting rights: 0.031; % of total voting rights: 0.574

11/11/2015:

% of direct voting rights: 0.582; % of indirect voting rights: 0.031; % of total voting rights: 0.613

15/12/2015:

% of direct voting rights: 0.526; % of indirect voting rights: 0.031; % of total voting rights: 0.557

The significant variations in treasury stock respond to: a) conducting an accelerated placement process among qualified investors of 768,184 shares representative of 1.34% of share capital, which took place on June 24 and, b) the signing of a liquidity contract for treasury stock management on July 2.

A.9 Detail the conditions and term of the current resolution by the General Meeting of Shareholders mandating the Board of Directors to issue, buy back or transfer treasury stock.

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The General Meeting of Shareholders held on 24 May 2012 adopted the following resolution:

To authorize the derivative acquisition of shares in the Company by the Company itself and by companies in its group both directly and indirectly through the acquisition of capital companies holding shares in Acciona, S.A., respecting the legal limits and requirements and in accordance with the conditions set out below, leaving without any effect, in the amount not utilized, the authorization approved for the purpose by the Ordinary General Meeting of Shareholders in 2010:

- a) Modality: sale and purchase, swap, loan or surrender as payment.
- b) Maximum number of shares to be acquired added to those already owned by Acciona, S.A. and its subsidiaries: up to 10% of the subscribed capital.
- c) Maximum and minimum prices: the listing at the close of the last stock market session, with a margin of 15% up or down.
- d) Duration of the authorization: five (5) years from the date this agreement.

To authorize the Board of Directors so that it may carry out the derivative acquisition of shares in Acciona, S.A. on the terms set out and so that it may dedicate, in full or in part, the treasury stock already acquired and such stock as may be acquired virtue of the preceding authorization for the execution of remuneration systems consisting in or aimed at delivering shares or share option rights over shares in Acciona, S.A. in favour of workers, senior management and directors exercising executive functions pursuant to the provisions contained in section 1 a) of section 146 of the Consolidated Text of the Capital Companies Act.

A.9 bis Estimated Floating Capital:

	%
Estimated Floating Capital	39.51

A.10 Indicate whether there is any restriction in place on the conveyance of securities and/or any restriction on voting rights. In particular, notice will be given of the existence of any kind of restriction that may hinder the taking of control of the Company through the acquisition of its shares on the open market.

Yes

Description of the restrictions
The shareholders Tussen de Grachten, BV and Wit Europese Investerings, BV have mutually granted each other a preferential acquisition right over their respective shareholdings in Acciona, S.A. as indicated in section A.6.

A.11 Indicate whether the general meeting has resolved to adopt neutralization measures against a public takeover bid pursuant to the provisions contained in Act 6/2007.

No

Where appropriate, explain the measures approved and the terms on which the loss of effectiveness of the restrictions will occur:

A.12 Indicate whether the Company has issued securities not traded on a regulated market in the European Union.

No

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Where applicable, indicate the different share classes and, for each share class, the rights and obligations conferred.

B GENERAL MEETINGS

B.1 Indicate and, where appropriate, detail, whether there are any differences with regard to the regime for minimums foreseen in the Capital Companies Act (“LSC”) in connection with the quorum for calling a General Meeting to order.

Yes

	% quorum different from that set in sect. 193 “LSC” for general scenarios	% quorum different from that set in sect. 194 “LSC” for the special scenarios in sect. 194 “LSC”
Quorum required at the 1st call	0%	67.00%
Quorum required at the 2nd call	0%	62.00%

Description of the differences

The quorums required are higher than the general quorums of 50% and 25% for the special scenarios in section 194 of the Capital Companies Act.

B.2 Indicate and, where appropriate, detail whether there are any differences from the regimen foreseen in the Capital Companies Act (*LSC*) for the adoption of corporate resolutions:

No

Describe how the regime is different from that established in the *LSC*.

B.3 Indicate the rules applicable to amendments to the Company’s Articles of Association. In particular, notice will be given of the majorities established for amendment of the Articles of Association, as well as, where appropriate, the rules foreseen for the protection of shareholders’ rights in the amendment of the Articles of Association .

Amendments to the Company’s Articles of Association must comply with the provisions contained in the Consolidated Text of the Capital Companies Act and section 17.2 of the Articles of Association whereby a General Meeting must be called to order with a quorum of 67% of the capital subscribed and fully paid up with voting rights at the first call, or of 62% at the second call, in order to be able to decide on any of the following issues:

- a) Amendment of the Articles of Association, except for changes in the registered office, capital increases, the extension of the corporate purpose and, in those cases where legally compulsory, capital reductions.
- b) Transformations, mergers, spin-offs, global transfers of assets and liabilities and the winding-up of the Company, except in those cases where such winding-up is legally compulsory.

In order to change the registered office, increase capital, extend the corporate purpose, eliminate or limit the preferential subscription right (the issue of simple, convertible or

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swappable debentures or bonds, the issue of warrants or options (alone or in connection with bonds) and preferential shareholdings and, in those scenarios where legal compulsory, reduce capital and wind up and liquidate the Company, the General Meeting must be called to order with a quorum of 67% of the capital subscribed and fully paid up with voting rights at the first call, or with a quorum of 50% of the capital subscribed with voting rights at the second call.

The same percentages foreseen in the preceding paragraph shall be applicable when, in scenarios of capital increase or issue of debentures, bonds, warrants or preferential equity, the General Meeting authorizes or delegates powers on the Board of Directors to adopt such resolutions.

In any case and as provided for in section 286 of the Consolidated Text of the Capital Companies Act, the directors or, where appropriate, the shareholders effecting the proposal must draw up the entire text of the proposed amendment and the corresponding report on its rationale and make these available to the shareholders at the moment notice is given convening the General Meeting.

Resolutions shall be adopted by majority vote and this shall be understood as the votes in favour of more than half the shares with voting rights attending the General Meeting according to the list of persons in attendance drawn up when it is called to order.

For the valid adoption of agreements referred to in article 17.2 of the Articles of Association, an absolute majority of votes in attendance, either present or represented will be required to adopt the agreement.

B.4 Indicate the attendance details at the General Meetings held in the financial year to which the present report refers and those in the preceding financial year:

Date of General Meeting	Attendance details				Total
	% present in person	% present by proxy	% distance votes		
			Electronic votes	Other votes	
24/06/2014	54.35%	22.56%	0.01%	0.00%	76.92%
11/06/2015	59.39%	22.90%	0.001%	0.00%	82.30%

B.5 Indicate whether there is any restriction in the Articles of Association establishing a minimum number of shares needed to attend the General Meeting:

No

B.6 Section repealed.

B.7 Indicate the address of and how to access on the Company's web page the information on corporate governance and other information about general meetings that must be made available to shareholders through the Company's web page.

The Company's web page is: www.acciona.es

This address contains a link under the name "Shareholders and Investors" and this has a section regarding Corporate Governance where shareholders can find the Company's corporate information as well as the information related to General Meetings.

Furthermore, on the occasion of a notice of meeting convening the General Meeting, direct access will be provided on the main page of the Company's web site (www.acciona.es) to

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make available to shareholders all the information regarding the General Meeting so convened.

C STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association:

Maximum number of directors	18
Minimum number of directors	3

C.1.2 Complete the following table with the members of the board:

Full name or corporate name of the director	Representative	Director's category	Position on the Board	Date of first appointment	Date of most recent appointment	Procedure for election
MR. JUAN IGNACIO ENTRECANALES FRANCO		Executive	VICE-CHAIRMAN AND CEO	14/04/1997	11/06/2015	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JUAN CARLOS GARAY IBARGARAY		Independent	DIRECTOR	06/06/2013	06/06/2013	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JAIME CASTELLANOS BORREGO		Independent	DIRECTOR	04/06/2009	11/06/2015	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MS. MARÍA DEL CARMEN BECERRIL MARTÍNEZ		Other External	DIRECTOR	24/06/2014	24/06/2014	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. FERNANDO RODÉS VILA		Independent	DIRECTOR	04/06/2009	11/06/2015	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JAVIER ENTRECANALES FRANCO		Proprietary Director	DIRECTOR	22/09/2011	11/06/2015	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ MANUEL ENTRECANALES DOMEQ		Executive	CHAIRMAN AND CEO	14/04/1997	11/06/2015	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MS. BELÉN VILLALONGA MORENES		Independent	DIRECTOR	10/05/2006	09/06/2011	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. DANIEL ENTRECANALES DOMEQ		Proprietary Director	DIRECTOR	04/06/2009	24/05/2012	VOTE AT GENERAL MEETING OF SHAREHOLDERS

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Full name or corporate name of the director	Representative	Director's category	Position on the Board	Date of first appointment	Date of most recent appointment	Procedure for election
MR. JERÓNIMO MARCOS GERARD RIVERO		Independent	DIRECTOR	24/06/2014	24/06/2014	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MS. ANA INÉS SAINZ DE VICUÑA BEMBERG		Independent	DIRECTOR	11/06/2015	11/06/2015	VOTE AT GENERAL MEETING OF SHAREHOLDERS

Total number of directors	11
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Indicate any departures from the board of directors that have occurred during the period reported:

Full name or corporate name of the director	Status of the director at the moment of departure	Date of departure
MR. VALENTIN MONTOYA MOYA	Other External	11/06/2015
MR. CARLOS ESPINOSA DE LOS MONTEROS BERNALDO DE QUIROS	Other External	11/06/2015
MS. SOL DAURELLA COMADRAN	Independent	11/06/2015

C.1.3 Complete the following tables about the members of the board and their category:

EXECUTIVE DIRECTORS

Full name or corporate name of the director	Position in the organizational structure
MR. JUAN IGNACIO ENTRECANALES FRANCO	VICE-CHAIRMAN AND CEO
MR. JOSÉ MANUEL ENTRECANALES DOMEQC	CHAIRMAN AND CEO

Total number of executive directors	2
% of total of the board	18.18%

EXTERNAL DIRECTORS REPRESENTING SUBSTANTIAL SHAREHOLDINGS

Full name or corporate name of the director	Full name or corporate name of the significant shareholder represented or proposing his or her appointment
MR. JAVIER ENTRECANALES FRANCO	TUSSEN DE GRACHTEN, BV
MR. DANIEL ENTRECANALES DOMEQC	WIT EUROPESE INVESTERING, BV

Total number of directors representing substantial shareholdings	2
% of total of the board	18.18%

INDEPENDENT EXTERNAL DIRECTORS

Full name or corporate name of the director

MR. JUAN CARLOS GARAY IBARGARAY

Profile

BA in Law and Economics from Deusto University (Bilbao).

He has also studied at the University of Southern California Marshall School of Business and has a Master's degree in Business Administration, and at Duke University Fuqua School of Business in the Senior Executive Programme.

One of the highlights of his career is his term at Citibank (1980-1989) as President of Citibank and the CEO of Citicorp for Spain and Portugal.

In 2000, he was appointed CEO of Deutsche Bank for the Iberian Peninsula and responsible for the Personal Banking Division for the whole of Europe, except Germany.

Between 2005 and 2008, he was President of Deutsche Bank for Spain.

Full name or corporate name of the director

Mr. Jaime Castellanos Borrego

Profile

He held the position of President and CEO of Recoletos Communication Group from 1991 until its sale in 2007. He is currently president of Willis Iberia and Lazard Financial Advisors. Furthermore, he sits on the Board of Directors of Vocento and is Vice-president of the Seres Foundation.

Full name or corporate name of the director

Mr. Fernando Rodés Vila

Profile

He is Vice-President of the Havas Group, with headquarters in Paris. He began his professional career in 1985 at Manufacturers Hanover Trust Bank, in the capital markets division. In 1994 he was appointed Managing Director of Media Planning S.A., in 2006 took over the position of CEO of the Havas Group, the world's fifth-largest communications, marketing and advertising group listed on the Paris stock exchange (hav), a position he held until March, 2012. He is president of Neometrics, a director of other companies in his family conglomerate, Patron of the Nature Foundation launched by Accionatura, and President of the Catalonian Regional Government's Advisory Council for Sustainable Development.

Full name or corporate name of the director

Ms. Belén Villalonga Morenes

Profile

Professor at the Stern School of Business at New York University, where she teaches business strategy and management of family businesses. Between 2001 and 2012 she was Lecturer at Harvard Business School. She is also Senior Partner Affiliated to Cambridge Advisors to Family Enterprise, a consulting firm for family businesses. Her areas of specialization are corporate finance, corporate governance and business strategy, with special application to family businesses. She is a member as an independent director of the Board of Directors of Grifols and Talgo, and Chairman of the Audit Committee of the first. She holds a Doctorate in Business Administration and a Master's Degree in Economics from University of California (Los Angeles), and a Degree and Doctorate in Economics and Business from the Complutense University in Madrid.

Full name or corporate name of the director

Mr. Jerónimo Marcos Gerard Rivero

Profile

BSc in Economics from the Autonomous Technological Institute of Mexico (ITAM) in 1993 and Master's degree in Business Administration from Stanford University.

Chairman and CEO of the Mexico Retail Properties (MRP) Group. In addition to his position as the Chief Executive of MRP, he is a director on the board of AMEXCAP, Vice-President of the Mexican Association of Property and Infrastructure Funds (AMFII), and sits on the boards of the Mexican Stock Market and the Mexican Development Group, S.A.B., Head of private investment funds in Mexico for

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'The Latin America Enterprise Fund', President of Institutional Infrastructure and a Director of Telefónica Mexico.

He is Vice-President of the Special Olympics Council in Mexico and a lecturer in Microeconomics at the Autonomous Technological Institute of Mexico (ITAM).

He was CFO of Telefónica Móviles México and CEO of Telefónica B2B, and also worked for Goldman Sachs & Co.

He was an Advisor to the Deputy Finance Minister in the Government of Carlos Salinas throughout his presidential mandate (1988-1994).

Full name or corporate name of the director

Ms. Ana Inés Sainz de Vicuña Bemberg

Profile

She holds a degree in Agricultural Economics from the University of Reading in the United Kingdom and has a Program for Management Development at Harvard University.

Until 2002, she developed her professional activity for 18 years at Merrill Lynch in Spain.

She began her career in Private Banking where she spent 12 years working as a Financial Consultant. She later joined the Securities and Exchange Society which was formed following the acquisition of FG, helping in integration and working in several positions, the last one being responsible for Operations, IT, HR and Finance.

Finally she was appointed CEO of the branch in Spain of Merrill Lynch International Bank.

She is currently a member of the Board of Corporacion Financiera Guadalmar (CFG) a Family Office with assets in Spain and Latin America, mainly Argentina and Chile. She Supervises the Committee of Financial Assets which manages the securities portfolios and the investments of the family in Chile in W Santiago y Awasi hotel group, and in the financial sector, Grupo Security in which she is also part of the Board of Directors.

In May 2014 she joined Inmobiliaria Colonial S.A. as Independent Director, a real-estate management company in the office segment in Madrid, Barcelona and Paris. She is also a member of the Audit Committee. She is Director of Altamar Capital Partners, S.L.

She has been a member of the Board of Mobile Dreams Factory, a marketing and mobile advertising agency, and Asturbega, a Coca-Cola bottling company in northern Spain. She is currently part of the founding Committee of the ARPE Foundation (Foundation for Art Research Partnership and Education) and is a member of the board of the Foundation Próximo-próximo.

Total number of independent directors	6
% total of the board	54.55%

Indicate if any of the independent directors receive from the company or its group any amount or benefit other than their remuneration as director or if they maintain (or have maintained during the last financial year) any business relationship with the company or any company within the group in their own name or as a substantial shareholder, director, or senior manager of an entity that maintains or has maintained such a relationship.

Full name or corporate name of the director

Mr. Jaime Castellanos Borrego

Description of the relationship

Service agreements for financial and insurance advice.

Reason for the Declaration

The business relationships the group holds with Willis Iberia are not of significance by virtue of their quantity in the total calculation of the transactions carried out by such companies. Awards are generally made through rigorous contracting procedures, with several bids requested, and without the director being involved in the decision-making and negotiation process. Therefore, the Board considers that this in no way impacts the director's ability to carry out his duties as an independent director.

The breakdown of the transactions is listed in Section H.

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Where appropriate, a reasoned statement by the board shall be included, setting out the reasons why the director in question is considered able to perform his or her functions as an independent director.

OTHER EXTERNAL DIRECTORS

Detail the reasons why they cannot be considered directors representing substantial shareholdings or independent directors, and state their connections, whether with the company, its directors or its shareholders:

Full name or corporate name of the board member

Ms. María del Carmen Becerril Martínez

Company, director or shareholder with whom he has a connection:

Reasons

As she left her executive duties in May, 2014, and was appointed as director in June that same year, she cannot be considered an Independent Director as the time period of three years has not passed, as stated in section 529 twelfth of the Capital Companies Act, nor as a Director representing Substantial Shareholders, as she has not been appointed in her capacity as a shareholder.

Total number of Other External Directors	1
% of the total Board	9.09%

State the changes, if any, that have taken place during the period with regard to the profile of each shareholder:

C.1.4 Complete the following table with the relevant information with regard to the number of female board members during the last four financial years, as well as the role of these female board members:

Type	Number of Female Board Members				Percentage of all board members of that type			
	2015	2014	2013	2012	2015	2014	2013	2012
Executive	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Representing External Shareholders	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Independent	2	2	4	4	33.00%	25.00%	50.00%	50.00%
Other External	1	1	0	0	100.00%	100.00%	0.00%	0.00%
Total:	3	3	4	4	27.27%	23.08%	30.70%	30.70%

C.1.5 Explain the measures, if any, that have been taken to include a number of women on the Board of Directors so as to enable the board to achieve a balanced presence of women and men.

