

REPORT ON THE 2021-2023 REMUNERATION POLICY SUBMITTED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE TO THE BOARD OF DIRECTORS AND THE GENERAL MEETING OF SHAREHOLDERS OF ACCIONA, S.A.

(ITEM 4.1. ON THE AGENDA)

1. OBJECT OF THE REPORT

This report (the "**Report**") contains the information, justification and opinion of the Appointments and Remuneration Committee ("**ARC**") of the Board of Directors de Acciona, S.A. ("**Acciona**") that the ARC has raised to the Board of Directors and to the General Meeting of Shareholders in relation to the proposed Remuneration Policy for directors of Acciona in the 2021-2023 three-year period (the "**Remuneration Policy**").

The issue of this Report complies with the requirement of article 529 novodécies section 2, of Legislative Royal Decree 1/2010, of 2 July, which approves the restated text of the Spanish Companies Act ("**LSC**"). The rule in question requires that listed companies, such as Acciona, have a Remuneration Policy for its directors approved by the General Meeting at least every three years and that any remuneration received by the directors in the three years following that on which the Remuneration Policy is approved be in line with such Remuneration Policy, except for any remuneration expressly approved by the General Meeting of Shareholders.

2. APPROPRIATENESS OF THE PROPOSAL AND THE MODIFICATIONS IT CONTAINS

The presentation by the Board of Directors of a proposed Remuneration Policy for the 2021-2023 three-year period to the General Meeting is appropriate in order to comply with the above-mentioned legal requirement. The previous Remuneration Policy, for the 2018-2020 three-year period, approved by the ordinary General Meeting in 2017, concludes in 2020. For the next three-year period, 2021-2023, the Board of Directors has to submit its proposal for a new Remuneration Policy to replace the previous one to the General Meeting in the current year 2020.

The objectives and general principles of the proposed Remuneration Policy for the new three-year period are consistent with those that informed the 2018-2020 Remuneration Policy. They are set out in sections 2 ("Remuneration Policy Objectives") and 3 ("General Principles of the Remuneration Policy"). Its ultimate purpose is, by means of an appropriate remuneration for non-executive and executive directors, to ensure the most suitable people are at Acciona's service in those positions and promote their commitment to the creation of value and respect for the principles of the Acciona group (including those relating to sustainability), so that it is in the long-term interest of its shareholders.

Among the modifications contained in the Remuneration Policy, it is worth highlighting those regarding the long-term variable remuneration for executive directors.

In particular, it envisages the possibility for executive directors to benefit from long-term remuneration systems that are settled not only by the delivery of shares or share options, as envisaged by the previous Remuneration Policy, but also in the form of cash payments or extraordinary contributions to savings plans. Regarding the provision for cash payments or extraordinary contributions to savings plans, it is worth considering the particular situation of executive directors, whose interests can be deemed to already be closely aligned with those of the shareholders of Acciona as direct holders of a significant stake in the share capital of the company.

Also in relation to the pluriannual variable remuneration of the executive directors, the Remuneration Policy specifically regulates the possibility for them to be beneficiaries of incentives linked to the creation of value for the shareholder in the long term, using metrics that duly measure that value creation, such as total shareholder return and the corresponding rate.

In preparing the Remuneration Policy, the factors considered were mainly the applicable legal framework, the LSC in particular, corporate governance best practice, specifically the recommendations of the Code of good governance of listed companies of February 2015, and the terms of article 31 of the Articles of Association and articles 54 to 55bis of the Board of Directors Regulations of Acciona.

3. REMUNERATION OF DIRECTORS IN THEIR CAPACITY AS SUCH, FOR THE EXERCISE OF THEIR COLLEGIATE FUNCTIONS OF SUPERVISION AND THE ADOPTION OF THE MAIN MANAGEMENT DECISIONS

The Remuneration Policy establishes the aggregate maximum amount for directors as a whole in their capacity as such and as members of the Board of Directors, as a collegiate body, and of the committees to which each director belongs.

According to the terms of article 31.2 of the Articles of Association of Acciona (the "**Articles of Association**") and article 217.3 LSC, the aggregate maximum amount will be determined by the General Meeting, with the Board of Directors being entitled to reduce its amount in those financial years it sees fit.

