

ACCIONA'S
Commitment

A strategy for new challenges

In recent decades we have seen far-reaching social, environmental, and economic changes. ACCIONA analyzes the complexity involved in and the hurdles posed by the new scenarios in order to help meet the needs of current and future generations in a sustainable manner.

Through its Sustainability Master Plan (SMP), which is directly linked to the Company's mission and vision, ACCIONA establishes strategic sustainability priorities in line with the priorities of the business.

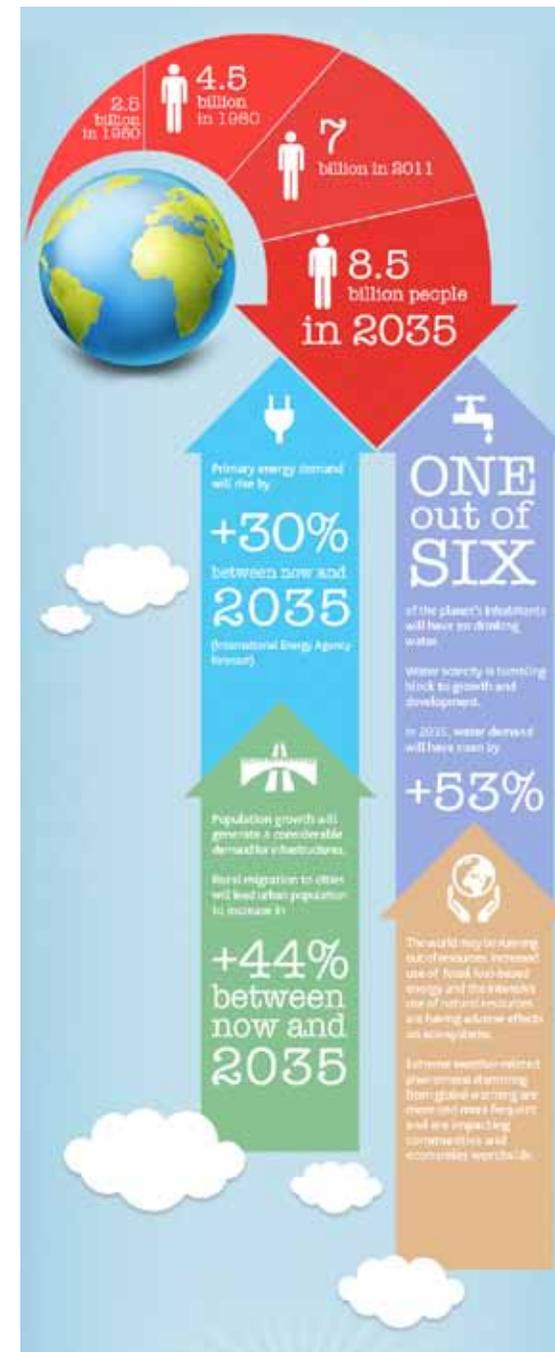
Challenges and opportunities posed by the reality around us

POPULATION GROWTH

In the new scenarios foreseen by experts, population growth will result in higher demand for energy and natural resources, requiring companies to renew their commitment to eco-efficiency. Given current lifestyles, the Earth's population requires approximately 1.52 times the planet to meet its needs. Resources are consumed at a faster rate than they can be replaced by the natural regeneration of the Earth. To deal with this unsustainable situation, the following issues must be addressed:

- **Foster new methodologies** in order to maximize resource efficiency and thus reduce reliance on them and satisfy increased demand.

- **Seek out resources and energy sources** to meet increased energy demand per inhabitant as a result of population growth.
- **Demand for infrastructure**, mainly in developing countries and urban areas; the use of tools such as life cycle analysis that investigate and evaluate the environmental impacts of a product or service during all of the stages of its existence; the search for greater design efficiency, permitting lower demand for energy both in using products as well as in managing the resulting waste; "green design" certifications to encourage the development of sustainable buildings.



- **New cities** designed on the basis of urban and sustainable mobility planning (smart cities) that relies on prior evaluations, such as environmental impact assessments.

ENERGY DEMAND

Higher demand for energy will entail greater price and supply volatility. As this energy will be required to meet the needs of a large population, it must be inexhaustible, clean, and borderless. There are a broad range of renewables to meet this need.

- Need to **promote renewable energy**, which represents an opportunity for companies to increase their investment in R&D and Innovation (RDI), in resource variety, and in resource efficiency, distribution, and storage.