Explanation of the Measures
All required policies have been endorsed by the Board of Directors to avoid situations where the selection procedures suffer implicit biases that obstruct the selection, not only of board members, but also of any male or female employee, in

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the search for candidates holding the required competence, knowledge and experience to carry out the position. This is detailed in point 4.3 of Acciona's Code of Conduct, which guarantees equality through its policies with regard to behaviour and does not tolerate any type of discrimination in the professional environment. The number of female board members is three, representing 27.27% of the total number on the Board in contrast with the 23.08% of the previous year.

C.1.6 Explain the measures the Appointments Committee has taken to ensure that selection procedures do not suffer implicit biases that obstruct the selection of female board members, and that the company deliberately looks for women with the required professional profile, and includes them in the list of potential candidates:

Explanation of the Measures
The Appointments and Remuneration Committee, in compliance with the Regulations for the Board of Directors and the group's Code of Conduct, includes women with an appropriate professional profile among potential candidates, and takes care to ensure that the selection procedures do not include implicit biases that could obstruct the selection of female board members. In 2015, this committee gave a favourable report on the appointment of Ms. Ana Inés Sainz de Vicuña as a Director

Where, despite the measures adopted, there are few or no female directors, provide a justification:

Explanation of the reasons
[blank]

C.1.6A Explain the findings of the Appointment Committee about the verification of compliance with the policy of selection of directors. And in particular, how the policy is promoting the goal that by 2020 the number of female directors represents at least 30% of the total members of the board.

Explanation of findings

The Appointment and Remuneration Committee has been promoting the incorporation of female directors for some time and intends to fulfil the objective that by 2020 the number of female directors will represent at least 30% of all board members. At the closing date Acciona is close to reaching the target of 30% since today the percentage is 27.27%. In the years 2012 and 2013 the aim of at least 30% female directors was fulfilled.

C.1.7 Explain the type of representation granted to major shareholders on the board.

The Executive Director, Mr. José Manuel Entrecanales Domecq, and the Director representing external shareholders, Mr. Daniel Entrecanales Domecq, are shareholders of Wit Europese Investerings, BV.

The Executive Director, Mr. Juan Ignacio Entrecanales Franco and the Director representing external shareholders, Mr. Javier Entrecanales Franco, are shareholders of Tussen de Grachten BV.

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- C.1.8 Explain, where appropriate, the reasons why directors representing external shareholders whose shares represent less than 3% of the capital have been appointed:

Indicate whether formal requests for a seat on the board from shareholders with a stake equal to or greater than that of others, at whose request directors representing substantial shareholders were appointed have not been respected. Where appropriate, explain the reasons why they have not been respected:

No

- C.1.9 Indicate whether any director has resigned from his/her position prior to the end of the term, whether any reasons have been explained to the Board, and through what channel, and then explain at least the reasons provided:

Name of the Director:

MR. CARLOS ESPINOSA DE LOS MONTEROS BERNALDO DE QUIROS

Reason for resigning:

Having remained as independent director continuously over 12 years.

Name of the Director:

MS. SOL DAURELLA COMADRAN

Reason for resigning:

Incompatibility reasons with her professional obligations.

- C.1.10 Indicate, where applicable, any powers delegated to director(s) who have been empowered:

Full name or corporate name of the director

Mr. José Manuel Entrecanales Domecq

Brief Description

All the powers of the Board of Directors, except for those that cannot be delegated by Law, to be exercised jointly and severally.

Full name or corporate name of the director

Mr. Juan Ignacio Entrecanales Franco

Brief Description

All the powers of the Board of Directors, except for those that cannot be delegated by Law, to be exercised jointly and severally.

- C.1.11 Indicate, where appropriate, the directors holding administrative or management positions in other companies forming part of the group of the listed company:

- C.1.12 Detail those Company directors, if any, who are directors of other entities listed on official stock markets not related to this group and notified to the company:

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Full name or corporate name of the board member	Corporate name of the listed entity	Position held
MR. JAIME CASTELLANOS BORREGO	VOCENTO, S.A.	DIRECTOR
MS. BELÉN VILLALONGA MORENES	GRIFOLS, S.A.	DIRECTOR
MS. BELÉN VILLALONGA MORENES	TALGO, S.A.	DIRECTOR
MS. ANA INÉS SAINZ DE VICUÑA BEMBERG	INMOBILIARIA COLONIAL, S.A.	DIRECTOR

C.1.13 Indicate and, where appropriate, explain whether the company has established rules regarding the number of other Boards in which its directors may serve:

Yes

Explanation of the Rules
Section 38.1 c) of the Regulations for the Board of Directors obliges directors not to belong to the Boards of more than three listed companies, including Acciona without prejudice to the Board of Directors upon the report of the appointment and remuneration committee, to set a lower number if it is considered that the dedication required from other boards of directors does not allow dedicating the time necessary to perform the functions of Acciona directorship. The number of 4 listed companies was reduced to 2, excluding Acciona.

C.1.14 Section repealed.

C.1.15 Indicate the total remuneration for the board of directors.

Remuneration for the Board of Directors (in thousands of euros)	6,488
Amount of the total remuneration corresponding to pension rights accumulated by directors (in thousands of euros)	2,311
Overall remuneration for the board of directors (in thousands of euros)	0

C.1.16 Identify the members of Senior Management who are not Executive Directors and indicate the total remuneration paid to them during the year:

Full name or corporate name	Position(s):
Mr. Félix Rivas Anoro	General Manager of Procurement, Innovation, Environment and Quality
Mr. Pio Cabanillas Alonso	General Manager of the Corporate Image and Global Marketing Department
Mr. Carlos López Fernández	General Manager of Acciona Engineering and Industrial Area
Mr. Alfonso Callejo Martínez	General Manager of Corporate Resources
Mr. Raúl Beltrán Núñez	Director of Acciona Internal Audit
Mr. Francisco Adalberto Claudio Vázquez	General Manager of Civil Works
Mr. Luís Castilla Cámara	CEO Acciona Infrastructures

TRANSLATION

Full name or corporate name	Position(s):
Ms. Macarena Carrión López de la Garma	General Manager of the Chairman's Office
Mr. Carlos María Arilla de Juana	General Manager of the Economics and Finance Department
Mr. Rafael Mateo Alcalá	CEO of Acciona Energy
Mr. Jorge Vega-Penichet Lopez	Secretary General
Mr. Ricardo Molina Oltra	General Manager of Acciona Service
Mr. José Joaquín Mollinedo Chocano	General Manager of Institutional Relations
Ms. Isabel Antúnez Cid	General Manager of Property Development
Mr. Fernando Fajardo Gérez	General Manager for Acciona Infrastructures Australia and South-East Asia
Mr. Joaquin Ancín Viguiristi	General Manager of Engineering, Construction and Innovation at Acciona Energy
Mr. José María Farto Paz	General Manager of Acciona Infrastructures - Galicia
Ms. Arantza Ezpeleta Puras	General Manager of the International Area. Chairman's Office
Mr. Juan Ramón Silva Ferrada	General Manager of Sustainability
Mr. José Luís Blanco Diéguez	General Manager of Acciona Windpower
Mr. José Manuel Terceiro Mateos	General Manager of Economics and Finance at Acciona Infrastructures
Mr. Eduardo Medina Sánchez	General Manager of Business Development at Acciona Energy
Mr. Juan Manuel Cruz Palacios	General Manager of Labour Relations, Environment and Quality Plan, and Sustainability at Acciona Infrastructures
Mr. Roberto Fernández López	General Manager of Corporate Resources at Acciona Infrastructures
Mr. Justo Vicente Pelegrini	General Manager of Acciona Infrastructures Spain and Construction in Africa, Sweden and Emirates
Mr. Ramón Jiménez Serrano	General Manager for Acciona Engineering and Industrial Area
Ms. Olga Corella Hurtado	General Manager for Economic Control at Acciona Infrastructures
Mr. Carlos Navas García	General Manager of Acciona Airport Services
Mr. José Ángel Tejero Santos	General Manager of Economic Control and Finance
Mr. Jesús Alcázar Viela	General Manager of Acciona Infrastructures in Latin America
Mr. Walter de Luna Butz	CEO Acciona Property
Mr. Vicente Santamaria de Paredes Castillo	General Manager of Legal Services
Mr. Juan Muro-Lara Girod	General Manager of Corporate Development and Investor Relations

TRANSLATION

Full name or corporate name	Position(s):
Mr. Jose Julio Figueroa Gomez de Salazar	General Manager of Legal advice
Mr. Antonio Soto Conde	General Manager of Hijos de Antonio Barceló Area

Total Senior Management remuneration (in thousands of euros)	21,120
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C.1.17 Indicate the identity of the members of the Board, if any, who are also members of the Board of Directors of companies that are significant shareholders and/or of companies in their corporate group:

Describe, if any, the relevant relationships other than those referred to in the previous section held by members of the Board of Directors and linking them to significant shareholders and/or entities in their corporate group:

Full name or corporate name of the related director

Mr. Juan Ignacio Entrecanales Franco

Name or company name of the related Significant Shareholder

Tussen de Grachten, BV

Description of the relationship

Shareholder

Full name or corporate name of the related director

Mr. Javier Entrecanales Franco

Name or company name of the related Significant Shareholder

Tussen de Grachten, BV

Description of the relationship

Shareholder

Full name or corporate name of the related director

Mr. José Manuel Entrecanales Domecq

Name or company name of the related Significant Shareholder

Wit Europese Investerings, BV

Description of the relationship

Shareholder

Full name or corporate name of the related director

Mr. Daniel Entrecanales Domecq

Name or company name of the Significant Shareholder

Wit Europese Investerings, BV

Description of the relationship

Shareholder

C.1.18 Indicate whether there were any changes to the Regulations for the Board of Directors during the year:

Yes

Modifications description

TRANSLATION

The purpose of the reform of the Regulations of the Board of Directors has been essentially to adapt its contents to the new developments in the legal regime applicable to the board of directors, and in general to managers of companies under Act 31/2014, of December 3, which amends the Capital Companies Act (*LSC*) to improve governance and the Code of Good Governance of listed companies (*CBG*), published on February 24.

The amendments to the Regulations were approved at the meeting of the Board of Directors of May 7 although its effect was deferred to the holding of the General Meeting in 2015, which approved the amendments to the Articles of Association and Regulations of the General Meeting to give proper systematic consistency to the internal rules governing the organization and running of the Company.

The amendments to the Regulations have been registered at the Companies Register and its consolidated text is available on the company's website.

At the General Meeting of Shareholders held on June 11, 2015 the amendments to the Regulations of the Board were reported.

C.1.19 Describe the procedures for the selection, appointment, re-election, evaluation and removal of Directors. List the competent bodies, procedures to be followed and criteria to be used in each of the procedures.

Directors are appointed by the General Meeting, except where the Board of Directors uses co-opting to fill vacancies or directors are appointed by Shareholders exercising their right to proportional representation.

The Board of Directors must respect the Regulations when formulating proposals to the General Meeting for the appointment of Directors and deciding the appointments made by the Board of Directors through co-opting.

The Board of Directors will comprise Directors representing substantial shareholdings, Independent Directors and Executive Directors.

Proposals for appointment or renewal of Directors submitted by the Board of Directors to the General Meeting and temporary appointments by co-opting shall be adopted by the Board based on a proposal from the Appointments and Remuneration Committee, in the case of Independent Directors, and the preliminary report issued by the Appointments and Remuneration Committee, in the case of other Directors.

The Board of Directors, in the exercise of its powers to propose to the General Meeting and to use co-opting to fill vacancies, will ensure that, within the membership of the Board, Directors representing substantial shareholdings and Independent Shareholders will represent a substantial majority over the Executive Directors and the number of Executive Directors will be kept to the necessary minimum in consideration of the complexity of the corporate group and the ownership interests of the Executive Directors in the company's capital, and that the number of Independent Directors will represent at least half of all board members.

The Board and the Appointments and Remuneration Committee shall ensure that, within the scope of their respective powers, the choice of Independent Directors will favour those with recognized solvency, competence and experience who are willing to devote a sufficient amount of time to performing the duties of the position. Any Director may request that the Appointments and Remuneration Committee take into consideration potential candidates whom they consider appropriate to fill vacancies on the Board.

The Appointments and Remuneration Committee shall also report to the Board of Directors on the proposed re-election of Directors. In its recommendation, the Appointments and Remuneration Committee will assess the quality of their work and dedication to the office during their term.

TRANSLATION

The powers attributed to the Appointments and Remuneration Committee are specified in section 40.ter. of the Articles of Association and 32 of the Regulations of the Board of Directors.

Directors will cease to hold office:

- if they so choose, at any time.
- when required to do so by the General Meeting in exercise of the powers conferred on it by law,
- when the next General Meeting of the Shareholders is held once the term for which they were appointed expires, or else after the legally established deadline for holding the next Annual General Meeting has passed, if it has not been held.

The 2012 General Meeting of Shareholders approved the proposed statutory amendment to section 31.1 of the Articles of Association, by which the term of appointment of Directors is reduced to three years instead of five, without prejudice to the ability to be re-elected one or more times.

The new three-year term established in the Articles of Association applies to all Directors whose appointment or election occurred at that General Meeting and those who are appointed or re-elected thereafter. For those appointed prior to this date, the term of office shall be in accordance with the criteria applied by the Directorate General for Public Registries and Notaries (Resolutions of the DGRN dated 4 May 2006, and 18 March 2011), without prejudice to any pertinent decisions that may be adopted by the General Meeting. In addition, in those cases referred to below in section C.1.21, Directors must tender their resignation to the Board of Directors and resign, if the Board deems this appropriate.

During the 2015 financial year, the Appointments and Remuneration Committee proposed to the Board the re-election of Mr. Jaime Castellanos, Mr. Fernando Rodés and the appointment of Ms. Ana Sainz de Vicuña, as Independent External Directors and reported the re-election proposal of the executive directors and the directors representing substantial shareholders. The report of the Committee and the Board of Directors assessing the competence experience and merit of the proposed for appointment or re-election was made available to the shareholders with the notice of meeting for the General Meeting together with the curriculum and the indication of the category to which each of them belongs.

C.1.20 Explain to what extent the annual Board's assessment has resulted in important changes to the Board's internal organization and the procedures applicable to its activities:

Description of changes

Self-evaluation has not led to significant changes in the internal organization of the Board.

C.1.20 bis Describe the process and evaluated areas made by the board of directors assisted, if necessary, by an external consultant, respect for diversity in its composition and powers, the running of and composition of its committees, the performance of the Chairman of the Board and the chief executive of the company and the performance and contribution of each director.

The Board of Directors in the exercise referred to in this report has made the evaluation process without the intervention of an outside consultant. The Board of Directors evaluates the quality and efficiency of the Board annually, including the performance of the duties performed by the Board's Chair, Vice-Chair, Executive Committee and other Committees based on the reports submitted for that purpose. The evaluation is carried out through individual forms, which are completed anonymously by each Director and, once they are completed, the Audit Committee and the Appointments and Remuneration Committee discuss the results and issue the relevant reports for the Board of Directors.

TRANSLATION

C.1.20 ter Detail, if any, business relationships that the consultant or any company in its group have with the company or any company in its group.

The Board of Directors in the exercise referred to in this report has made the evaluation process without the intervention of an outside consultant.

C.1.21 Indicate the circumstances under which the Directors are forced to resign.

Directors must tender their resignation to the Board of Directors and, if deemed appropriate, formally resign in the following cases:

- a) In the case of Directors representing substantial shareholdings, when the reasons for which they were named Director are no longer relevant, i.e., the entity or group they represent ceases to hold a significant stake in the share capital of Acciona or when the entity or corporate group requests their replacement as Director.
- b) In the case of Independent Directors, if they join the ranks of Acciona's leading executives or any of its subsidiaries, or when, for other reasons, circumstances arise that are incompatible with the status of an Independent Director.
- e) In the case of Executive Directors, when they leave the executive post for which they were appointed as Directors.
- d) When they are involved in any case deemed incompatible or prohibited by Law or Regulations.
- e) When reprimanded by the Audit Committee for a serious breach of any of their obligations as Directors.
- f) When their remaining on the Board could affect the credit or reputation of Acciona and its group on the market or otherwise jeopardize its interests and particularly if a case is brought against the Company or if oral proceedings are held for any of the offences listed in section 213 of the Capital Companies Act.

C.1.22 Section repealed.

C.1.23 Is a reinforced majority, other than those legally stipulated, required for any type of decision?

No

Where applicable, describe the differences.

C.1.24 Explain whether there are specific requirements, other than those relating to the Directors, to be appointed Chairman of the Board of Directors.

No

C.1.25 Indicate whether the Chairman has the casting vote:

Yes

Matters for which there is a casting vote
Resolutions are adopted by an absolute majority of the members of the Board who are present or represented by proxy. In case of a tie, the Chairman or Acting Chairman will have the casting vote, in accordance with section 37 of the Articles of Association.

TRANSLATION

C.1.26 Indicate whether the Articles of Association or the Regulations for the Board of Directors establish an age limit for directors:

No

C.1.27 Indicate whether the Articles of Association or the Regulations for the Board of Directors establish a limited mandate for Independent Directors, other than that established under the Regulations:

No

C.1.28 Indicate whether the Articles of Association or the Regulations for the Board of Directors establish specific rules for proxy voting during board meetings, how this is carried out and, in particular, the maximum number of proxies a Director may have, as well as if it has been established that a Director of the same type must be established as the proxy. If applicable, briefly detail these rules.

The Regulations for the Board of Directors provide that Directors must attend Board meetings, although the Chair may authorize, under exceptional circumstances, the participation of Directors via video-conference, telephone or other means of telecommunication enabling the Director to be unequivocally identified and the confidentiality of the discussions to be preserved. In such cases, the Directors participating in the session are considered to be physically present.

When a Director cannot attend in person, a circumstance that should only occur with especially good cause, and does not participate by means of remote communication, that Director will strive to designate another member of the Board of Directors as a proxy and indicate to that member, as far as possible, appropriate voting instructions. Representation must be granted by letter or by such other written medium as the Chairman may judge to be sufficient.