As for the maximum annual remuneration amount, the new Remuneration Policy proposed does not contemplate a variation with regard to the previous Remuneration Policy which set the figure at 1,700,000 euros (a figure that was not reached in any of the financial years since it was established). The above notwithstanding, the maximum aggregate amount of 1,700,000 euros is maintained in order to allow for possible changes that may take place during the period of validity of the new Remuneration Policy due to the increase by the General Meeting of Shareholders of the number of members of the Board of Directors, due to a possible division of the current ARC into two different committees, one for appointments and another for remuneration, pursuant to the terms of the Articles of Association and the Board of Directors Regulations, or due to a possible

adjustment in remuneration as a result of belonging to any of the bodies and committees described in this section of the Report.

The Board of Directors, in its meeting of 30 May 2018, approved the following points, acting on a proposal from the ARC:

- i. not to remunerate executive directors for membership of the Board of Directors;
- ii. eliminate remuneration for membership of the Executive Committee insofar as such Committee ceased to exist;
- iii. modify remuneration for membership of the Board of Directors for non-executive directors, set at 100,000 euros;
- iv. modify remuneration for membership of Committees, set as follows:
 - membership of the Audit Committee: 70,000 euros;
 - membership of the Appointments and Remuneration Committee: 55,000 euros;
 - membership of the Sustainability Committee: 50,000 euros;
- v. modify the additional remuneration for holding the position of coordinator independent director, set at 30,000 euros;
- vi. modify the additional remuneration for chairing the Committees, set as follows:
 - for chairing the Audit Committee: 18,000 euros;
 - for chairing the Appointments and Remuneration Committee: 11,000 euros and
 - for chairing the Sustainability Committee: 8.000 euros.

Notwithstanding any increase of such amounts that the Board of Directors may establish at any given time (a) acting on a proposal from the ARC, (b) with the approval of the General Meeting and (c) respecting the maximum limit envisaged in this Remuneration Policy, the Remuneration Policy proposed for the 2021-2023 three-year period envisages maintaining what the Board of Directors established in its meeting of 30 May 2018 unchanged.

In addition, Acciona assumes payment of the civil liability insurance premium for executives and directors.

Travel expenses incurred by directors in performing their duties that are sufficiently accredited are reimbursed, with this assumption of expenses not being considered remuneration.

4. REMUNERATION OF DIRECTORS FOR PERFORMANCE OF EXECUTIVE FUNCTIONS

Article 31.3 of the Articles of Association stipulates that remuneration for membership of the Board of Directors, as a collegiate body, will be independent of

and compatible with that corresponding to performance by the director of executive functions and any other fixed salaries, variable target-based remuneration, indemnifications for dismissal, benefit systems and other remuneration elements of a deferred nature that may correspond to the director for other functions that, if applicable, he/she performs in the company.

In addition, the Articles of Association in article 31.4 contemplate the possibility, with a resolution from the General Meeting of Shareholders, of remunerating executive directors with the delivery of shares or share options, as well as any other system linked to share value.

Within that framework of reference, the ARC considers it advisable for the remuneration of executive directors to follow the principles and a scheme of remuneration elements similar to that which has been applied in past financial years, with the differences outlined below, where applicable.

A. ANNUAL FIXED REMUNERATION

The Remuneration Policy contains the criterion of the ARC that executive directors should initially continue to receive the same annual gross fixed remuneration as they do at present; that is, 1,375,000 euros the Executive Chairperson and 738,000 euros the Executive Vice-Chairperson, respectively, according to the resolution of the Board of Directors of Acciona dated 30 May 2018, acting on a proposal from the ARC.

The above notwithstanding, the ARC believes that this Remuneration Policy should regulate the manner in which, if applicable, the remuneration must be updated by the Board of Directors, setting a maximum limit for such update. Therefore, fixed remuneration will remain unchanged until such time as the Board of Directors, acting on a proposal from the ARC, decides to review it. The Board of Directors, with the advice of the ARC, will be able to revise the amounts corresponding to fixed remuneration of executive directors in order to adjust them to the weighting that the Board of Directors and the ARC establish for the personal performance of the Executive Director, the comparison with the remuneration information paid on the market by comparable companies on a global level with a range of remuneration between the mean and a level that would exceed 75% of the companies identified, and the results of Acciona.

The update of fixed remuneration will be consigned in the Annual Report on Remuneration of Directors that is made available to shareholders for an advisory vote by the General Meeting of Shareholders and is at the disposal of shareholders on the website of Acciona.