ACCESS TO WATER

The distribution of water is expected to become more unequal as a result of climate change.

- **Higher demand** for drinking water means that research on new services, products, and water management systems is needed.

This trend can be expected to have a stronger impact on the business model of basic-service providers.

- Because the issue of water is **highly sensitive**, it is increasingly necessary for projects related to this resource to be fully integrated into the local communities where they operate.

CLIMATE CHANGE

The impact of this issue on every sector of the economy, and especially on the energy sector, underscores that climate change continues to be a prominent megatrend.

- Climate change will lead to heightened **regulatory restrictions**, at both the national and international levels. Such regulations must be linked to the promotion of renewable energy, giving companies the opportunity to disseminate less carbon-intensive energies, so as to promote the innovation and development of new sources of renewable energy along with the improved efficiency of existing sources. There will also be more stringent

requirements in terms of waste-minimization and management plans.

- **Abnormal atmospheric phenomena**, such as higher temperatures and changes in the hydrological cycle, are the most significant effects. This change implies redesigning the current socioeconomic model, within a framework of:

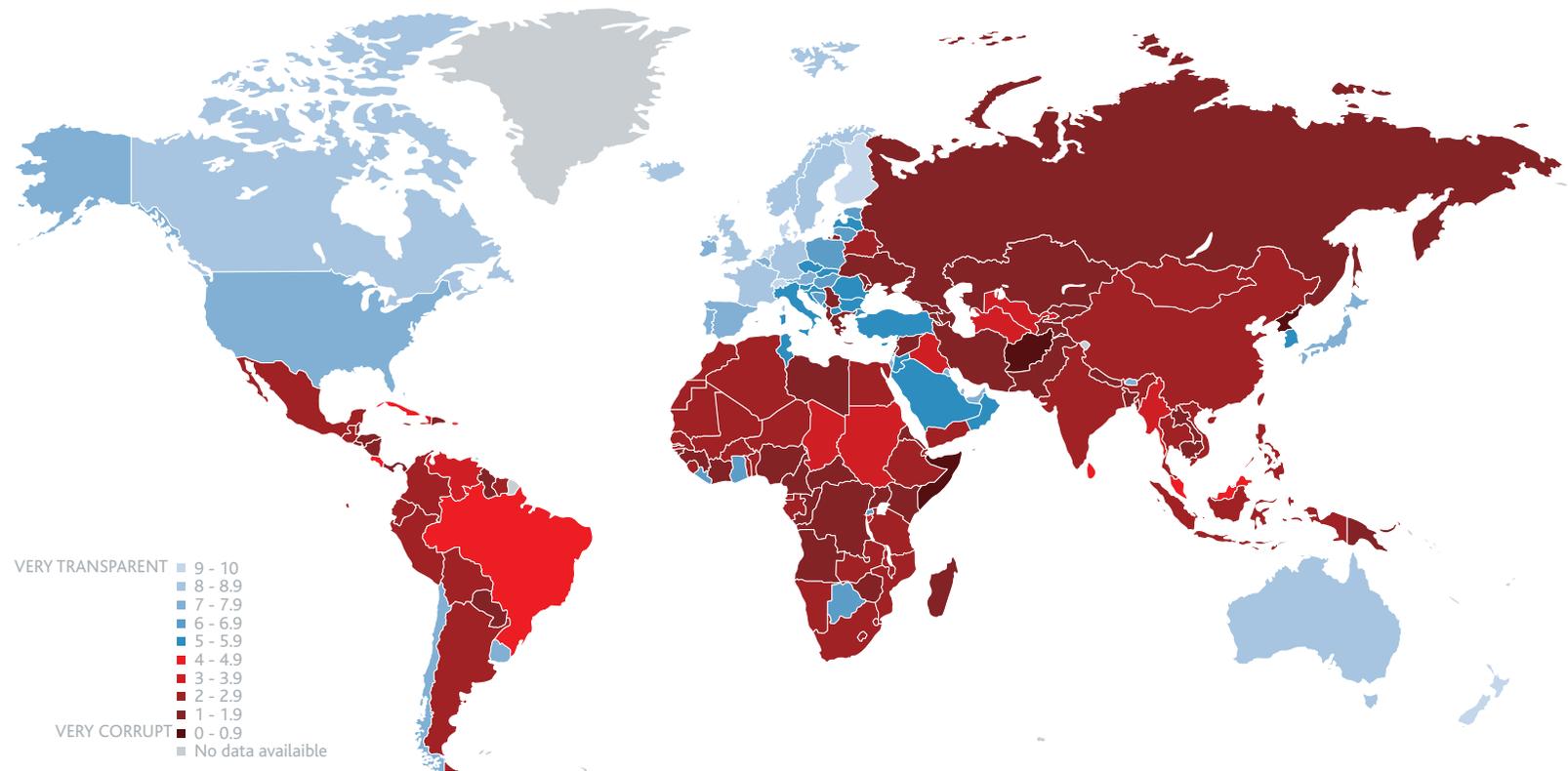
- Limitations on fossil fuels and the negative effects using them
- Water scarcity
- Overpopulation in certain areas of the planet.