There is no limit set for the maximum number of proxies a Director may hold. Non-executive Directors may delegate only in favour of a Director of the same type.

C.1.29 State the number of meetings the Board of Directors has held during the financial year. In addition, point out the times the board has met without the Chairman. Attendance of representatives with specific instructions will be considered in the calculation.

Number of Board Meetings	12
Number of Board Meetings without the Chairman in attendance	1

If the Chair is executive director, indicate the number of meetings held without the assistance or representation of any executive director and under the presence of the coordinating director:

Number of meetings	0
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State the number of meetings held by the various committees of the Board during the financial year:

TRANSLATION

Committee	No. of Meetings
Executive or Delegate Committee	0
Audit Committee	5
Appointments and Remuneration Committee	5
Sustainability Committee	3

C.1.30 Indicate the number of meetings held by the Board of Directors during the financial year with the attendance of all its members. Attendance of representatives with specific instructions will be considered in the calculation:

Attendance of board members	3
% of attendances over the total number of votes in the financial year	91.55%

C.1.31 Indicate whether the individual and consolidated annual accounts presented to the Board for approval have previously been certified:

No

Identify the person or persons, if any, who have certified the Company's annual individual and consolidated accounts for approval by the Board:

C.1.32 Explain, if any, the mechanisms established by the Board of Directors to avoid the situation where the individual and consolidated accounts drawn up are submitted to the General Meeting without an unqualified opinion from the auditors in their report.

It is the obligation of the Board of Directors to ensure that the accounts have been prepared in such a way that the Auditors will issue an unqualified opinion. However, if the Board considers that it must uphold its criterion, the Chairman of the Audit Committee and the auditors will clearly explain the scope and contents of discrepancies to the shareholders.

The Audit Committee's functions also include the obligation to act as a channel for communication between the Board of Directors and the external auditors, to evaluate the results of each audit, and the responses of the management team to its recommendations, and to mediate and arbitrate in those cases where there are discrepancies regarding the principles and criteria applicable to the preparation of the financial statements.

The annual individual and consolidated accounts for the 2015 financial year are expected to be submitted to the General Meeting with an unqualified opinion in the auditors' report.

C.1.33 Does the Secretary to the Board hold the position of Director?

No

If the Secretary does not hold the position of Director complete the following table:

TRANSLATION

Full name or corporate name of the Secretary	Representative
Mr. Jorge Vega-Penichet Lopez	

C.1.34 Section repealed

C.1.35 Indicate the mechanisms established by the company, if any, to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

The Regulations for the Board of Directors require that it has the obligation to establish, through the Audit Committee, a professional and stable relationship with Acciona's external auditors and the principal companies in its group, with strict respect for their independence.

In addition, in order to ensure the auditors' independence, the Audit Committee must, in addition to the functions attributed thereto by section 529.14 of the Capital Companies Act and in accordance with the provisions of section 30 of the Regulations:

- a) In the event of resignation of the external auditor, examine the circumstances that have caused it.
- b) Ensure that the remuneration of the external auditor for its work does not compromise quality or independence.
- c) Make sure that the Company will communicate to the Spanish National Securities Market Commission (*CNMV*) the change of auditor as a relevant event; this will be accompanied by a statement about any possible disagreements with the outgoing auditor and, if there had been any disagreements, their contents will be reported too.
- d) Ensure that the external auditor annually holds a meeting with the full Board of Directors to inform about the work done and the evolution of accounting and risk situation of the company.
- e) Make sure that the Company and the auditor respect the rules in place regarding the rendering of services other than auditing services, the limits on the concentration of the auditor's business and, in general, the rest of the rules established to ensure the independence of auditors.
- f) Urge the group auditor to take responsibility for auditing the companies that comprise it.

The Board of Directors publicly reports in the Notes comprising the annual accounts the total amount of fees paid for the external audit of the annual accounts and the amounts paid for other services rendered to professionals related to the external auditors, with a breakdown of payments to the auditors and those to any company in the same group of companies to which the auditor belongs, or to any other company to which the auditor is connected through joint ownership, management or control.

In compliance with current legislation, the external auditor issued report which confirms his independence from the company and its group.

TRANSLATION

With regard to financial analysts, the Board of Directors applies the same standards as in the dialogue with shareholders, ensuring equal treatment between them and taking special care to ensure symmetric and simultaneous communication to the market of such data, scenarios and plans that may have an effect on the quotation of its shares on the stock market.

C.1.36 Indicate whether the Company has changed the external auditors during the financial year. Where appropriate, name the incoming and outgoing auditors:

No

If there were any disputes with the outgoing auditors, explain the reason:

C.1.37 Indicate whether the audit firm performs any work for the company and/or its group other than audit work, and where appropriate declare the amount of fees received for this work and the percentage this represents of all fees invoiced to the company and/or its group:

Yes

	Company	Group	Total
Amount of work other than auditing (in thousands of euros)	1,424	1,294	2,718
Amount of work outside the audit / Total amount invoiced by the audit firm (as a percentage)	76.72%	29.76%	43.81%

C.1.38 Indicate whether the auditors' report on the annual accounts for the previous year contains any reservations or qualifications. In this case, indicate the reasons given by the chairman of the audit committee to explain the content and scope of such reservations or qualifications.

No

C.1.39 State the number of consecutive years that the current audit firm has carried out the auditing of the company's and/or its group's annual accounts. Also, state the percentage that the number of years audited by the current audit firm represents over the total number of years that the annual accounts have been audited:

	Company	Group
Number of consecutive years	14	14
No. of financial years audited by the current firm of auditors / No. of financial years the Company has had audited (as a %)	53.85%	53.85%

C.1.40 Indicate and, where appropriate, detail if a procedure exists through which the board members may seek external advice:

Yes

Details of the Procedure

TRANSLATION

Section 41 of the Regulations for the Board of Directors establishes that for the purposes of assistance in exercising their responsibilities, directors may contract their own consultants, at Acciona's expense, for legal, accounting, financial or other matters.

The contracting of such external consultants will be limited to assignments dealing with specific problems of a certain prominence and complexity that arise in the exercise of their appointments.

The contracting of consultancy services to assist board members must previously have been notified to the Chair of the Board of Directors.

The contracting of consultancy services to assist board members may be vetoed by the Board of Directors if this body considers, by an absolute majority, that:

- a) it is not necessary for the full performance of the duties entrusted to directors;
- b) the cost is not reasonable with regard to the significance of the problem;
- c) the technical assistance sought can be adequately provided by Acciona's technical experts; or
- d) there might be a risk to the confidentiality of the information to be handled.

If the Chair of the Board of Directors calls a session of this body to rule on a veto of such contracting, then this contracting will be postponed until the meeting has taken place or until a resolution has been adopted. The decision should be adopted without delays that could impair the rights of directors.

In the 2015 financial year no director requested the contracting of external consultants at Acciona's expense.

C.1.41 Indicate and, where appropriate, detail whether a procedure exists to provide directors with the information necessary to prepare for the meetings of the Company's governance bodies sufficiently in advance:

Yes

Details of the Procedure

The Board of Directors sets the schedule and programme of topics for the ordinary sessions before the beginning of each calendar year, without prejudice to subsequent modification for good cause. Notice of meeting is given by letter, fax, telegram or e mail at least three days prior to the date set although, should the circumstances of the case require, the Chairman may convene an extraordinary Board Meeting by telephone without complying with the notice period or the other requirements of the next section.

The notice of meeting will include a draft of the planned Agenda for the session, accompanied by pertinent information available in writing, without prejudice to the possibility for any board member to request information deemed necessary to complement the information delivered. On the agenda it will clearly be indicated the points on which the Board shall take a decision or agreement so that the directors may study or seek, in advance, the information required for its adoption.

C.1.42 Indicate and provide details, where appropriate, whether the company has established rules obliging directors to report and, where appropriate, resign in scenarios that may harm the Company's credit and reputation:

Yes

Explain the rules

Section 53.2 of the Regulations obliges directors to declare all claims, whether judicial, administrative, or of any other nature initiated against the director, as well as any subsequent changes in circumstance that might seriously impact Acciona's reputation due to their significance.

Directors must tender their resignation to the Board of Directors, which may, if

TRANSLATION

necessary, accept this if the director's position on the Board could affect the credit or reputation enjoyed by Acciona and its group on the market, or jeopardize its interests in any way.

In particular, directors must inform the Board whenever criminal proceedings are instituted or a trial is ordered for any of the offences listed in section 213 of the Capital Companies Act. In such situations, the Board will examine the case as soon as possible and, in the light of the specific circumstances, will decide whether or not the director may continue as a member of the board. Any such scenario will be set out in a reasoned manner in the Annual Corporate Governance Report.

- C.1.43 Indicate whether any member of the board of directors has informed the Company that criminal proceedings have been instituted or a trial ordered for any of the offences listed in section 213 of the Capital Companies Act:

No

Indicate whether the board of directors has analysed the case. If the answer is positive, explain the decision taken in a reasoned manner, whether the director continues to sit on the board or else, where appropriate, explain the actions taken by the board of directors up to the date of the current report, or any that are planned.

- C.1.44 Detail any significant resolutions adopted by the Company and have been put into effect, amended or withdrawn in the event of a change of control over the Company due to a public buy-out, and their effects.

Acciona issued convertible bonds in the amount of 342 million euros during the month of January, 2014. The terms and conditions of these bonds recognize a right to early redemption in favour of bondholders in those cases where there are changes in control and also to an adjustment in the initial conversion price in those cases where a public offer to acquire stock is announced, as these scenarios are defined in the terms and conditions related to the issue.

Furthermore, in April 2014, Acciona issued Simple Debentures in the amount of 62.7 million euros. The terms and conditions of these simple debentures recognize a right to early redemption in favour of bondholders in those cases where there are changes in control, as defined in the terms and conditions related to the issue.

The EMTN (European Medium Term Notes) program, which covers bond issues for terms longer than 12 months, recognizes the bondholders the right to early repayment in the event of change of control, as defined in the terms and conditions program. At December 31, 2015 had issued private placements under this program in the amount of 228.8 million euros.

Acciona has two loan agreements signed with the European Investment Bank (EIB) in the amounts of 120 and 185 million euros to finance Group R&D programmes; these agreements recognize the EIB's right to claim for reimbursement in the change of control scenarios defined in the agreements.

Acciona acts as guarantor in a syndicated financing agreement amounting to 1,800 million euros signed in March 2015, which contemplates as a situation of mandatory early payment the change of control of the obligees in the terms defined in the contract.

- C.1.45 Identify, in the aggregate, and indicate in detail any agreements entered into between the Company and its directors, management or employees for the establishment of compensation, guarantee clauses or golden parachutes when they resign or are unfairly dismissed, or if the contractual relationship ends due to a public buy-out or other events.

TRANSLATION

Number of Beneficiaries: 4

Type of Beneficiary:

Executives

Description of Agreement:

The Company's general criterion with regard to senior management and executives is not to offer compensation, except for those amounts established for the specific cases foreseen under the employment law in force in the absence of any express agreement.

The foregoing notwithstanding, a total of four executives, none of whom are executive directors, have agreed specific terms in the event that their employment contract comes to an end due to improper dismissal, or at the discretion of the Company.

The amounts of such clauses, which do not affect executive directors, is as follows: one clause for 1.5 times the annual salary, and three clauses for an amount equivalent to six months' salary.

Indicate whether these contracts have to be notified to and/or approved by the bodies of the company or its group:

	Board of Directors	General Meeting
Body authorizing the clauses	Yes	No

	YES	NO
Was the General Meeting informed of the clauses?	X	

C.2 Committees of the Board of Directors

C.2.1 List all committees of the Board of Directors, their members and the proportion of directors representing substantial shareholdings and independent directors.

EXECUTIVE COMMITTEE OR DELEGATED COMMITTEE

Name	Position	Type
Mr. José Manuel Entrecanales Domecq	Chairman	Executive Director
Mr. Juan Ignacio Entrecanales Franco	Chairman	Executive Director
Mr. Jaime Castellanos Borrego	Member	Independent Director
Mr. Juan Carlos Garay Ibargaray	Member	Independent Director

% of Executive Directors	50.00%
% of Directors representing substantial shareholdings	0.00%
% of Independent Directors	50.00%
% of Other Non-Executive Directors	0.00%

Explain the functions assigned to this committee, describe the procedures and rules of organization and functioning thereof and summarize its most important performances during the year.

TRANSLATION

a) Functions.

The Executive Committee, delegated by the Board of Directors, has all the powers that can be legally and statutorily delegated.

b) Organization and Proceedings.

The executive committee shall be formed by directors. Their number will be no less than three and no more than seven.

The executive committee will be formed by executive directors and external directors.

The valid appointment and renewal of each of the members of the executive committee will require the favourable vote of at least two-thirds of the members of the Board of Directors.

The executive committee will have one or two Chairs. If there were two Chairs, one would be held by the Chair of the Board of Directors. Both Chairs would perform under the regime agreed between them or, failing that, jointly.

The executive committee meets only in exceptional situations. The notice of meeting is the Chair's decision, either at its discretion or at the request of two members. The Executive Committee is quorate when at least half of its members, present in person or represented, attend the meeting. Attendance is possible by means of videoconference, telephone or other means of telecommunication, it being considered that the members participating in the session in such way are present.

The Executive Committee adopts resolutions by absolute majority of the members present in person or represented at the meeting.

In each meeting of the Executive Committee, the minutes are drafted by its Secretary. The Board of Directors may gain access at any time to the minutes of the Executive Committee.

The Executive Committee may request, by agreement of the Executive Committee itself or by decision of its Chair, or the Chief Executive Officer, participation at meetings by any executive of Acciona or of companies over which it holds a significant influence.

They can also request participation in meetings by external advisors or the statutory auditors of Acciona or of the companies over which it holds a significant influence, Acciona bearing the cost involved.

C) Proceedings in the financial year.

The Committee has not met in 2015.

Indicate whether the delegate or executive composition reflects the participation on the Board of the different directors according to their category:

No

If not, explain the composition of the Executive or Delegate Committee

Only executive directors and two independent directors participate in the executive committee, without there being any proprietary directors, without prejudice to the two executive directors also being proprietary.

AUDIT COMMITTEE

Name	Position	Type
Ms. Ana Inés Sainz de Vicuña Bemberg	Member	Independent Director
Mr. Jaime Castellanos Borrego	Member	Independent Director
Mr. Juan Carlos Garay Ibargaray	Chair	Independent Director
Mr. Javier Entrecanales Franco	Member	Proprietary Director

TRANSLATION

% of Proprietary Directors	25.00%
% of Independent Directors	75.00%
% of Other External Directors	0.00%

Explain the functions assigned to this committee, describe the procedures and rules of organization and functioning thereof and summarize its most important performances during the year.

a) Functions.

The Audit Committee has all the powers established in the Law, in Section 40.A of the Articles of Association and section 30c) of the Regulations, the text of which is available on the company's website.

b) Organization and Proceedings.

The Audit Committee shall be formed by no less than three and no more than five directors, all of them external directors, and at least two of them will be independent directors.

The Chair of the Audit Committee will be elected by the Board of Directors from the members of the Audit Committee who are independent directors.

The Chair will be replaced every four years, being able to be reappointed after one year of his resign. The Secretariat of the Audit Committee will be performed by the Secretary of the Board of Directors and in his absence, the Deputy Secretary of this body.

Members of the Audit Committee, and particularly its Chair, will be appointed taking into account their knowledge and experience in accounting, auditing or risk management.

Meetings are held on the dates that the Committee has set as meeting schedule and whenever they are called by its Chair, either at its discretion or at the request of one of its members. The notice of meeting is reported by the Chair or by the Secretary following the Chair's instructions. In case of absence or incapacity of the Chair the notice of meeting is made by the Secretary at the request of any member.

The Audit Committee will meet periodically depending on its needs and at least four times a year, in advance of public disclosure of financial information by Acciona. One of the sessions will necessarily include the assessment of compliance with the rules and procedures governing Acciona and its efficiency. The Audit Committee is quorate when at least half of its members, present in person or represented, attend the meeting.

Attendance is possible by means of videoconference, telephone or other means of telecommunication, it being considered that the members participating in the session in such way are present. The Audit Committee adopts resolutions by absolute majority of the members present in person or represented at the meeting. The Chair of the Audit Committee has the casting vote.

In each meeting of the Audit Committee, the minutes are drafted by its Secretary. The Board of Directors may gain access at any time to the minutes of the Audit Committee. The Committee may request, by agreement or by decision of its Chair, participation at meetings by any executive considered necessary and by the external auditor of any of the group's companies.

They can also request participation in meetings by external advisors.

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c) Proceedings in the financial year.

The Committee assessed the quality and efficiency of the Board, the Committee itself and the Chair and Vice-Chair, for which it approved a separate form filled out anonymously by each Director. The result of the evaluation was recorded in the minutes and was annexed.

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The Committee supervised the preparation of the report on the internal and external audit about the Financial Statements for the year 2014.

As in previous years, the Committee has conducted the review, at an internal level, quarterly and six-monthly, of the financial information, which is disclosed to the stock markets before being reported; it has held meetings with the external auditors of the group before approving the proposed formulation of the annual accounts; it has reviewed the methods applied by the internal audit.

It evaluated compliance with the rules and procedures of governance and its quality and efficiency, issuing a report thereon and reporting to the Board.

It met and oversaw the renovation of the Risk Map.

It supervised and submitted for approval by the Board of Directors the annual report on corporate governance.

It has verified with the external auditors, in the absence of members of the management team, the quality of its relationship with them and the auditor's trust in the group's systems and information.

It supervised and submitted for approval by the Board of Directors the proposal to amend the Articles of Association, Regulations of the General Meeting and of the Board of Directors.

It issued a favourable proposal to the Board to assume the criteria established by the *CNMV* on discretionary treasury stock management.