B. VARIABLE REMUNERATION

a) Annual variable remuneration according to economic targets and annual variable remuneration for specific achievements

The variable remuneration will be set contingent on the fulfilment of specific economic targets set each year, consistent with the forecasts envisaged in the annual budget, as well as the assessment of the individual professional performance of each director.

The ARC considers it appropriate that the amount of annual variable remuneration corresponding to 100% fulfilment of the targets be three times the fixed salary of the director, maintaining the same criterion as in past financial years.

The targets established each year will reflect the current strategic priorities of the company and ensure incentives are in line with value creation and shareholder interests. Therefore, the main indicators to be taken into account for assessing achievement of economic targets will be EBITDA, pre-tax profits and level of debt. Together with these economic indicators, other specific targets and metrics will be used to create a business model promoting balanced and sustainable development.

Likewise, it will be ensured that such remuneration bears relation to the professional performance of beneficiaries and is not derived simply from the general evolution of the stock markets or Acciona's sector of activity.

As was envisaged in the previous Remuneration Policy, the possibility is envisaged, for a term of three years, to claim reimbursement of the amounts paid and to refuse to pay that which is pending, if, within that terms, a serious breach of the duties of loyalty, or any other serious and culpable breach of the contractual obligations assumed vis-à-vis the company, is verified.

Directors concluding their contractual relationship with the company prior to the conclusion of the annual vesting period of the incentive for reasons not attributable to them, will maintain the right to receive the proportional part of the incentive corresponding to the effective period in which services were provided in the financial year in which termination took place.

As has been done in past financial years, the annual variable remuneration will be paid in cash at the moment of payment or deferred in the form of an extraordinary contribution to a Savings Plan (as defined in section 4 **¡Error! No se encuentra el origen de la referencia.¡Error! No se encuentra el origen de la referencia.**), as each executive director chooses.

Among the modifications contained in the Remuneration Policy, it is worth noting the possibility for the Board of Directors, acting on a proposal from the ARC, to approve additional incentives linked to the completion of specific projects and/or strategic milestones, the achievement of which can have a relevant impact on the strategy and results of Acciona.

Such incentives, if applicable, will be consigned in the Annual Report on Remuneration of Directors that the Board of Directors places at the disposal of shareholders annually when announcing the General Meeting of Shareholders for an advisory vote and that is at the disposal of shareholders on the Company website.

b) Long-term variable remuneration

Among the modifications contained in the Remuneration Policy, it is worth noting the possibility for long-term remuneration systems to be implemented, not just by means of the delivery of shares or share options as envisaged in the previous Remuneration Policy, but also by means of cash payments and/or extraordinary contributions to the Savings Plan.

The above is appropriate in view of the particular situation of the executive directors, whose interests can already be considered closely aligned with those of the shareholders of the company, as well as indirect holders of a significant stake in the share capital of Acciona.

Also in relation to pluriannual variable remuneration of executive directors, the Policy specifically regulates the possibility for them to be beneficiaries of incentives linked to the creation of value for shareholders in the long term, using metrics that measure such value creation properly, such as total shareholder return and the corresponding rate.

Along the same lines, the Board of Directors of Acciona, acting on a proposal from the ARC, has proposed to the Ordinary General Meeting of shareholders of Acciona to which approval of this Remuneration Policy is being submitted, the approval of a new long-term incentive plan for executive directors called "*2020-2029 Long-Term Incentive Plan for Executive Directors of Acciona, S.A. Linked to the Creation of Value*" (the "**Plan**"), the basic structure of which is as follows:

- i. Full payment in cash.
- ii. Metrics used to measure value creation:
 - The rate ("**TSRR**") of total shareholder return ("**TSR**") as benchmark indicator for measuring the creation of value.

It is considered that the TSR, and the corresponding TSRR, is a suitable indicator for measuring the creation of value for Acciona shareholders as it takes into account parameters (variation in market value of shares and amount distributed as dividends) and is correlated to the minimum profitability level that makes it possible to optimally assess whether shareholder expectations have been met and whether, as a result, the executive directors deserve to be remunerated for that increased value created. TSR-TSRR is, moreover, a simple and transparent calculation measurement, use of which as a benchmark indicator contributes to promoting long-term profitability and sustainability of Acciona and avoids the assumption of excessive risks and rewarding unfavourable results in line with the general principles on which the Remuneration Policy for Acciona directors is based.