- **Companies' reputation** plays an important role, given that initiatives to fight climate change are increasingly relevant for society. Companies are increasingly being asked to be socially responsible and to contribute to avoiding the differences resulting from inequalities among countries.

WITHIN A CULTURE OF INTEGRITY

One of the most pressing problems today is the corruption that touches all facets of society, including politics, public procurement, the private sector, education, and poverty. The most recent statistics show a heightened concern over corruption, as well as a stronger disapproval of corrupt practices in light of the global economic crisis. Although it is up to us all to solve this problem, public, and private entities can set an example by carrying out their activities within a framework of ethics and maximum transparency.

→ Transparency International's 2012 corruption perceptions index



SECTOR TRENDS FOR ACCIONA

In addition to global trends, which create risks and opportunities for companies, there are also sector trends that may alter or substantially change companies' business models.

Infrastructure

- **Life cycle.** According to the European Commission, buildings account for more than 40% of energy consumption in the European Union, which makes the construction sector a strategic pillar for achieving environmental targets. Buildings must be planned on the basis of sustainability over their complete life cycle. This means that it is important to optimize eco-compatibility starting with the location and design of a structure through its maintenance and renovation.
- **Environmental impact.** The environmental impacts of each activity during the construction process, from material selection and transportation management, need to be reduced.

- **Eco-design certifications.** Eco-design certifications, created with the aim of encouraging the development of sustainable buildings, ensure building efficiency in terms of energy and water savings, CO₂-emissions reduction, improved indoor environmental quality, and sustainable resource use.

Energy

- **Access to energy.** Alternative energies play a key role in poverty reduction by providing access to energy.
- **Social and environmental responsibility.** Developing alternative energies may entail many environmental and social challenges, particularly in terms of biodiversity and impact on local communities. Consequently, alternative energies may be developed using an environmentally and socially responsible approach, identifying, measuring, and mitigating negative impacts during the entire life cycle.
- **Economic optimization.** Consolidating renewable energy as an alternative

to traditional sources requires that renewable energy be increasingly competitive by reducing the associated reduction costs.

- **Emissions reduction.** Alternative energies play a key role in reducing greenhouse gas emissions and in fighting climate change. Even so, steps must be taken to minimize emissions over the life cycle of these energy sources.

Water

- **Access to water.** In July 2010, the United Nations General Assembly recognized access to drinking water and sanitation as a human right. Companies must create policies to promote universal access to this resource.
- **Impacts of climate change.** Climate change affects hydrological systems locally and globally. These impacts entail higher levels of risk and uncertainty.
- **Alternative supply.** It has become important to develop alternative

ACCIONA's response: The Sustainability Master Plan 2015

sources of water (e.g., recycled, reused, desalinated water, etc.). The companies in the sector must find ways to minimize environmental impacts in order to ensure the sustainability of these sources.

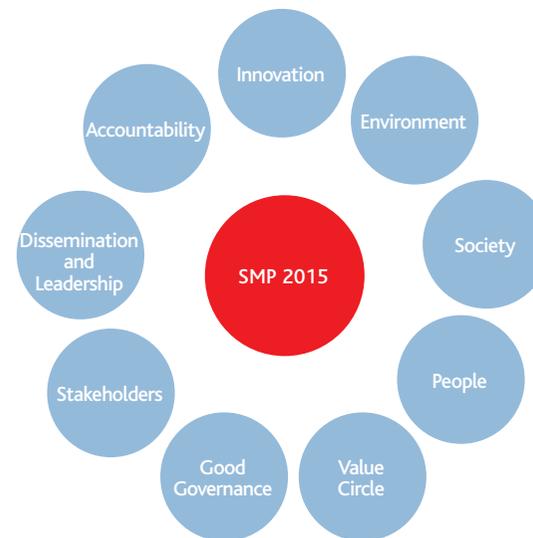
■ **Collaboration with stakeholders.**

Corporate management plans should include collaboration with stakeholders in order to improve collective water management.