It supervised the activity carried out by the Code of Conduct Committee receiving detailed information on the proceedings in progress and the ones processed in the year 2015 which have received a total of 33 reports identified through the Ethics Channel / Code of Conduct Committee, the purpose of which is:

- Financial (7)
- Employment / Discrimination / Mobbing (23)
- ORP (1)
- Theft (1)
- Consultations (1)

It met with the firm responsible for issuing an expert report on the group's Crime Prevention and Anti-corruption Model in order to receive information on the effectiveness of the model and areas for improvement.

It reviewed and favourably reported to the Board the proposal for approval of the rules of the anticorruption policy implementation.

Identify the member of the audit committee that has been appointed considering his knowledge and experience in accounting, auditing or both and report on the number of years that the Chair of this committee has been in office.

Name of the experienced Director	Ms. Juan Carlos Garay Ibararay
Number of years in office	1

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Mr. Jaime Castellanos Borrego	Chair	Independent Director
Mr. Fernando Rodés Vila	Member	Independent Director
Mr. Juan Carlos Garay Ibargaray	Member	Independent Director
Mr. Daniel Entrecanales Domecq	Member	Proprietary Director

% of Directors representing substantial shareholdings	25.00%
% of Independent Directors	75.00%
% of Other External Directors	0.00%

Explain the functions assigned to this committee, describe the procedures and rules of organization and functioning thereof and summarize its most important performances during the year.

a) Functions.

The Appointments and Remuneration Committee has all the powers established in the Law, in Section 40.B of the Articles of Association and section 30c) of the Regulations, the text of which is available on the company's website.

b) Organization and Proceedings.

The Appointments and Remuneration Committee shall be formed by no less than three and no more than five directors, all of them external directors, and at least two of them will be independent directors.

Members of the Appointments and Remuneration Committee will be appointed taking into account their knowledge, skills and experience appropriate to the functions they are asked to perform.

The Chair of the Appointments and Remuneration Committee will be elected by the Board of Directors from the members of the Appointments and Remuneration Committee who are independent directors.

Meetings are held on the dates that the Committee has set as meeting schedule and whenever they are called by its Chair, either at its discretion or at the request of one of its members.

The notice of meeting is reported by the Chair or by the Secretary following the Chair's instructions. In case of absence or incapacity of the Chair the notice of meeting is made by the Secretary at the request of any member.

The Appointments and Remuneration Committee will meet at least once a year, and when appropriate, it will report on the renovation of the Board, the Executive Committee or Committees, and will hold the necessary meetings to address the requests from the Board, the Chair, the CEO or the Executive Committee in the scope of its powers.

The Appointments and Remuneration Committee is quorate when at least half of its members, present in person or represented, attend the meeting. Attendance is possible by means of videoconference, telephone or other means of telecommunication, it being considered that the members participating in the session in such way are present. The Appointments and Remuneration Committee adopts resolutions by absolute majority of the members present in person or represented at the meeting.

In each meeting of the Appointments and Remuneration Committee, the minutes are drafted by its Secretary. The Board of Directors may gain access at any time to the minutes. The Committee may request, by agreement or by decision of its Chair, participation at meetings by any executive considered necessary and by the external auditors of any of the group's companies. They can also request

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participation in meetings by external advisors or the statutory auditors of Acciona or of the companies over which it holds a significant influence, Acciona bearing the cost involved.

c) Proceedings in the financial year.

In financial year 2015 the Committee:

It assessed the quality and efficiency of the Board, the Committee itself and the Chair's and Vice-Chair's performance, formulating and submitting the appropriate report.

It evaluated the related party transactions, noting that they are standard trade operations of the group in normal market conditions, as well as the remuneration policy of the Board and Executive Directors during the year, formulating the report and submitting to the Board the appropriate proposal.

It analysed the remuneration of the first and second levels of the management team.

It approved the proposed allocation of shares to the managers.

It reported favourably on the replacement Plan for variable remuneration in cash by shares.

It supervised and proposed to the Board the approval of the report on the remuneration policy of Directors.

It proposed the appointment as Independent Director of the Board of Ms. Ana Sainz de Vicuña Bemberg and the re-election of Mr. Jaime Castellanos and Mr. Fernando Rodés. It also made a favourable report on the reappointments of executive and proprietary Directors proposed to the General Meeting.

It reported on the appointment of Senior Executives.

It discussed the appointment of a director as a director of another listed company without objecting to the appointment.

It submitted a favourable report to the Board on the terms of the contracts to be signed with the executive directors in accordance with the provisions of the Capital Companies Act.

It approved the Regulations of the Plan for Delivery of Shares and Performance Shares submitting the positive proposal to the Board.

SUSTAINABILITY COMMITTEE

Name	Position	Type
Mr. Daniel Entrecanales Domecq	Chairman	Proprietary Director
Ms. María del Carmen Becerril Martinez	Member	Other External
Mr. Fernando Rodés Vila	Member	Independent Director
Mr. Javier Entrecanales Franco	Member	Proprietary Director

% of Proprietary Directors	50%
% of Independent Directors	25%
% of Other External Directors	25%

Explain the functions assigned to this committee, describe the procedures and rules of organization and functioning thereof and summarize its most important performances during the year.

a) Functions.

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The Sustainability Committee has the basic responsibilities listed below, without prejudice to any other tasks assigned to it by the board of directors:

- a. Identify and guide policy, objectives, good practices and Sustainability and corporate social responsibility programs of the Group;
- b. Assess, monitor and review implementation plans for these policies developed by the executives of the Group;
- c. Periodically review the systems of internal control and management and the degree of compliance with those policies;
- d. Annually prepare the Sustainability Report for approval by the Board;
- e. Submit to the Board of Directors the policies, objectives and Sustainability and corporate social responsibility programs and the corresponding expenditure budgets for their execution.

b) Organization and Proceedings.

The Sustainability Committee shall be formed by no less than three and no more than five directors, all of them external directors.

The Sustainability Committee will meet quarterly to assess the degree of compliance with the Sustainability and corporate social responsibility policies approved by the Board of Directors. In addition, it will meet whenever convened in accordance with the provisions contained in the Regulations.

The Sustainability Committee will hold the necessary meetings to address the requests from the Board, the Chair, the CEO or the Executive Committee issuing a report or proposal or the Committee's decision in the scope of its powers.

The Sustainability Committee is quorate when at least half of its members, present in person or represented, attend the meeting. Attendance is possible by means of videoconference, telephone or other means of telecommunication, it being considered that the members participating in the session in such way are present. The Sustainability Committee adopts resolutions by absolute majority of the members present in person or represented at the meeting.

In each meeting of the Sustainability Committee, the minutes are drafted by its Secretary. The Board of Directors may gain access at any time to the minutes. The Committee may request, by agreement or by decision of its Chair, participation at meetings by any executive considered necessary and by the external auditors of any of the group's companies over which it holds a significant influence. They can also request participation in meetings by external advisors or the statutory auditors of Acciona or of the companies over which it holds a significant influence, Acciona bearing the cost involved.

c) Proceedings in the financial year.

The Committee assessed the degree of compliance with the targets set for the Sustainability Directives Plan (*PDS*) as a whole (2010-2014) and found an excellent degree of compliance with the *PDS*.

It reviewed the proposal in detail of the 2020 *PDS*' main lines.

It submitted to the Board, for approval, the Sustainability Report which was also submitted to the Shareholders' Meeting.

C.2.2 Fill out the following chart with information regarding the number of female directors comprising each committee of the Board of Directors over the last four years:

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	Number of female directors							
	2015		2014		2013		2012	
	Number	%	Number	%	Number	%	Number	%
Executive or Delegated Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Audit Committee	1	25.00%	1	33%	2	50.00%	1	25.00%
Appointments and Remuneration Committee	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Sustainability Committee	1	25.00%	0	0.00%	1	25.00%	1	25.00%

C.2.3 Section Repealed.

C.2.4 Section Repealed

C.2.5 Indicate, if relevant, whether there are any regulations in place for the Board's Committees, where these regulations can be consulted, and any changes to these made during the financial year. In addition, indicate whether any report on the activities of each committee has been voluntarily prepared.

There are no specific regulations for the Board's committees, as the provisions contained in the Regulations for the Board of Directors with regard to its committees are sufficient to regulate their organization and operation.

The Regulations for the Board of Directors, as well as all other corporate information, can be found in the Corporate Governance section of the Company's website: www.acciona.es
An annual report on the activities of each committee has not been made during the year.

C.2.6 Section repealed.

D RELATED PARTY TRANSACTIONS AND INTRAGROUP ACTIVITIES

D.1 Explain, where appropriate, the process for approval of transactions with related parties and within the group:

Process for approval of related party transactions
According to the provisions of the Regulations for the Board of Directors, the carrying out by Acciona, or by the institutions over which Acciona exercises significant influence, of any transaction with directors, with shareholders who own a holding equal to, or in excess of, three per cent (3%) of the issued share capital or who have proposed the appointment of one of the directors of the Company, or with the respective Related Persons, will be subject to the authorization of the Board of Directors or, in urgent cases, of the Executive Committee, with retrospective ratification by the Board of Directors, subject to a report of the Appointments and Remuneration Committee. The authorization must necessarily be agreed by the general meeting when affecting a transaction which value exceeds ten percent of corporate assets.
The Board of Directors will monitor, by means of the Appointments and Remuneration Committee, that the transactions between Acciona or the Companies over which it exercises significant influence and its

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directors, the shareholders referred to in the previous section or their respective Related Persons are carried out according to market conditions and with regard to the principles of equal treatment of shareholders.

With regard to transactions within the normal course of company business which are regular or recurring, a general authorization by the line of business setting out the conditions for implementation will be sufficient, that is, by those responsible for each particular business, subject to notification to the Appointments and Remuneration Committee for review and subsequent submission to the Board.

The authorization of the Board will not, however, be required for those transactions simultaneously complying with the following three conditions: (i) that they are carried out pursuant to contracts whose conditions are standardized and are applied *en masse* to many clients; (ii) that they are carried out on the basis of prices or rates established generally by whoever acts as the provider of the goods or services in question and (iii) that the amount does not exceed one per cent (1%) of the Company's annual income.

Directors affected by the related party transaction in question will not be permitted to exercise or delegate their right to vote and will absent themselves from the meeting while the Board deliberates and votes on the matter.

Acciona will report the transactions to which this section refers to in the regular financial half-yearly information and the annual corporate governance report, where and to the extent provided by Law.

The provisions of the Regulations will be subject to further expansion by means of the appropriate rules issued by the Company's Board of Directors.

D.2 Give details of transactions that are significant in view of their amount or relevant because of their content carried out between the Company or its group entities and the significant shareholders in the Company:

D.3 Give details of transactions that are significant in view of their amount or relevant because of their content carried out between the Company or its group entities and the Company's directors or executives:

D.4 Report significant transactions carried out by the Company with other entities belonging to the same group, provided they are not omitted in the generation of the consolidated financial statements and do not form a part of the normal commercial affairs of the Company in terms of its substance and conditions.

In all cases, a report shall be made of any intragroup operation carried out with entities established in countries or territories with tax haven status:

D.5 Indicate the value of transactions carried out with other related parties.

0 (in thousands of euros)

D.6 Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the Company and/or its group and its directors, executives or significant shareholders.

The Regulations for the Board of Directors gives detailed rules on these topics, highlighting the following points with regard to the Directors:

a) Obligation to refrain from discussions, decisions and execution of operations where they have a direct or indirect conflict of interest, including decisions about their own appointment or resignation.

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- b) Obligation not to compete, in accordance with the provisions of article 45 of the Regulations for the Board of Directors.
- c) Carrying out transactions with Acciona, S.A. or with companies over which Acciona, S.A. exercises a significant influence, apart from the exceptions indicated in the Regulations (which are indicated in section D.1) require authorization by the Board of Directors or the Executive Committee with later ratification by the Board, following a report from the Appointments and Remuneration Committee.
- d) Obligation to refrain from securities trading with Acciona, S.A., or with companies over which it exercises a significant influence in the periods and circumstances established in article 50 of the Regulations.
- e) Obligation not to gain personal advantage nor an advantage for any related person from the business opportunities of Acciona or companies over which Acciona exercises a significant influence under the terms of article 48 of the Regulations for the Board of Directors.
- f) Obligation to inform the Board of Directors, through the Secretary or Deputy Secretary, of any situation of conflict of interest which may arise.

With regard to significant shareholders, the carrying out of transactions with Acciona, S.A. or with companies over which Acciona, S.A. exercises significant influence, apart from certain exceptions referred to in section D.1 requires authorization by the Board of Directors or the Executive Board with later ratification by the Board, following a report from the Appointments and Remuneration Committee and in all cases these must be carried out under market conditions and based on the principle of equal treatment of shareholders.

With regard to executives, the current internal code of conduct imposes on the latter the obligation to make known any possible conflicts of interest involving themselves, their family ties, their personal financial interests or any other reason and that this be done with sufficient prior notice in order to enable appropriate decisions to be made in this regard.

Similarly, the Secretary General requires the Group's executives to furnish a regularly updated declaration of their activities outside Acciona and the Group.

D.7 Is more than one of the companies in the Group listed in Spain?

No

Identify the subsidiaries listed in Spain:

Listed subsidiary

Indicate whether the respective areas of activity and potential business relations between them have been defined publicly in detail, as well as those of the dependent listed company with other group entities:

Define the potential business relations between the parent company and the listed subsidiary, and between the latter and the other companies in the group

Identify the mechanisms foreseen to resolve any potential conflicts of interest between the listed subsidiary and the other companies in the group:

Mechanisms to resolve potential conflicts of interest

E. CONTROL SYSTEMS AND RISK MANAGEMENT

E.1 Explain the scope of the Company's Risk Management System.

The ACCIONA Risk Management System works in an integrated way in that the identification, assessment and mitigation of risks are established in each line of business co-ordinated by a team at corporate level. This team manages and establishes the permitted level of tolerance for risk and co-

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ordinates the actions to align its management with the global risk policies of the Group and to enable the latter to be aware at all times of the exposure to risk assumed by the Group as a whole.

The presence of ACCIONA in different areas of business and in diverse countries with a variety of regulatory, political and social environments means that there are different risks to identify and manage which by nature are varied. Therefore, during the past year, an individualized system has been developed to manage the most important risks in each area of the business.

During 2015, an update has been made to the Risk Map of ACCIONA Group, with national and international scope, resulting in independent mapping for the following divisions. ACCIONA Water, ACCIONA Energy, ACCIONA Infrastructure, ACCIONA Concessions, ACCIONA Transmediterránea, ACCIONA Property, Bestinver, ACCIONA Facility Services and Other Activities (including GPD, Bodegas Palacio and Hijos de Antonio Barceló wineries) and a consolidated map of ACCIONA Group, widening the range for analysis and calculation of risks by country to those geographical areas with significant turnover.

During 2015, an update has been made to the Map of Environmental Risks by divisions, identification and study of the risks related to sustainability and the environment in each line of business. In addition, a document has been prepared for the specific treatment of these risks.

Due to the Company's policy regarding international expansion, the range of analysis and assessment of risks by country has continued to be increased in those geographic areas with a significant turnover or those designated as strategic vis-à-vis the future.

On the fiscal front, Acciona defined a policy of tax risk management based on an adequate control environment, a system of risk identification and a monitoring and continuous improvement process of the effectiveness of the control systems.

The Board of Directors agreed in September, 2011, to subscribe Acciona, S.A. to the Code of Good Taxation Practice, with the object of unifying and completing the systems for regulatory control, prevention and compliance in order to reduce significant financial risks and prevent those forms of conduct capable of generating these, approving on July 24, 2012 the Code of Tax Conduct and Policies which includes a section on their management policy and in which a matrix of acceptable tax risks is defined.

E.2 Identify the entities of the Company responsible for the development and implementation of the Risk Management System.

The General Directorate for Finance and Risks has carried out the whole process of development, updates, evaluation and management of the risks for all divisions, for later incorporation at corporate level.

The Corporate Internal Audit Department develops the planning and execution of auditing activities based on the risks identified. Additionally, it evaluates the effectiveness and efficiency of the internal control systems by continually analysing the main processes of the Group companies in their various areas of business.

The ACCIONA Audit Committee supports the Board of Directors with regard to the Company's risk management. The Audit Committee periodically revises the risk management systems to identify the main risks adequately as well as to manage and supervise the efficiency of the risk management systems.

The Board of Directors approves the policy for the control and management of risk.

E.3 Indicate the main risks potentially affecting the achievement of the Company's goals, including tax risks.

The risk scenarios considered in the ACCIONA Risk Management System have been classified into four groups: financial, strategic, operational and unforeseeable. The first two have been identified by the Group's executives as those presenting the greatest risk profile.

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1. Financial and Economic Risks:

Mainly fluctuations in exchange rates, interest rates and financial markets, changes in the prices of raw materials, liquidity, cash flow, late payment or loss of clients.

For the purposes of mitigating the exchange-rate risk, ACCIONA deals in derivatives for foreign currencies and exchange-rate hedges to cover operations and future significant cash flows in accordance with the limits of risk tolerated.

Interest-rate risk is particularly material with regard to the funding of infrastructure projects, in concession contracts, in the construction of wind farms or solar plants and other projects where the profitability of the projects depends on the possible variations in the interest rate and is mitigated by carrying out hedging transactions by contracting derivatives.

The risk of fluctuations in the prices of raw materials, construction supplies and particularly fuel is managed fundamentally in the short term by means of specific hedging operations generally through trading in derivatives.

With respect to credit and liquidity risks, the Group deals exclusively with solvent third parties and requires certain guarantees to mitigate the risk of financial losses in cases of default and maintains an adequate level of reserves through ongoing monitoring of the forecasts and actual cash flow figures, matching these to the maturity profiles of financial assets and liabilities.