- The weighted average capital cost ("**WACC**") as minimum profitability rate; that is, as minimum TSRR above which value will be deemed to have been created for shareholders of Acciona.

Both indicators will be calculated upon conclusion of the Plan taking into account the period of reference and only in the event the TSRR is greater than the WACC, the Board of Directors, acting on a proposal from the ARC, will determine the amount of the incentive to be delivered to executive directors (the "**Incentive**").

- iii. Deferral, clawback and *malus*: 20% of the Incentive to which executive directors are entitled will be paid on a deferred basis in 2031, after the consolidated annual accounts of Acciona and its group for financial year 2030 have been drawn up, with an unqualified audit report.

Its accrual is contingent on the executive director staying with Acciona for the entire term of the Plan (that is, from 1 January 2020 to 31 December 2029) and, moreover, that during the deferral period none of the *malus* scenarios envisaged in the Plan arising, in the opinion of the Board of Directors, acting on a proposal from the ARC.

In addition, Acciona may claim clawback of all or part of the Incentive paid to the executive director within three (3) years following the date on which payment of the Incentive was made (including payment of the part of the Incentive paid on a deferred basis) if, during such three (3) year period, any of the *malus* scenarios indicated arises.

The Board of Directors submits approval of the Plan to the Ordinary General Meeting of shareholders as a separate point on the agenda in order to comply with the legal requirement established in article 529 novodecies section 5 LSC.

c) Contributions to the Savings Plan

In accordance with market practice, it is considered appropriate for the system of remuneration of executive directors to continue to be supplemented in the form of a Savings Plan linked to reaching a certain age, permanent disability, (total, absolute or severe) and death (the "**Savings Plan**").

As such, as has been done in past financial years, Acciona will contribute to executive directors an annual amount equivalent to 100% of the annual fixed salary to an insurance entity, ceasing to pay premiums to the Savings Plan on the date the director leaves his/her position (notwithstanding the economic rights acquired by the director up to that point in relation to the Savings Plan). The Board of Directors, acting on a proposal from the ARC, may decide at any time to modify the amount of the premiums, in order to adjust them to the evolution of the business and the market.

Executive directors may, in addition, request payment of all or part of their variable remuneration in extraordinary contributions to the Savings Plan.

The Savings Plan established by Acciona envisages that beneficiary status under the Savings Plan will be lost (i) in the event any of the risk contingencies covered arises and, as a result, the benefit is paid out, (ii) the beneficiary reaches 65 years of age, or (iii) in the event the director leaves his/her position for any other reason.

Moreover, it is envisaged that the directors will lose their accumulated economic rights under Savings Plan and will not therefore receive the benefit in the event of (a) resignation or waiver on voluntary grounds or (b) removal due to non-fulfilment of duties or causing harm to Acciona, with a final judicial decision issued by a competent authority.

Among the modifications included in the Remuneration Policy it is worth noting the possibility for the Board of Directors, acting on a proposal from the ARC, to approve (i) extraordinary contributions to the Savings Plan and (ii) cancellation or early maturity of the Savings Plan, in full or in part.

In the event it is decided to cancel the Savings Plan, the Board of Directors, acting on a proposal from the ARC, may recognise an economic compensation (which will not exceed the funds accumulated in the Savings Plan which are cancelled) in favour of executive directors, provided that, on that date, they have not lost their accumulated economic rights.

The extraordinary contributions to the Savings Plan or the cancellation or early maturity of all or part of the Savings Plan established by the Board of Directors, as the case may be, acting on a proposal from the ARC, will be consigned in the Annual Report on Remuneration of Directors that is made available to shareholders for an advisory vote by the General Meeting of Shareholders and is at the disposal of shareholders on the website of Acciona.

d) Other remuneration: civil liability insurance

In line with standard market practice, it is deemed appropriate that Acciona maintain a civil liability insurance policy for all directors (including, therefore, executive directors) and executives for at least as long as they hold their positions.

e) Other remuneration: non-monetary remuneration

It is also proposed in the Remuneration Policy for the new three-year period that executive directors continue to have life insurance and a company vehicle as well as the collective health insurance taken out by the company, as part of the policy that the group has defined for its management team in general at any given time.