2. Strategic Risks:

ACCIONA minimizes this type of risk by means of its own strategy and business model, through sectoral and geographical diversification of its business, the performance of exhaustive market research into competitors and the countries in which it engages in activities as well as by supporting Research and Development.

3. Operational Risks:

In each line of business, specific systems are implemented to cover their business requirements, systematizing and documenting processes, quality assurance, operations, planning and economic oversight.

To mitigate the risks in the procurement process, checks have been put in place to facilitate free competition and transparency of the processes, avoiding any violation of ACCIONA's commitment to ethical behaviour in these processes.

ACCIONA carries out annual risk mapping of its critical suppliers, analysing the main risks on its supply chain, using an economic and environmental analysis of risk prevention by workforce, activity and country of origin.

Risks derived from irregular conduct. ACCIONA has put in place a Code of Conduct which establishes the basic principles and commitments that all directors and employees of the divisions as well as suppliers and third parties in contact with these companies must fulfil and respect in the execution of their activities. There is a whistleblowing channel, communicated at all levels of the Organization, to enable information to be passed on, with guarantees of confidentiality, regarding any irregular conduct relating to accounting, supervision and auditing as well as any other non-compliance or breach of the behaviour promulgated in the Code.

The Board of Directors agreed in September, 2011, to subscribe Acciona, S.A. to the Code of Good Taxation Practice, with the object of unifying and completing the systems for regulatory control, prevention and compliance in order to reduce significant financial risks and prevent those forms of conduct capable of generating these.

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4. Unforeseeable Risks:

Environmental risks.- ACCIONA has a Corporate Management System for Environmental Crises. This system includes measures to be followed and the allocation of responsibilities and resources necessary for the adequate management of a crisis situation following any incident occurring at facilities owned or operated by the Company and leading to consequences for the environment.

ACCIONA has consolidated its initiatives for management of risks to the environment, focusing its efforts on the identification and implementation of measures for the mitigation of the most relevant risks. During 2015 a document has been prepared for the specific treatment of these risks.

Occupational hazards.- Management of the Prevention of Occupational Hazards and Health and Safety in the Workplace is one of the priorities of all the Divisions and lines of business. The majority of our activities are included in those considered as high risk by the legislation (especially those in Infrastructure and Energy). The preventive activity is carried out through Management Systems certified to the OHSAS 18001 international standard.

E.4 Identify whether the entity has a level of tolerance to risk, including tax risk.

At corporate level, the Group's level of tolerance to risk is defined taking account of internal culture, structure and strategy. This level of tolerance establishes the acceptable level of risk in relation to the achievement of the targets set for each of the activities or investment projects.

Once the risks arising in the course of the activities have been identified by those responsible for each business area, they are assessed qualitatively and quantitatively and represented in a matrix according to their correct management and assessment at corporate level. For each of the main risks in each line of business, a file is created in which the basis of the decision making for acceptance or rejection of the operation in question is established with regard to the associated level of risk, in terms of profitability (solvency of customers, minimal acceptable revenue levels), operation (vulnerability of the supply chain, manpower), political and economic risks (currency transfers, political interference, ...) and security.

Those situations or activities which exceed the level of tolerance to risk previously defined by the Company will be analysed individually by those with senior responsibility for the corresponding business area, establishing, in co-ordination with the Corporate Finance Division, the mechanisms that contribute most to its mitigation. Where the business opportunities exceed the levels of acceptable risk, they will not be approved by the Investment Committee.

On the fiscal side the group adopted a matrix of fiscal risks in which the risk areas have been defined, taking into account the impact on both quantitative and qualitative terms (reputational risk), as well as the probability of occurrence. In any case, when adopting decisions on tax matters, the Group chooses to make reasonable interpretations of the regulations, or shared by the relevant administrative bodies or courts in each jurisdiction where they have presence.

E.5 Indicate the risks which have arisen during the financial year.

During the 2015 financial year, risks have materialized as a result of the normal conduct of the Group's business activities caused by national and international financial and economic circumstances, largely mitigated by the diversification and internationalization of its activities.

The Treatment and Control systems established in the different lines of business have functioned adequately, as has the Crisis Management system for unforeseen and operational risks arising during the year.

In its financial statements Acciona provides detailed information on the progression of those risks that, by their nature, permanently affect the Group in the execution of its activities, including tax risks and main litigation in tax matters.

E.6 Explain plans for responding to and monitoring the entity's main risks, including tax risks.

Due to the significant sectoral diversification of ACCIONA and the high number of countries in which activities are being carried out, checking for compliance with regulations affecting the Company is particularly exhaustive.

Due to that, although there is a corporate system in place for risk management, each division is responsible for compliance with the internal standards and processes applicable to its activity.

Checking on their effectiveness is carried out by means of regular assessments by the technical services of the productive companies and by scheduled inspections, thus all operative and administrative phases of the different businesses are covered. The checks are carried out by the internal services of each company as well as by Corporate Internal Audit.

The Corporate Internal Audit Division contributes to the management of risks faced by the Group in the fulfilment of its goals and in the prevention and control of fraud by means of the planned monitoring of the efficiency of the internal control systems associated with the main processes of the Companies belonging to the Group in their various lines of business.

The corresponding conclusions and recommendations are communicated to the Group Management as well as to those responsible for the business areas and companies assessed.

For the development of its functions, the Corporate Internal Audit Division has professionals with the necessary knowledge and experience, independent of the production lines, complemented where appropriate with collaboration from external consultants.

As far as the tax risk regards the Board of Directors approved on November 26, 2015 the tax strategy available on the website and in the corporate portal "interacciona" in which objectives it establishes the promotion of transparent relations and good faith with the tax Administrations of each country, aimed at achieving the best possible predictability of tax positions taken, and to minimize discrepancies and disputes in tax matters.

F INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICoFR)

Describe the mechanisms making up the control and risk management systems for the financial reporting process (ICoFR) of your entity.

F.1 Entity control environment

Indicate the following, detailing at least their main features:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICoFR; (ii) its implementation; and (iii) its supervision.

ACCIONA's System of Internal Controls over Financial Reporting (hereinafter ICoFR) has been defined with the aim of obtaining reasonable assurance as to the reliability of financial information. The main bodies responsible for this control are the Board of Directors, the Audit Committee, and the Group's Corporate Finance Division.

As established in its Regulations, the Board of Directors is formally responsible for ensuring the existence, correct application and maintenance of the ICoFR.

As laid down in the Corporate Standard on Organizational Structure and Responsibilities, the design, implementation and operation of the ICoFR is the responsibility of the Corporate Finance Division.

With respect to its oversight, the Regulations for the Board of Directors establishes that the main function of the Audit Committee is to serve as the Board's instrument and support in the supervision of accounting and financial reporting, internal and external audit services and corporate governance. Furthermore, the same article specifies that the duty to supervise the ICoFR shall correspond to the Audit Committee. Indication is provided below of the main responsibilities of the Audit Committee in connection with systems for internal control over financial reporting:

- a) Supervision of the process for preparing regulated financial information for ACCIONA and its Group, ensuring its completeness and presenting it to the market, reviewing compliance with regulatory requirements, adequate definition of the scope of consolidation and the correct application of accounting criteria.
- b) Regular review of internal control and risk management systems so that the main risks can be adequately identified, managed and communicated.

F.1.2. With particular reference to the process for preparing financial information, which of the following elements are in place:

- Departments and/or mechanisms responsible for: (i) design and review of the organizational structure; (ii) clearly defining lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring there are adequate procedures for their correct dissemination within the entity.

As laid down in its regulations, the Board of Directors is responsible for defining the structure of Group companies, and at the proposal of the Company's Chief Executive, appointing and if applicable removing the Senior Management of ACCIONA and the remaining companies in its business group.

The "Corporate Standard on Organizational Structure and Responsibilities" gives the Corporate Finance Division responsibility for the design, review and updating of the structure and organization of the Economic and Finance Units in ACCIONA Group. Corporate General Management co-ordinates and supervises the adequate definition, implementation and execution of the main financial information preparation and reporting functions assigned to the organizational units of all subsidiaries, Sub-groups, Divisions and Corporations in ACCIONA Group.

The standard in question is available on the ACCIONA Group Intranet.

In each Group company, the design of the organizational structure for the units participating in the preparation of financial information depends on various factors, such as turnover and type of business, in all cases aiming to provide coverage for all activities with regard to the recording, preparation, review and reporting of the operations performed and the economic and financial situation of each company. Consequently, the persons responsible for each Economic and Financial Unit in ACCIONA Group justify and propose the design, review and updating of the structure of their units according to their needs by means of a proposal that must be validated and approved by the Corporate Finance Division of the Group prior to implementation.

The "Corporate Standard on Segregation of Duties" establishes the main incompatibilities of duties for the various areas in the organizational structure, as well as the procedures to be followed to ensure correct compliance and maintenance of the corporate segregation of duties model.

- Code of conduct: approval body, degree of communication and instruction, principles and values included (indicating whether specific mention is made of the recording of operations and the preparation of financial information), the body

responsible for analysing non-compliance and proposing corrective actions and sanctions.

ACCIONA Group possesses a Code of Conduct that has been approved by the Board of Directors, the main principles and values of which refer to the following:

- Maintaining an unimpeachable standard of integrity in behaviour and relations, both inside and outside the organization.
- Objectivity, transparency and rigour in administrative management and preparation of financial information with the aim of ensuring its reliability.
- Compliance with internal policies and rules, as well as with current legislation.
- The obligation to reject and report any practice representing a breach of ACCIONA Group's Code of Conduct.
- Confidential handling of all information acquired as a consequence of the performance of professional activities.

The Code of Conduct must be formally signed by all employees when they join any company in ACCIONA Group. In addition, Code of Conduct updates are notified and must be formally acknowledged by all Group employees by means of digital acceptance or the signing of acknowledgement and acceptance. Also, the Code of Conduct is published on the Group website, where it can be accessed by anyone for consultation.

The Code of Conduct and its Regulations assign the Code's control and supervision to the Code of Conduct Committee, which in particular is to:

- Encourage communication, awareness of and compliance with the Code of Conduct.
- Interpret the Code of Conduct and guide actions in case of doubt.
- Facilitate a communication channel for all employees to receive and provide information on compliance with the Code of Conduct.
- Prepare reports on the level of compliance with the Code containing recommendations and timely proposals to keep it updated.

In addition, an Anti-Trust Policy and an Anti-Corruption Policy are in place.

Furthermore, the Code of Conduct Committee is the body responsible for analysing possible breaches of the Code of Conduct, informing the Audit Committee of the measures taken and proposing corrective actions and sanctions for the breach.

During 2015, ACCIONA has continued its on-line training campaign in relation to the Code of Conduct, focusing mainly on new hires, and this training has now been completed by 507 individuals.

- Whistle-blowing channel for communicating irregularities of a financial and accounting nature to the Audit Committee, as well as any failures to comply with the code of conduct and irregular activities in the organization, indicating whether it is confidential in nature.

ACCIONA has a confidential Ethical Channel for reporting irregular conduct of all kinds, whether financial, accounting or of any other nature, as well as any breach of the Code of Conduct.

To this end, the Code of Conduct Committee makes a postal and e-mail address available to all employees, suppliers, contractors and collaborators of the Group to answer questions regarding interpretation of the Code of Conduct and notify breaches. Both channels guarantee confidentiality of these reports by restricting

access to the e-mails and letters received with accusations solely to the addressees authorized by the Code of Conduct Committee.

Furthermore, regardless of the confidentiality of the channels themselves, the Code of Conduct Committee guarantees reports received will be treated confidentially by means of the signing of a confidentiality agreement by all investigating officers and members of the Committee.

The Code of Conduct Committee analyses all reports received, and depending on the origins and severity of the charges, assigns them the appropriate priority and provides a justified response to the reporting party regarding either the opening of an investigation or rejection of the allegations. If it is decided to initiate an inquiry, investigators responsible for analysing the report will be appointed by the Code of Conduct Committee, following an appropriate confidentiality pledge. These investigators may either be appointed internally by ACCIONA Group, or be contracted from outside the Group for the analysis. Once investigators have been appointed, they will begin the process for analysis of the case following the procedures and time frames established for each phase in the Reporting Channel manual.

The conclusions of each investigation, together with the recommendations and penalties proposed, are notified to the Audit Committee for examination and the taking of such decisions as may be required.

In addition, the Group has put in place Internal Regulations for Conduct on the Securities Markets, approved in the 2013 financial year, pursuant to the provisions contained in the Securities Market Regulations. Compliance with the said Internal Regulations is supervised by the Compliance Unit, comprising the Secretary to the Board, the Financial Director, and the Head of Legal Services.

- Training and regular updating programmes for the personnel involved in the preparation and review of financial information, as well as assessment of the ICoFR, dealing at least with accounting standards, audit, internal control and risk management.

ACCIONA Group considers that continuous updated training of its employees and executives in rules affecting financial reporting and internal control constitutes an important factor for ensuring the reliability of financial information.

With the support of the Group's Corporate University, which handles the training programmes, ACCIONA Group places various courses and seminars at the disposal of its employees, including those involved in the preparation and review of financial information and evaluation of the ICoFR.

As a result of the needs identified, the Corporate Human Resources Division, or that of the subsidiaries involved, plans and manages specific training courses and seminars, either locally or centralized, and delivered either internally or externally, with the aim of ensuring the understanding and correct application of regulatory updates and changes as well as best practices necessary to guarantee the reliability of financial information. During 2015, a total of 542 employees received a total of 5,379 hours of training, of which 4,305 hours corresponded to Code of Conduct training, and the rest was directly related to the acquisition, updating and recycling of economic and financial knowledge, including accounting and audit standards, internal control, and risk management.

During 2015, Corporate and Local Finance Divisions involved in the preparation, review and reporting of financial information received various publications on the updating of accounting, financial internal control and tax rules, as well as courses from external experts with updates on accounting rules.

In addition, those responsible for supervision of the ICoFR and members of the Internal Audit Department have attended seminars, fora and meetings on specific sector-related topics concerning the ICoFR, risk control, audit, fraud and other matters related to the Group's activity organized by external firms.

As a result, those responsible for the Corporate and Local Finance Divisions, as well as the Corporate Unit for the Control of Accounting Policies and Tax Planning, are kept up to date and are aware of changes to the relevant regulations, so that they are able to communicate them to the corresponding Departments and Units for their correct adoption, and can respond to any queries received.

F.2 Assessment of financial reporting risks

Inform at least on the following:

F.2.1. What are the main features of the risk identification process? Include risks of error and fraud, indicating:

- **Whether the process exists and is documented.**

ACCIONA Group's presence in various business areas and different countries with differing regulatory, political and social environments means that the risks to be identified and managed are very varied in nature. For this reason, during the last year, the development of an individualized plan of response to the major risks of each of the business areas has been carried out.

During 2015, ACCIONA Group Risk Map was updated with a national and international scope, reaching the rank of analysis and risk assessment by country to geographical areas with a significant business impact.

Also in 2015 an update by divisions has been made to the Environmental Risk Map, through the identification and assessment of risks related to sustainability and the environment in each of the business areas.

In the case of the identification of risks affecting the reliability of financial information, the ACCIONA Group Corporate Finance Division has formally established the procedure and the criteria for the determination and annual update of the scope of the ICoFR for the Group. The annual determination of the scope of ICoFR is based on quantitative and qualitative criteria, including the risks of error or fraud with a material impact on the financial statements.

The ICoFR also takes into account the possibility of error in certain general processes not directly linked to specific transactions, but which are especially relevant to the reliability of financial information. Among others, this is the case of the Closing and Consolidation process and the management processes in the Information Technologies area.

During 2012, the documenting and formalizing of corporate processes was completed, as was the documentation for those processes considered to be material to the main subsidiaries in the various Divisions. During 2014, in line with the guidelines in the Corporate Standard on Maintenance, Reporting and Supervision of the ICoFR, processes were reviewed and their documentation updated at various Group subsidiaries, no significant changes having been made to these in the year 2015.

- **Whether the process covers all the objectives of the financial information (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated, and with what frequency.**

For each of the processes identified in each of the companies within scope, the inherent risks have been identified along with the controls implemented at these companies to mitigate them. This procedure is documented in a Risk-Control Matrix that describes for each risk the objectives of the financial information covered (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations).

Both the determination of the scope of the ICoFR and the process for identifying and updating the documentation on risks and controls for the processes of companies considered to be material are updated and reported at least annually, as well as every time there is a significant change in the Group's consolidation perimeter. No significant changes having been made to this documentation in the year 2015.

- **Whether there is a process for identification of scope of consolidation, taking into account among other aspects the possible existence of complex corporate structures, holding companies or special purpose vehicles.**

The "Corporate Standard on Enterprise Transactions" has been formally established by the Corporate Finance Division of ACCIONA Group to establish and implement the appropriate internal control mechanisms in relation to approval of any type of enterprise-level transaction in relation to ACCIONA Group. This rule calls for analysis and authorization by Corporate Finance Division to ensure the correct identification and inclusion on the financial statements of all Group operations.

This standard considers the possible existence of complex corporate structures, holding companies or special purpose vehicles, establishing the procedure for requesting, authorizing, notifying and recording any operation for the incorporation, merger, spin-off, acquisition or sale of companies, as well as any other enterprise-level transaction. The Corporate Management Units for Economic Control, Consolidation, and Tax and Legal Affairs, among others, are directly involved in carrying out these procedures.

This standard is supplemented by the "Corporate Standard on the Preparation and Reporting of Financial Information" formalized by the Corporate Finance Division of ACCIONA Group, which establishes the procedure for monthly reporting of changes to the scope of consolidation for each of the sub-groups in Corporate Consolidation Management, so that control of the scope of consolidation for all the Group's subsidiaries can be carried in a centralized manner.

- **Whether the process takes into account the impacts of other types of risk (operating, technology, financial, legal, reputational, environmental, etc.) insofar as these affect the financial statements.**

The ACCIONA Group Global Risks Management System is designed to identify potential events that might affect the organization, managing their risks by establishing certain systems for internal control and treatment that will make it possible to keep the probability and impact of such events within established tolerance levels, providing reasonable assurance as to the achievement of the business's strategic targets.