They will also be entitled, under the Remuneration Policy, to be reimbursed for any reasonable expense, duly justified, incurred as a result of travel, transport, per diem, mobile communications, representation or of any other kind, in the performance of their duties. The ARC does not consider that this reimbursement constitutes remuneration.

These non-monetary contributions may be modified by means of a resolution of the Board of Directors, acting on a proposal from the ARC.

C. MAIN TERMS OF EXECUTIVE DIRECTOR CONTRACTS

Commercial service contracts are in force between Acciona and each of the executive directors, approved by the Board of Directors acting on a Report from the ARC, in line with legal requirements. The Remuneration Policy proposed has taken the content of the contracts into account. While this commercial contractual

relationship remains in force, any original labour relationship that may have existed between the executive directors and the Acciona group is suspended.

To ensure transparency of the undertakings in relation to remuneration of executive directors, the essential content of the commercial contracts is set out below by the ARC:

- i. Term: They have an indefinite term, and they are not linked to the three-year term for the appointment of directors established in the Articles of Association.
- ii. Indemnification for termination: commercial contracts of the executive directors expressly envisage, contrary to what it is standard practice on the market, that they shall not be entitled to any indemnity when their appointment is terminated or when their executive responsibilities are resolved or terminated. Therefore, save for the liquidation cost of the labour relationship which is suspended, legally enforceable due to the term in which such labour relationship was in force, Acciona shall not bear any costs derived from the termination of the commercial contracts of the executive directors.
- iii. Exclusivity: Services by the executive directors are rendered on an exclusivity and fully dedicated basis. However, they may hold positions in family companies whose corporate object is not incompatible with that of the Acciona group or representative institutional posts in non-profit institutions.
- iv. Post-contractual non-compete undertaking: executive directors have a non-compete undertaking for an additional period of one year as of termination of the commercial contract with Acciona, which does not confer to the executive directors the right to an additional indemnity different to those established above. The non-compete undertaking imposes on the executive directors the obligation to refrain from entering into the following situations:
 - a) render services, directly or indirectly, to any third party, business or company (as partner, executive officer, employee, consultant, investor, supplier or in any other capacity) that may compete with the business of Acciona or of the Acciona group, save with the express authorization of Acciona that shall not be unreasonably withheld;
 - b) participate, directly or indirectly, in the share capital of any company or entity that competes with the business of Acciona or of the Acciona group. This ban shall not be considered breached when it is a non-significant shareholding. For these purposes, a shareholding is considered non-significant when the investment does not confer, directly or indirectly, management functions or a significant influence over the competing company;
 - c) employ, or attempt to employ any member (of the staff or) of the executive team of Acciona or of any other Acciona group company or persuade them so that they resign from their position, as well as

persuade or attempt to persuade any agent, supplier or collaborator of Acciona or of any Acciona group company so that they terminate their relationship with any of them.

5. OPINION OF THE ARC

In accordance with this Report, ARC considers that the proposed Remuneration Policy is compliant with Section 217.4 LSC as the remuneration of directors, both of executive and non-executive, for their function as members of the board of directors and as executive directors, is proportional to the importance of Acciona on the market, its current financial condition and market standards of comparable companies. On the other hand, the remuneration system proposed in the Remuneration Policy aims, among other purposes, to boost social profitability and sustainability in the long term, while considering other strategic targets and values associated to sustainability. Finally, it includes the necessary safeguards to avoid the assumption of excessive risks and rewarding negative results.

In light of what has been established, the ARC considers that amendments proposed to the Remuneration Policy with respect to the current one are adequate and improve it, and understands that they will strengthen alignment of directors with Acciona's long-term objectives.

As a result, the Remuneration Policy proposed by ARC so that the Board of Directors delivers it to the General Meeting of Shareholders for approval, as the governing framework for the remuneration of directors during the three-year period 2021-2023 is, in ARC's view, in accordance with the applicable standards for listed companies, with national and international recommendations on remuneration of directors and with the best practice applied by other companies alike, while respecting good governance and transparency criteria and enabling Acciona to rely on an adequate remuneration policy aligned with the interests of its shareholders.

For the same reasons, ARC recommends and suggests that plans, regulations, contracts and other instruments regulating the remuneration of directors as such or as executive directors with office in force at the time of approval of the Remuneration Policy should be adapted, if feasible and as soon as possible, to the principles and guidelines of this new Remuneration Policy.

This Report is approved by the Board of Directors at the meeting held on 24 April 2020.