The identification and quantification of the risks is laid down for each line of business, co-ordinated by a team at corporate level that administers and establishes the acceptable risk tolerance level in accordance with the directives outlined by the Corporate Board of Directors, and actions are co-ordinated to achieve alignment

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with the Group's overall risk policy, and so as to make it possible to determine the exposure to risk of the Group as a whole.

The Risk Management System covers 4 types of risks:

- a) Financial. - Risks for which materialization would have a direct impact on the Group's income statement. They mainly consist of fluctuations in exchange rates, interest rates and financial markets, changes in commodity prices, liquidity, cash flow, default, or loss of clientele.
- b) Strategic. - Those risks for which the consequence is failure to achieve the Group's goals and a decline in its growth. These risks include organizational changes, investments and divestments, threats from competitors, economic, political and legal changes, and the impact of new technologies or research and development.
- c) Operational. - Risks concerning processes, persons and products. They are related to regulatory, legal and contractual compliance, control systems and procedures, the supply chain, auxiliary services, information systems, employee productivity and the loss of key personnel.

This category of risk includes risks associated with the reliability of financial information, as it directly affects the process of preparing and reporting such financial information.

- d) Unforeseeable. - Risks related to harm caused to company assets and staff that could negatively impact the company's performance, such as fire, explosion, natural disasters, environmental pollution, damage to third parties, or occupational hazards.

All these categories are considered by ACCIONA Group in its process for the evaluation of risks to the reliability of financial information, as detailed in the "Corporate Standard on Internal Controls over Financial Reporting".

- **Which governance body in the entity supervises the process?**

The Regulations of the Board of Directors sets the Audit Committee the task of periodically reviewing the systems of internal control and Risk Management, so that the main risks can be adequately identified, managed and communicated.

In 2015, the Audit Committee was informed of the results of updating the risks map during the year.

F.3 Control activities

Report, indicating the main characteristics, on whether there are at least:

- F.3.1 **Financial information revision and authorization procedures and the ICoFR description for publishing information on the stock markets, indicating those responsible, as well as documentation describing flows of activities and controls (including those related to risk of fraud) of different transaction types that may significantly affect the financial statements, including the procedure for closing accounts and the specific revision of judgements, estimates, assessments, and relevant projections.**

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ACCIONA Group has established procedures for revision and authorization of financial information and the ICoFR description, whose responsibility is that of the Corporate Finance Division, the Audit Committee, and the Board of Directors.

Regarding the revision and authorization of financial information, the Corporate Economic Management Unit has established a report procedure where all the Economic and Financial Management Units of all Businesses confirm they have conducted and supervised the most significant aspects of their corresponding financial reporting.

Additionally, and prior to publishing financial information on the stock markets, the Audit Committee analyses, with the Corporate Finance Division and with the internal and external auditors, the financial statements and other relevant financial information, as well as the main judgements, estimates, and projections included in them, in order to confirm that this information is complete and that they have followed the regulations in force.

In this regard, the consolidated annual accounts of ACCIONA Group report areas of uncertainty, especially those relevant to judgements and estimates made and the criteria followed for their evaluation.

In relation to the ICoFR description, the Corporate Finance Division has established through policies, standards, and pertinent mandatory corporate procedures, the correct documentation on flows of activities and controls of different transaction types that may significantly affect the financial statements for the financial year.

The identification of risks and ICoFR controls give special consideration to fraud-related risk, as well as certain general processes not directly linked to specific transactions identified in the financial statements, such as the closing and consolidation process. In the same way, risks and key controls are identified in the processes where judgements, estimates, assessments, and relevant projections are performed.

As established in the “Corporate Standard on the Preparation and Reporting of ICoFR”, at the close of the 2015 financial year, those with financial responsibilities in the various Divisions have submitted to the Corporate Finance Management Division the annual report setting out the variations arising during the financial year with respect to the identification of risks and their associated controls and the incidents detected during the period, without significant changes over the year 2014.

F.3.2 Internal policies and control procedures over financial reporting systems (among others, for secure access, controls over modification and operation, business continuity, and segregation of functions) that support the relevant processes of the entity in relation to development and publishing of financial information.

ACCIONA’s Corporate Information and Communications Technology Division (ICT) is responsible for promoting and supporting the establishment of technical, organizational, and control measures to guarantee the integrity, availability, reliability, and confidentiality of the information.

ACCIONA’s ICT Security Committee is the Body responsible for establishing the strategy and driving, prioritizing, and administering the monitoring of the security projects, plans, and programmes for information systems, as well as supervising the effective and efficient management of security risks and incidents, reporting to the Corporate Assessment Committee any possible crisis situation that may originate from an incident related to reporting system security.

The reporting systems of ACCIONA Group are based on the development of applications and data-processing services covering the needs’ demand and assessment phases, the analysis, design, construction, testing, implementation, production deployment, and maintenance of these reports. All this through the application of different methodologies

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aimed at preserving the integrity and reliability of the Group's data, including financial information.

ACCIONA Group has policies, standards, and process and control descriptions included in the Information Systems Security Management System in accordance with recognized international standards, such as ISO 27001, ISO 27002, BS 25999, and different adaptations of the NIST standards and ITIL processes.

These policies establish the Group's corporate guidelines for the management of risks related to the process for managing information systems, specifically access control, change controls, segregation of functions, operation, development, continuity, and data recovery, to be applied to all Companies in the Group.

Access to information systems is centrally managed for most Spanish branches of each business division in the Group and individually managed by the remaining sub-groups and branches, through the definition of data access, modification, validation, or consultation profiles depending on the role of each user of the information systems according to their job description. To facilitate this assignment, criteria have been established in the "Corporate Security Standards of Information Systems" to establish that permission for access to networks, systems, and information must be granted depending on the function segregation criteria established for business areas so as to grant users access only to the resources and information needed for the exercise of their functions.

Furthermore, the Group's Function Segregation Standard establishes the basic prerequisites to be fulfilled by all companies of the Group, based on generally accepted standards, as well as the approval paths and supplementary controls in exceptional cases.

The "Corporate Standard for Information Systems Security" establishes the security measures against leaks, loss, unavailability, or unauthorized manipulation or disclosure of information all Branches of the Group must comply with, designating different security levels according to the level of confidentiality of the information.

The general security and access management policy is designed to protect equipment against the installation, removal or modification of software without specific clearance, as well as to protect the information systems from Trojans, viruses and other types of malware, for which there are electronic elements and up-to-date software to prevent intrusions of the Information systems.

The control mechanisms for the continuity of information systems and data backup are defined in the business continuity plans. These plans define the infrastructure failover strategies supporting the business processes. For this reason, backup systems automate the redundant synchronized saving of data to enable the assumption of the continuity of critical systems within levels of availability agreed in service level agreements. Furthermore, backup copies are systematically stored at off-site locations to forestall contingencies requiring the use of these copies.

F.3.3 Policies and internal control procedures for supervising the management of activities subcontracted to third parties, as well as the evaluation, calculation or assessment aspects entrusted to independent experts, when they may materially affect financial statements.

In general, ACCIONA Group conducts the management of activities that may significantly affect the reliability of the financial statements through the direct use of internal resources, avoiding outsourcing.

The management of the evaluation, calculation or assessment activities entrusted to independent experts by ACCIONA Group basically refers to the appraisal of assets, mainly property, for which the involvement of a third party is requested at least once a year. In order to ensure their independence and training, the appraisal firms are selected considering

the recommendations of the Spanish National Securities Market Commission (CNMV), exclusively contracting valuation firms holding the RICS evaluation certificate from the Royal Institute of Chartered Surveyors in accordance with International Appraisal Standards.

The valuation reports on these assets obtained from the appraisal firms are subjected to an internal review process to verify the accuracy of the most significant hypotheses and assumptions employed, as well as their conformity with International Valuation Standards (IVS) and International Financial Reporting Standards (IFRS), and the reasonableness of their impact on financial information.

Lastly, it must be emphasized that ACCIONA Group has put in place controls and procedures for the supervision of businesses operating through a corporate structure in which control is not held or otherwise not directly administered by the Group, as is the case with temporary joint ventures.

F.4 Information and communication

Report, indicating the main characteristics, whether there is at least:

F.4.1. A function responsible for defining and updating accounting policies (an accounting policy area or department) and resolving doubts or conflicts derived from their interpretation; maintaining fluid communication with those responsible for operations in the organization, as well as an up-to-date manual of accounting policies communicated to the units through which the Company operates.

ACCIONA Group has adequate procedures and mechanisms for transmitting the applicable operating criteria and information systems used in financial information collation processes to the personnel involved in these processes. To this end, reliance is placed on the Accounting Policies Control Unit, which reports to ACCIONA Group's Corporate Finance Division.

The areas of responsibility of the Accounting Policies Control Unit are defined in the Corporate Standard for Financial Reporting Preparation and include, among others, the following functions:

- Define, administer, update, and communicate the accounting policies of ACCIONA Group in compliance with accounting and consolidation standards applicable to the collation and presentation of financial information to be published.
- Develop, update, and communicate the Accounting Policies Manual to be applied to all financial units in ACCIONA Group. This manual is updated annually and is approved by the Corporate Economic Management Unit. In this regard, the last update of the Accounting Policies Manual was on 31 December 2014.
- Resolve doubts and conflicts arising from the interpretation and application of accounting policies, maintaining fluid communication with those responsible for operations in the organization.
- Define and establish the templates, formats, and criteria to be used for the collation and reporting of financial information. In this way, all financial data furnished to markets are obtained by consolidating the reports from the different business units drawn up in accordance with standardized mechanisms for data capture, preparation, and presentation at all units in ACCIONA Group. These mechanisms are designed in such a way as to allow them to comply with the standards applicable to the main financial statements, including accounting criteria, valuation policies, and presentation formats, covering not only the balance sheet, the profit and loss account, the statement of

changes in equity, and the cash flow statement, but also the procurement of other information necessary for preparation of the Notes to the Annual Accounts.

F.4.2. Mechanisms for capturing and preparing financial information in standard formats applied and used by all units in the Company or the Group supporting the principal financial statements, as well as information given on the ICoFR.

The preparation of ACCIONA Group's consolidated financial information begins with the process for aggregating at source the individual financial statements from each of the branches making up each consolidated sub-group, for subsequent consolidation in accordance with the accounting and consolidation standards uniformly defined for the whole Group so as to obtain the financial information published on the markets.

The entire process for aggregation and consolidation of the financial statements of ACCIONA Group is based in the SAP BPC (Business Planning Consolidation) computer application. The loading of data in the consolidation application is uniformly performed for all branches and subgroups included in the consolidation perimeter and taking into account the reporting schedule communicated by the Corporate Economic Management Unit at the beginning of each financial year. The information loaded into SAP BPC includes the main breakdowns necessary for the development of the consolidated annual accounts of ACCIONA Group.

The system for reporting and reviewing the information for the production of financial statements is regulated by the "Corporate Standard for Preparing Financial Information" which establishes, for each level of responsibility of the financial units in ACCIONA Group (Branch/Subgroup/Division/Corporate), the nature and format of the information to be reported, as well as its revision by the corresponding parties responsible.

The consolidation application, SAP BPC, is parameterized to make numerous automatic verifications and reconciliations where analytical and comparative revisions are performed in search of incongruities in the registered data before validating them. The automatic revisions are supplemented by a review of the data in the process of closing and consolidation, as well as by a revision of the estimation, valuation and calculation criteria used for procurement. This review is conducted by the person with financial responsibility at each level of aggregation and consolidation and, once reported, is checked again by the Corporate Economic Management Unit.

The Corporate Finance Division completes the development phase of the financial information by revising the financial statements developed by the Corporate Economic Management Unit.

Regarding the mechanisms for preparing and reporting relevant information on the ICoFR, ACCIONA Group has implemented a reporting system for maintaining internal controls over financial reporting systems, recorded in the "Corporate Standard for Maintaining, Reporting, and Supervision of Internal Controls over Financial Reporting Systems". The objective of this standard is to establish the bases for maintaining, reviewing, reporting, and supervising ICoFR in ACCIONA Group, ensuring that the risk of errors, omissions, or fraud in the financial information is adequately controlled, whether it is by prevention, detection, mitigation, remuneration, or correction of errors. Where control deficiencies are identified, those responsible in the company in question have to define the necessary actions for their correction, thus contributing to guaranteeing the reliability of the financial information of ACCIONA Group.

The report for 2015 has been made every six months by all branches of ACCIONA Group that have been designated as significant according to the established criteria, considering, in turn, the most relevant processes of each one, the deadline being the same as that of the Financial Information report. The person responsible for the report is the Financial Director

of each Branch/Subgroup, who submits it to the Financial Management of the corresponding Division which, in turn, reports to the Corporate Economic Management Unit of ACCIONA Group.

F.5 Supervision of system operation

Report, indicating the main characteristics, whether at least:

F.5.1 The ICoFR supervisory activities are performed by the audit committee, as well as the internal audit function, if any, with the capability, among others, of supporting the committee in the task of supervising the internal control system, including ICoFR. Furthermore, information will be provided on the extent of the ICoFR evaluation performed in the financial year and the procedure whereby the results of the evaluation are communicated by the party conducting it, on whether the entity has a plan of action detailing the eventual corrective measures, and whether consideration has been given to the impact on financial reporting.

The Regulations for the Board of Directors of ACCIONA assign to the Audit Committee the primary role of serving as an instrument and support for the Board of Directors in the supervision of accounting and financial information, internal and external auditing services, and Corporate Governance. Among others, the Regulations for the Board of Directors attributes the following areas of responsibility to the Audit Committee:

1. Approve the internal auditing plan for the evaluation of the System of Internal Controls over Financial Reporting and receive regular information about the results of the work undertaken and the action plan to correct any deficiencies observed.
2. Ensure the independence and effectiveness of the internal audit, propose the selection, appointment, re-election, and termination of the person responsible for the internal auditing service; propose the budget for this service; receive regular information about its activities; and verify that senior management takes the conclusions and recommendations of its reports into consideration.
3. Supervise the internal auditing services of ACCIONA and its Group, approve the annual budget for the department, be apprised of the internal auditing plan, and oversee the selection and contracting systems for internal auditing personnel.

ACCIONA Group has an Internal Auditing unit devoted exclusively to this function. Its responsibilities include supporting the Audit Committee in the task of supervising the System of Internal Controls over Financial Reporting.

The Internal Auditing Management reports periodically to the Audit Committee on its annual work plan. It reports any incidents identified in its execution and the corresponding action plans for eventual corrective measures directly on identification and, at the end of each financial year, delivers a summary report of the activities performed during the year.

During the 2015 financial year, the Internal Auditing Management has completed a review of the effectiveness in the design and implementation of key controls in the processes of various branches of ACCIONA Group with significant impact on the Group's consolidated financial statements, according to the scheduled rotation plan. The objective of this rotation plan is the evaluation and supervision of the description of the processes, the identification and evaluation of the risks with the greatest impact on financial information, and the effectiveness of the controls implanted for mitigating these. Specifically, in the present financial year, the main processes of the principal branches have been revised: those corresponding to the Infrastructures, Services, and Other Activities Divisions, where the operational design and effectiveness of the system of internal controls over financial reporting have been analysed.

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The outcome of the reviews completed by the Internal Auditing Management, as well as the incidents detected, has been notified to the Audit Committee. Furthermore, the action plan for the correction of these incidents has been notified to the person responsible for correcting them, as well as to the Audit Committee.

F.5.2 Whether any discussion procedure is in place whereby the auditor of accounts (in accordance with the provisions contained in the Auditing Standards, the internal auditor, and other experts may notify senior management and the Audit Committee or the entity's directors any significant weaknesses in internal control identified during the processes of reviewing the annual accounts or others entrusted to them. Furthermore, information will be provided on whether there is an action plan to correct or mitigate the weaknesses identified.

The Regulations for the Board of Directors of ACCIONA assigns the Audit Committee the following jobs and responsibilities:

1. Revise, analyse, and comment the Financial Statements and other relevant financial information to senior management and to internal and external auditors in order to confirm that said information is complete and that the criteria followed is consistent with the close of the previous financial year.
2. Supervise the decisions of senior management regarding adjustments proposed by the external auditor, as well as be apprised of, and mediate in disagreements between them, if any.
3. Regularly receive information from the external auditor regarding the auditing plan and the results of its execution and verify that senior management takes their recommendations into account.
4. Serve as a channel of communication between the Board of Directors and the external auditors, evaluate the results of each audit and the responses of the executive team to the recommendations, and mediate and arbitrate in cases of discrepancies between them in relation to the principles and criteria applicable to the preparation of the financial statements.

The Audit Committee maintains a stable and professional relationship with the external auditors in the different businesses and the main companies in ACCIONA Group with strict respect for their independence. This relationship favours communication and discussion of significant weaknesses in internal control identified during the process of reviewing the annual accounts or others entrusted to them.

In this regard, the Audit Committee, in the year 2015, received information from the external auditor, at two of its sessions, regarding the auditing plan and the results of its execution. The Audit Committee also invites Senior Management to its meetings so that its recommendations are taken into account.

F.6 Other relevant information

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F.7 Report by the external auditor

Report by: [blank]

F.7.1 Whether the information on the ICoFR sent to the markets has been submitted for review by the external auditor, in which case the entity must

include the corresponding report as an appendix. Otherwise, the reasons must be given here.

The information from ICoFR described by ACCIONA in the present document has been revised by the external auditor, whose revision report is attached as an appendix.

G EXTENT UP TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

Indicate the extent up to which the company follows the recommendations in the Code of Good Governance of listed companies.

Where a recommendation is not followed or followed only partially, a detailed explanation should be provided giving the reasons for this so as to allow shareholders, investors and the market in general to have sufficient information to value the conduct of the Company. Explanations which are general in nature will not be acceptable.

- 1. The Articles of Association of Companies listed on the Stock Market do not limit the maximum number of votes cast by the same shareholder, nor are there other restrictions which hinder the takeover of the company through acquiring its shares in the market.**

Compliant

- 2. When the parent company and its subsidiaries are listed, the following are defined publicly:**
 - a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary company with other entities within the group;**
 - b) The mechanisms outlined to resolve possible conflicts of interest which may arise.**

Not applicable

- 3. During the celebration of the ordinary general meeting, in addition to distributing the written annual report on corporate governance, the chair of the administration board verbally reports to the shareholders, in sufficient detail, the most important aspects of corporate governance society and, in particular:**

- a) The changes since the previous annual general meeting.**
- b) The specific reasons why the company does not follow some of the recommendations of the Corporate Governance Code and, if any, of the alternative rules that apply in this area.**

Partially compliant

According to the Board's and the general meeting's Regulations the chair will verbally inform the shareholders during the general meeting of the most important aspects of corporate governance of the Company that have occurred with posterity to the publication of the annual report on corporate governance and the concrete reasons for which the company does not follow some of the recommendations of the Corporate Governance Code if they weren't identified in the annual corporate governance report.

4. The Company defines and promotes a policy of communication and contacts with shareholders, institutional investors and proxy advisors to be fully respectful of the rules against market abuse and gives similar treatment to shareholders who are in the same position.

The company should make the policy public through its website, including information on how it is implemented and identifying the partners or persons responsible for carrying it out.

Partially Compliant

The company has not made public on the website the policy to which the recommendation refers to.

5. The Board of Directors does not submit to the general meeting a proposal for delegation of powers, to issue shares or convertible securities excluding preferential subscription rights, for more than 20% of the capital amount at the time of the delegation.

And when the board of directors approves any issuance of shares or convertible securities excluding preferential subscription rights, the company immediately publishes on its website the reports on that exclusion as referred to mercantile legislation.

Partially Compliant

The Board's Regulation, as amended in 2015, states that when the Board of Directors approves any issuance of shares or convertible securities excluding the preferential subscription right Acciona immediately publish on its website the reports on that exclusion as referred to in the mercantile legislation. Also, it includes that the Board of Directors shall not submit to the general meeting a proposal for delegation of powers, to issue shares or convertible securities without preferential subscription rights for over 20% of the share capital at the time of the delegation agreement.

Notwithstanding the above, the General Shareholders' Meeting of 2014 delegated to the Board the authority to issue shares or securities in one or more times with exclusion of preferential subscription rights for a maximum amount of up to half of the share capital at the date of the authorization.

6. The listed companies which produce the reports listed below, either in mandatory or voluntary form, publish them on their website well in time before the annual general meeting is held, although their dissemination is not mandatory:

a) Report on auditor independence.

b) Report of proceedings of audit committees and appointments and remuneration.

c) Report of the audit committee on related party transactions.

d) Report on the corporate social responsibility policy.

Partially Compliant

Acciona publishes on the website, well in advance of the Annual General Meeting the Sustainability Report, a document which is equivalent to the report on Corporate Responsibility Policy and is subject to approval by the General Meeting.

In financial years 2015 Acciona did not publish the rest of the reports referred to in this recommendation.

7. That the Company broadcasts live, via its website, the holding of general meetings of shareholders.

Compliant

8. That the audit committee ensures that the board of directors should seek to present the accounts to the general meeting of shareholders without limitations or qualifications in the audit report and, in exceptional cases where there are qualifications, both the chair of the audit committee and the auditors should clearly explain to shareholders the contents and scope of such limitations or qualifications.

Compliant

9. The company should make public on its website, permanently, the requirements and procedures it will accept to prove ownership of shares, the right to attend the general meeting of shareholders and the exercise or delegation of voting rights.

And such requirements and procedures facilitate the shareholders' attendance and the exercise of their rights and are applied in a non-discriminatory manner.

Compliant

10. When some legitimate shareholder has exercised, prior to the holding of the general meeting of shareholders, the right to complete the agenda or to submit new agreement proposals, the company:

a) Immediately reports such additional items and new agreement proposals.

b) Makes public the attendance card model or form of proxy or remote voting with the changes required so that the new items on the agenda and alternative agreement proposals can be voted on, on the terms proposed by the administration board.

c) Submits all these points or alternative proposals to vote and the same voting rules are applied to them as those made by the board of directors, including, in particular, presumptions or inferences about the meaning of the vote.

d) Announces, after the general meeting of shareholders, the breakdown of the vote on such additional points or alternative proposals.

Compliant

11. In the event that the company plans to pay premiums to attend the general meeting of shareholders, it will previously establish a general policy on such premiums and this policy is stable.

Compliant

12. The board of directors performs its duties with unity of purpose and independent judgment, affording equal treatment to all shareholders who are in the same position, and it is guided by the corporate interest, understood as the achievement of a profitable and sustainable in the long term, to promote continuity and maximizing the economic value of the company.

And in the pursuit of corporate interest, in addition to compliance with laws and regulations and a behaviour based on good faith, ethics and respect to the uses and commonly accepted good practices, it shall try to reconcile the corporate interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and any other stakeholders that might be affected, and the impact of the company's activities on the community as a whole and on the environment.

Compliant

13. The Board of Directors has enough members in order to implement efficient and participative proceedings, which makes it advisable that the board should have from five to fifteen members.

Compliant

14. The board of directors approves a policy of selection of directors that:

a) Is specific and verifiable.

b) Ensures that proposals for appointment or reappointment are based on a preliminary analysis of the needs of the board.

c) Promotes the diversity of knowledge, experience and gender.

The result of the previous analysis of the needs of the board is collected in the report justifying the appointments to be published when the general meeting of shareholders is called, in which the ratification, appointment or re-election of each director is submitted.

And the selection policy promotes the goal that by 2020 the number of female directors will represent no less than 30% of the total members of the board of directors.

The appointments committee shall annually verify compliance with the policy of selection of directors and inform thereof in the annual corporate governance report.

Partially Compliant

The Board of Directors has not explicitly adopted a policy of selection of directors that is concrete and verifiable although the requirements in the recommendation are followed.

15. The independent directors and external directors representing substantial shareholders constitute a significant majority of the board of directors and the number of executive directors is kept to the minimum necessary, taking account of the complexity of the Corporate Group and the percentage shareholding of the executive directors in the Company's share capital.

Compliant

16. The percentage of external directors over the total of non-executive directors is not higher than the proportion between the capital represented by the external directors representing substantial shareholders and the remainder of the company's share capital.

This criterion may be reduced:

a) In highly capitalized companies where the shareholdings legally considered significant are low.

b) In companies where there is a diversity of shareholders represented on the board of directors and there are no links between them.

Explain

In Acciona this recommendation is followed in the sense that the proprietary director does not nominate a number of directors proportionate to their shareholding but rather a smaller number, given that at the close of the financial year there were only two proprietary directors, despite the fact that two executive directors also share the characteristics typical of the proprietary directors. In any case, the number of independent directors is greater than those representing substantial shareholdings and they represent the majority on the Board of Directors (54%).

17. The number of independent directors represents at least half of all directors. However, where the company is not highly capitalized or where, still being so, it has a shareholder or several acting together, who control more than 30% of the share capital, the number of independent directors should represent at least one-third of all board members.

Compliant

18. Companies publish the following information about their directors on their website and keep it up to date:

- a) Professional profile and biography;**
- b) Other Boards of Directors on which they sit, whether or not these belong to listed companies, as well as other remunerated activities in which they may be involved.**
- c) Indication of the category of director to which they belong, indicating, in the case of directors representing substantial shareholders, the shareholder(s) they represent or with whom they have a connection.**
- d) Date when they were first appointed as a director of the Company, as well as the dates of any subsequent re-appointments.**
- e) Their holdings of company shares and their stock options.**

Compliant

19. The Annual Report on Corporate Governance, with prior verification by the Appointments Committee, explains the reasons for the appointment of external directors representing substantial shareholders at the request of shareholders whose shareholding is less than 3% of the share capital; and reasons are given why formal requests for a seat on the board from shareholders with a stake equal to or greater than that of others, at whose request directors representing substantial shareholders were appointed, have not been respected.

Compliant

20. Directors representing substantial shareholders tender their resignation when the shareholders they represent sell their entire shareholding. They also do so, in the appropriate number, should the shareholders they represent reduce their shareholding to a level requiring a reduction in the number of such proprietary shareholders.

Compliant

21. The Board of Directors does not propose the removal of independent directors from their position prior to the completion of the term indicated in the Articles of Association for which they have been appointed, except when there is just cause and the director in question has been informed about this, following a report from the appointments committee. In particular, just cause is interpreted as directors' failing to fulfil their responsibilities inherent to the role or becoming affected by any of the circumstances causing them to lose their independence, pursuant to the provisions contained in the appropriate legislation.

TRANSLATION

The removal of independent directors from office may also be proposed as a result of public buy-outs, mergers or other similar enterprise-level transactions implying a change in the structure of the company's capital when such changes in the Board are due to the proportionality criterion in Recommendation 16.

Compliant

22. Companies establish rules obliging directors to provide information and, where appropriate, tender their resignation in cases where it is alleged they could prejudice the good name and reputation of the Company and, in particular, oblige them to inform the Board of any criminal lawsuits they may be involved in, as well as any subsequent legal proceedings.

If a director is subject to legal proceedings or is sent for trial for one of the offences indicated in the Capital Companies Act, the Board examines the case as promptly as possible and, after reviewing the specific circumstances, will decide whether or not the director may continue in that position. And the Board gives a reasoned account of such circumstances in the Annual Report on Corporate Governance.

Compliant

23. All directors clearly express their opposition when they consider that a proposal submitted to the Board for decision could be contrary to the Company's interests. And, moreover, independent and other board members in particular, who are not affected by potential conflicts of interest, do the same in the case of decisions that would be detrimental to shareholders not directly represented on the Board.

And when the Board adopts significant or repeated decisions on matters with regard to which the director has expressed serious reservations and subsequently opts to resign, the ensuing conclusions drawn and reasons for the resignation are explained in the letter referred to in the following recommendation.

This recommendation also affects the Secretary to the Board, even where he/she does not have the status of director.

Not applicable

24. When, whether due to resignation or any other reason, a director leaves his or her position before the end of the term, the reasons are explained in a letter sent to all the members of the Board. And, without prejudice to the possibility of notifying such termination as a relevant event, the reason for termination will be included in the Annual Report on Corporate Governance.

Compliant

25. The appointments committee shall ensure that the non-executive directors have enough time for proper performance of their duties. And the Board regulations set the maximum number of boards of which they may form part.

Compliant

26. The committee holds meetings as frequently as required in order to carry out its role effectively, at least eight times a year, following the programme and agenda established at the start of the financial year, with each director able to propose for inclusion alternative items not originally on the agenda.

Compliant

27. The absences of directors should be limited to unavoidable circumstances and are listed in the Annual Report on Corporate Governance. And, when they must occur, instructions are given to proxies if representation is essential.

Compliant

28. When the directors or the company secretary express concerns about a particular proposal or, in the case of the directors, about the company's progress and such concerns are not resolved within the Board, this is recorded in the minutes at the request of whoever expressed such concerns.

Not applicable

29. The company should establish appropriate channels for directors to get the advice they need to fulfil their duties including, if required by circumstances, external advice charged to the company.

Compliant

30. Regardless of the knowledge that directors are required for the exercise of their functions, the companies must also offer Directors refresher programs when circumstances so warrant.

Compliant

31. The agenda of the sessions clearly indicates those points on which the board shall adopt a decision or agreement so that directors can study or seek, in advance, the information required for its adoption.

When exceptionally, for reasons of urgency, the Chair wants to submit to the approval of the board decisions or agreements not included in the agenda, this will require the express prior consent of the majority of the directors present, which will be duly recorded in the minutes.

Compliant

32. Directors should be regularly informed of the movements in shareholders and of the opinion that significant shareholders, investors and rating agencies have on the company and its group.

Compliant

33. The Chair, as responsible for the effective proceedings of the board of directors, in addition to exercising the functions legally and statutorily assigned to him/her, prepares

and submits to the board a program of dates and issues to be addressed; organizes and coordinates the periodic evaluation of the board and, where appropriate, the chief executive of the company; is responsible for the management of the board and the effectiveness of its operation; ensures that sufficient time is devoted to discussion on strategic issues, and arranges and reviews refresher programs for each director, when circumstances so require.

Compliant

34. When there is a coordinating director, the regulations of the board of directors, in addition to the powers legally entitled, attribute him/her the following: chairing the board in the absence of the Chair and Vice-Chairs, if any; echoing the concerns of non-executive directors; maintaining contacts with investors and shareholders to ascertain their views in order to form an opinion about their concerns, particularly in relation to the corporate governance of the company; and coordinate the Chair's plan of succession.

Compliant

35. The secretary of the board of directors safeguards particularly for the board to have present in its actions and decisions the recommendations on good governance contained in the Code of Good Governance as might be applicable to the company.

Compliant

36. The Board of directors holds a plenary meeting once a year in which it evaluates, and adopts, if necessary, a plan of action to correct the deficiencies identified regarding:

- a) The quality and efficiency of the proceedings of the Board;**
- b) The proceedings and composition of its committees;**
- c) The diversity in the composition and competences of the board of directors;**
- d) The performance of the Chair of the Board and the Company's Chief Executive;**
- e) The performance and contribution of each director, with particular attention being given to those responsible for the different committees.**

The evaluation of the various committees will be based on the reports they submit to the Board of Directors, and for the latter, evaluation will be based on the one submitted by the appointments committee.

Every three years, the board will be assisted to carry out the evaluation by an external consultant, whose independence will be verified by the appointments committee.

Business relationships that the consultant or any company in its group have with the company or any company of its group should be detailed in the annual corporate governance report.

The process and the evaluated areas will be further described in the annual corporate governance report.

Partially Compliant

The Board Regulations only establishes that the board can be helped to carry out the evaluation by an external consultant not reflecting therefore the mandatory nature of the assistance of external consultant every three years.

37. When an executive committee or delegated committee exists, the framework for the participation of the different categories of board members will be similar to that of the board itself, and its Secretary will be the secretary to the board.

Explain

The composition of the executive committee does not include board members representing substantial shareholders; although two of the executive board members have characteristics typical of board members representing substantial shareholders. The secretary to the Committee is the Secretary to the Board.

38. The board of directors is always aware of matters dealt with and decisions adopted by the executive committee and all the members of the board receive a copy of the minutes of the meetings of the executive committee.

Compliant

39. The members of the audit committee, and especially its chair, are appointed taking into account their knowledge and expertise in the field of accounting, audit or risk management.

Compliant

40. Under the supervision of the audit committee there should be a unit that assumes the internal audit function and that ensures the proper implementation of the internal controls and reporting systems and that in terms of proceedings depends on the non-executive chair of the board of of the audit committee.

Compliant

41. The person in charge of the internal audit function submits the annual work plan to the audit committee, reports directly incidents that occur as and when they arise, and submits a report on activities at the end of each financial year.

Compliant

42. In addition to those as legally established, the audit committee is responsible for the following:

1. With regard to information systems and internal control:

a) Ensuring the main risks identified as a result of the supervision of the effectiveness of the company's internal controls, and the internal audit, where appropriate, are managed and published in a satisfactory manner.

b) Overseeing the independence and effectiveness of the internal audit function; proposing the selection, appointment, re-election and termination of the person in charge of internal audits; proposing the budget for this service; receiving regular information on its activities; and verifying that senior management takes the conclusions and recommendations in its reports into account.

c) Establishing and supervising a mechanism that allows employees to report in confidence and, if appropriate, anonymously, potentially important irregularities they may observe in the Company, especially those in financial and accounting matters.

2. With regard to the external auditor:

- a) In the event of resignation of the external auditor, to examine the circumstances that led to this.
- b) Ensure that the remuneration of the external auditor for his/her work does not compromise quality or independence.
- c) Make sure that the company communicates the change of auditor to the *CNMV* as a relevant event, and accompanies this communication with a statement about any disagreements with the outgoing auditor and their contents.
- d) Ensure that the external auditor annually holds a meeting with the full board of directors to report on the work done and the evolution of the company's accounting and risk situation.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other rules on auditor independence.

Compliant

43. The audit committee may summon any employee or executive of the company; this includes appearances without the presence of any other executive.

Compliant

44. The audit committee is informed about the operations of structural and corporate changes that the company plans to carry out, for analysis and preliminary report to the board of directors on their economic conditions and their accounting impact, and especially, if any, on the proposed swap equation.

Compliant

45. The control and risk management policy must identify at least:

- a) The various types of risk, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational) facing the society, including among the financial or economic risks of contingent liabilities and other risks off balance.
- b) The setting of the level of risk that the company considers acceptable.
- c) The measures provided to mitigate the impact of identified risks, if they materialize.
- d) The information and internal control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

Compliant

46. Under the direct supervision of the audit committee or, if any, of a specialized committee of the board, there is an internal function of risk control and management exercised by a unit or internal department of the company that has expressly attributed the following functions:

- a) To ensure the proper implementation of the control and risk management systems and in particular, to identify, manage and adequately quantify all important risks affecting the company.

TRANSLATION

b) To Actively participate in the development of the risk strategy and major decisions about its management.

c) To ensure that the control and risk management systems adequately mitigate risks within the framework of the policy defined by the board of directors.

Compliant

47. Members of the Appointments and Remuneration Committee, or both Committees if they were separate - are designated by ensuring that they have the knowledge, skills and experience appropriate to the duties that they are to perform and that most of these members are independent directors.

Compliant

48. That highly-capitalized companies have an appointments committee and a separate remuneration committee.

Explain

Although the possibility of separate committees for appointments and for remuneration is provided in the articles of association, it is not considered necessary to separate the functions at the date of this report.

49. The appointments committee consults with the Chair of the board of directors and the chief executive of the company, particularly regarding matters concerning executive directors.

And any director may request the appointment committee to consider potential candidates to fill vacancies on the Board of Directors, if deemed suitable.

Compliant

50. The duties of the remuneration committee must be exercised with independence and include, in addition to those indicated by law, the following:

a) Proposing to the board of directors the basic conditions of the contracts for senior management.

b) Ensuring compliance with the remuneration policy established by the company.

c) Periodically reviewing the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application and ensuring that their individual remuneration is proportionate to that of other directors and senior executives of the company.

d) To ensure that any conflicts of interest do not impair the independence of external advice to the commission.

e) To verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual report on remuneration of directors.

Compliant

51. The remuneration committee consults with the chair and the chief executive of the company, particularly regarding matters concerning executive directors and senior managers.

Compliant

52. The rules regarding the composition and proceedings of the supervising and control committees are listed in the regulations for the board, are consistent with those applicable

to the legally mandatory committees under the previous recommendations, and include the following:

- a) These committees are composed exclusively of non-executive directors, with a majority of independent directors.
- b) The chairs of these committees are independent directors.
- c) The board appoints the members of these committees, taking into account the knowledge, skills and experience of the directors and the responsibilities of each committee; deliberates on its proposals and reports; and, at the first plenary session of the board after their meetings, receives an account of their activity and a report on the work carried out.
- d) The committees may seek external advice whenever this is deemed necessary for the performance of their duties.
- e) Minutes are taken for all their meetings and copies are sent to all directors.

Partially Compliant

The Sustainability Committee does not comply entirely with the recommendation because, although all members are non-executive directors, in its composition there isn't an independent majority and its Chair has a proprietary nature.

53. The supervision of compliance with corporate social responsibility policy, internal codes of conduct and corporate governance rules is attributed to one or more committees within the board of directors; these committees may be the audit committee, the appointments committee, or the corporate social responsibility committee, if any, or a specialised committee created specifically for such duties; and these committees will have the following minimum duties:

- a) Monitoring compliance with internal codes of conduct and corporate governance rules of the company.
- b) Monitoring the communication strategy and relations with shareholders and investors, including small and medium shareholders.
- c) Periodic evaluation of the adequacy of corporate governance system of the company in order to fulfil its mission of promoting social interest and consider, as appropriate, the legitimate interests of other stakeholders.
- d) Reviewing the corporate responsibility policy of the company, ensuring that is aimed at value creation.
- e) Monitoring the strategy and corporate social responsibility practices and evaluation of their compliance.
- f) Monitoring and evaluation of processes associated with different stakeholders.
- g) Evaluation of everything related to non-financial risks of the company, including operational, technological, legal, social, environmental, political and reputational risks.
- h) Coordinating the process of reporting non-financial information and diversity, in accordance with applicable regulations and international reference standards.

Compliant

54. The corporate social responsibility policy includes the principles or commitments which the company voluntarily assumes in its relationship with the different stakeholders and identify at least:

- a) The objectives of the corporate social responsibility policy and the development of support tools.

- b) The corporate strategy related to sustainability, the environment and social issues.
- c) The specific practices on issues related to: shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of illegal behaviour.
- d) Methods or systems monitoring the results of the implementation of the specific practices identified in the previous point, the associated risks and their management.
- e) The mechanisms for monitoring non-financial risk, ethics and business conduct.
- f) The channels of communication, participation and dialogue with stakeholders.
- g) Responsible communication practices that prevent manipulation of information and protect the integrity and honour.

Compliant

55. The company should report in a separate document or in the management report on matters related to corporate social responsibility, using any of the internationally accepted methodologies.

Compliant

56. Remuneration should be sufficient to attract and retain directors of the desired profile and to reward the dedication, abilities and responsibilities that the post entails, but not so high as to compromise the independence of judgment of non-executive directors.

Compliant

57. The variable remuneration tied to the corporate performance and personal performance is restricted to executive directors, as well as remuneration comprising shares, options or rights over shares or instruments linked to the share value and long-term savings systems such as pension plans, pension schemes or other social security systems.

Delivery of shares as remuneration can be contemplated for non-executive directors on condition that they hold them until they cease to be directors. The foregoing shall not apply to shares that the director needs to dispose of, if appropriate, to meet the costs related to acquisition.

Compliant

58. In the case of variable remuneration, remuneration policies incorporate the limits and technical safeguards to ensure that such remunerations relate to the professional performance of its beneficiaries and not only to the general evolution of markets or of the company's industry sector or other similar circumstances.

And in particular, the variable components of remunerations:

- a) Are linked to performance criteria that are predetermined and measurable and that these criteria consider the risk taken to obtain a result.
- b) Promote the sustainability of the company and include non-financial criteria that are suitable for creating long-term value, such as compliance with internal rules and procedures of the company and its policies for control and risk management.
- c) Are set on the basis of a balance between fulfilling short-, medium- and long-term goals, to remunerate the results from continued performance over a sufficient period of time to

TRANSLATION

appreciate their contribution to sustainable value creation, so that the elements that measure the results do not revolve solely around specific, occasional or extraordinary events.

Compliant

59. The payment of a significant part of the variable components of remuneration is deferred for a period sufficient to ensure that the previously established minimum performance conditions have been met.

Compliant

60. The remuneration linked to company earnings takes into account any possible qualifications defined in the external auditor's report and that reduce such earnings.

Not applicable

61. A significant percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to its value.

Compliant

62. Once the shares or options or rights over shares corresponding to the remuneration systems are allocated, directors will not be able to transfer ownership of a number of shares equivalent to twice the fixed annual remuneration, or to exercise the options or rights until at least three years after their allocation have elapsed.

The above shall not apply to the shares that the director needs to dispose of, when appropriate, to meet the costs related to acquisition.

Compliant

63. Contractual agreements include a clause that allows the company to claim reimbursement of variable components of remuneration when payment has not been adjusted to the return conditions or when they have been paid based on data which are subsequently credited with inaccuracy.

Partially Compliant

Regarding long-term remuneration consisting in the delivery of shares precautions are set that permit to recover the shares in certain circumstances but not in regard to the annual variable remuneration.

64. Payments for contract termination do not exceed the established amount equivalent to two years of total annual remuneration and they are not paid until the company has been able to verify that the director has met the performance criteria previously established.

Compliant

H OTHER RELEVANT INFORMATION

1. If there are any relevant points regarding the corporate governance of the company or entities of the group that are not contained in the rest of the sections of this report, but which should be included in order to present a more complete and reasoned view of the governance structure and practices of the entity or its group, describe them briefly.
2. This section may also include any other information, clarification or aspect related to the previous sections of the report insofar as they are relevant and not repetitions.

In particular, an indication will be given of whether the company is subject to corporate governance laws other than those of Spain, and, if so, any information it is obliged to provide and which is different from that required in this report will be included.

3. The company may also indicate whether it has voluntarily committed to adhere to other ethical or best practice codes, whether on the sectoral, international or any other level. If so, state the code in question and the date of adherence.

Note on Section A.5

Global Lubbock, S.L, a company controlled by director Mr. José Manuel Entrecanales holds 6% of the share capital of ATLL Concessionaria de la Generalitat de Catalunya, S.A, a company which in turn holds a 76.05% stake in ACCIONA Group.

Global Buridan S.L, a company controlled by director Mr. Juan Ignacio Entrecanales, holds 6% of the share capital of ATLL Concessionaria de la Generalitat de Catalunya, S.A, a company which in turn holds a 76.05% stake in ACCIONA Group.

Acacia ISP, S.L, of which director Mr. Fernando Rodés indirectly holds an 18% share, holds 5% of the share capital of ATLL Concessionaria de la Generalitat de Catalunya, S.A, a company which in turn holds a 76.05% stake in ACCIONA Group.

Note on Section A.6

The summary of the basic terms of the agreement is as follows:

1. Tussen de Grachten, BV and Wit Europese Investerings, BV and their respective partners descendants of Mr. José Entrecanales Ibarra and signatories to this agreement mutually grant each other a preferential acquisition right over their respective direct stakeholdings in Acciona, S.A. as a result of the reverse takeover of Grupo Entrecanales, S.A. and its subsidiaries by Acciona, S.A., regardless of the reason whereby they are held, and/or on their respective stakeholdings in Tussen de Grachten, BV and Wit Europese Investerings, BV.

2. These preferential acquisition rights will continue to exist for the term of ten (10) years from the registration of the merger of Acciona, S.A. with Grupo Entrecanales, S.A. on the Companies' Registry, with successive tacit extensions for further terms of five (5) years each, unless either of the companies, Tussen de Grachten, BV or Wit Europese Investerings, BV, announces in writing its intention not to continue with the agreement giving eighteen (18) months' notice prior to the date of termination of the initial term currency of this agreement or of any of its successive extensions. The registration of the merger on the Companies' Registry occurred on 14 July 2011. The present Agreement does not make any impositions or imply any arrangement of interests by the signatories with regard to the management of Acciona, S.A.

In the financial year 2015 investment companies who hold shares of Wit and Tussen have joined the pact, without modification of the terms hereof. These investment companies are companies incorporated and controlled by shareholders that are descendants of Mr. José

TRANSLATION

Entrecanales Ibarra who continue to be the ultimate holders and were also signatories of the pact.

Note on Section A.12

Acciona S.A. has a programme of promissory notes known as the Euro Commercial Paper (ECP) Programme registered on the Irish Stock Exchange for a maximum amount of 500 million euros. Through this programme, notes with maturities of between 15 and 364 days are issued on the Euromarket. On 29 October 2014, this programme was renewed for another year with the same terms and characteristics.

Acciona issued convertible debentures for the sum of 342 million euros in the month of January, 2014, which were admitted for trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange.

Finally, on 2 July 2014, Acciona formalized a fixed-income securities issue programme known as the Euro Medium-Term Note (EMTN) Programme for a maximum amount of up to 1,000 million euros. The securities issued pursuant to the programme are listed on the Irish Stock Exchange.

Note on Section C.1.2

The independent director, Mr. Juan Carlos Garay, also performs the functions of Lead Independent Director.

Note on Section C.1.12

The position held by the director, Mr. Jaime Castellanos Borrego, in the Vocento, S.A. Company is that of the personal representative of the Casgo, S.A. company. He tendered his resignation from the Board of Vocento the 18th of January 2016.

Note on Section C.1.16

The figure established for remuneration includes the amount corresponding to the compensations paid to four executives due to the termination of their employment relationship and departure from the company in 2015.

For the purposes of this report, those forming part of the two upper levels of management of ACCIONA Group and the corporate internal audit director are included as senior management. They are categorized like this merely for the purposes of information and under no circumstances should this classification be taken as an interpretation or assessment of the concept of senior management established in the legislation in force and, in particular, in Royal Decree 1382/1985.

Note on Section D

All transactions outside the normal course of business of the Company or its Group were undertaken under normal market conditions. Entities linked to certain directors have undertaken transactions characteristic of a normal business relationship with Acciona or companies in the group. These transactions are not considered significant in terms of their amount nor relevant due to their subject matter. These transactions basically consisted of:

- A. The execution of civil works with a value of 81.5 thousand euros by Acciona Infrastructure in 2015.
- B. Advertising services provided to entities in the group by Revolution Publicidad S.L. The agency's fees amounted to 94.5 thousand euros.
- C. Willis Iberia, as one of several insurance brokers selected by the Group's divisions, acted as the collector for the insurance policy premiums.
- D. Sale of energy by Acciona Green Energy to facilities of Coca-Cola Iberian Partners, S.A. in the amount of 20,141 thousand euros.
- E. The Trasmediterránea Group does business with the Group of Coca-Cola Iberian Partners, S.A., consisting in cargo transport services, for which it has invoiced 2,579 thousand euros and purchased 597 thousand euros in products.

During the year 2015 business relationships or mandate letters with Lazard & Frères have not been maintained.

TRANSLATION

Data is included on transactions with the Coca-Cola Iberian Partners group for having held Ms. Sol Daurella the position of Director during the first half of 2015.

Note to Section G.

The answer of "not applicable" to the recommendations numbers 23, 28 and 60 respond to situations referring to these recommendations not having occurred in the year 2015. Regarding the recommendations numbers 10 and 19, domestic legislation includes the text of recommendations but no shareholder has requested to complete the agenda or submit new proposals of resolutions nor have been appointed proprietary directors at the request of shareholders whose holding is less than 3% of the share capital. Regarding recommendation number 11 the Regulation of the General Meeting states that if Acciona in the future foresaw to pay attendance premiums at the General Meeting it shall establish before a general policy that is stable.

In September 2011, Acciona adhered to the Code of Good Tax Practices approved and promoted by the Large Businesses Forum and the Public Tax Administration.

This annual corporate governance report was approved by the Company's Board of Directors during its session on 29 February 2016.

Indicate whether any directors voted against or refrained from voting with regard to the approval of this report.

No

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AUDITOR'S REPORT RELATING TO THE INFORMATION ON THE FINANCIAL REPORTING INTERNAL CONTROL SYSTEM (ICoFR) OF ACCIONA, S.A. CORRESPONDING TO FINANCIAL YEAR 2015

To the Directors of
Acciona, S.A.

Pursuant to the request by the Board of Directors of Acciona, S.A. (hereinafter the Entity) and in accordance with our proposal dated 16 November 2015, we have applied certain procedures to the ICoFR information included in section F) of the attached Annual Corporate Governance Report (ACGR) from Acciona, S.A. corresponding to 2015, summarizing the Entity's internal control procedures in connection with its annual financial information.

The Board of Directors is responsible for adopting appropriate measures to ensure the reasonable implementation, maintenance, and oversight of an adequate internal control system as well as the development of improvements in the said system and for the preparation and establishment of the contents of the ICoFR information included in section F) of the attached Annual Corporate Governance Report (ACGR).

In this sense, it must be remembered that, regardless of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in connection with its annual financial information, any such system can only provide a reasonable but not absolute degree of certainty with regard to the goals pursued due to the limitations inherent to any internal control system.

In the course of our annual account auditing work and in accordance with the Technical Standards on Auditing, our assessment of the Entity's internal control system has been undertaken for the sole purpose of enabling us to establish the scope and nature of the procedures for auditing the Entity's annual accounts and the moment when these should be carried out. Therefore, our internal control assessment conducted for the purposes of the said annual account audit has not been of sufficient extension to enable us to issue a specific opinion about the effectiveness of the said internal control over regulated annual financial reporting.

TRANSLATION

For the purposes of issuing this report, we have applied, solely and exclusively, the specific procedures described below and indicated in the Performance Guidance for Auditors' Reports referred to in the Information relating to the Financial Reporting Internal Control System of listed companies published by the Spanish National Securities Market Commission (CNMV) on its website. This information establishes the work to be carried out, its minimum scope, and the contents of this report. As the work resulting from the said procedures is, in any case, of limited scope, and substantially less than that of an audit or a full review of the internal control system, we do not express any opinion about the effectiveness of the same nor about its design and operating effectiveness with regard to the Entity's annual financial information for the 2015 financial year and described in the ICoFR information included in section F) of the attached Annual Corporate Governance Report (ACGR). In consequence, if we had applied additional procedures over and above those determined in the said Guidance or if we had conducted an audit or a review on the internal control system over regulated annual financial reporting, these might have brought to light other circumstances or aspects we would have reported to you.

Furthermore, since this special engagement does not constitute an audit of accounts and it is not subject to the legislation regulating the activity of audit practice in Spain, we do not express an audit opinion on the terms provided in the afore mentioned regulations.

The procedures applied are listed below:

1. Reading and understanding of the information prepared by the Entity with regard to ICoFR (breakdown information included in the Management Report) and assessment of whether this information covers all of the information required, which will follow the minimum contents described in section F, regarding the description of the ICoFR, in the ACGR model established in CNMV Circular nº 7/2015 dated 22 December 2015.
2. Queries addressed to the personnel in charge of drawing up the information detailed in the preceding paragraph 1) in order: (i) to reach an understanding of the process followed in its preparation; (ii) to obtain information enabling an assessment of whether the terminology used conforms to the definitions contained in the reference framework; (iii) to obtain information about whether the control procedures described are implemented and operational at the Entity.
3. Review of the explanatory documentation supporting the information detailed in the preceding paragraph 1) and which has mainly comprised the documentation made directly available to those responsible for drafting the ICoFR descriptive information. In this sense, the said documentation includes reports prepared by the internal audit function, senior management and other internal or external specialists in their support functions for the Audit Committee.
4. Comparison of the information detailed in the preceding paragraph 1) with the understanding of the Entity's ICoFR system attained as a result of applying the procedures carried out in the context of the annual accounts auditing engagement.
5. Reading of the minutes to sessions of the Board of Directors, the Audit Committee and the Entity's other committees for the purposes of evaluating the consistence between the matters discussed therein with regard to ICoFR and the information detailed in the preceding paragraph 1).

TRANSLATION

6. Obtention of the letter of representations regarding the work carried out suitably signed by those responsible for the preparation and drafting of the information detailed in the preceding paragraph 1).

As a result of the procedures applied to the information on ICoFR, no inconsistencies or incidents potentially affecting the same have come to light.

This report has been prepared solely and exclusively within the context of the requirements established in section 540 of Capital Companies Act and of Circular no. 7/2015 dated 22 December from the National Securities Market Commission for the purposes of describing the ICoFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

[Illegible signature]

Raquel Martínez Armendáriz

29 February 2016

CERTIFICATION: Ms. M. Teresa de la Cuesta Bernaldez, Sworn English Interpreter, certifies that the foregoing is a truthful and complete translation into English of a document written in Spanish. Madrid, 19 March 2016.

CERTIFICACION: Dña. M. Teresa de la Cuesta Bernaldez, intérprete jurado de inglés, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español. En Madrid, a 19 de marzo, 2016.