■ **Risk management.** The high exposure to risk posed by this issue means that companies must focus on developing tools such as water management risk maps.

ACCIONA's business model strives to anticipate and responsibly manage the risks and challenges associated with sustainable development, as well as to successfully take up new opportunities stemming from that development, within a context of economic, social, and environmental transformation.

ACCIONA is developing its sustainability strategy through the Sustainability Master Plan (SMP 2015). This is a roadmap bringing together sustainability-related initiatives at the Company, and it sets targets in the areas of Innovation, Environment, Society, People, Value Circle, Good Governance, Stakeholder Engagement, Dissemination and Leadership, and Accountability. The plan also calls for convergence and linkages with business integration and for the creation of skills and capacities focused on sustainable development, in addition to a guiding principle for each area and various objectives that allow the progress of the plan to be gauged.

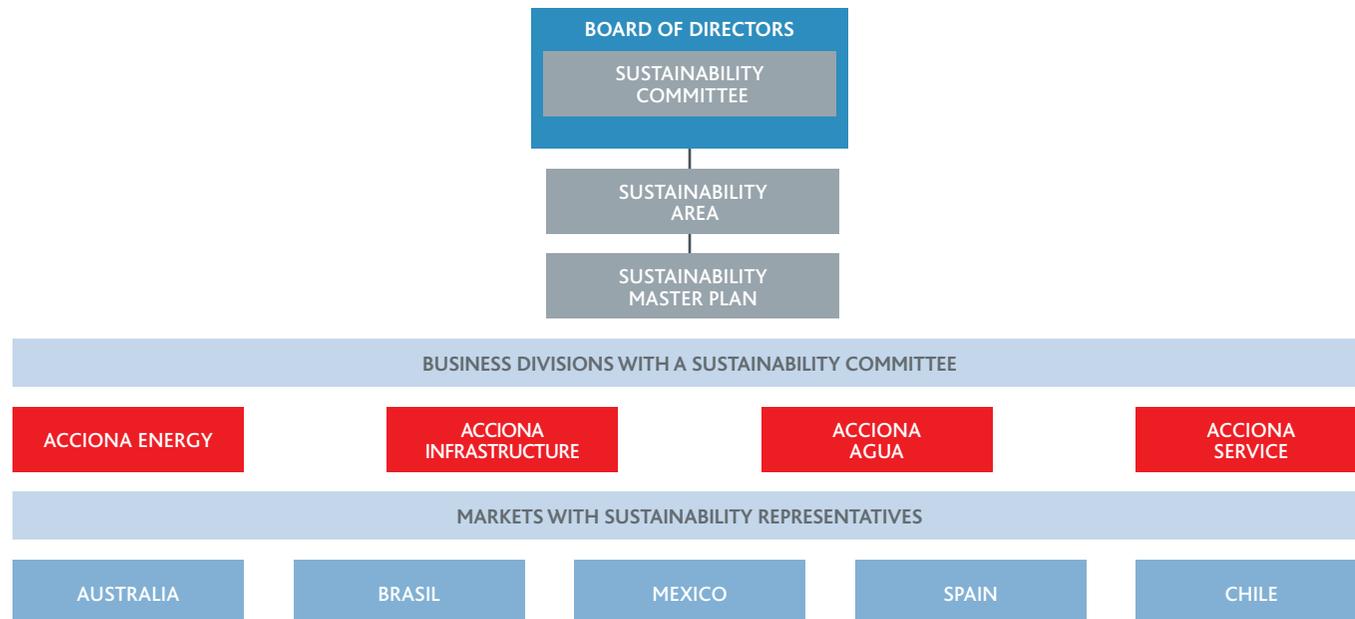


Some targets for 2015 along with the progress in meeting them in 2012 are summarized on the following pages:

SMP AREA	COMMITMENT	TARGET FOR 2015	PROGRESS IN 2012
GOOD GOVERNANCE	A model requiring integrity and accountability in management, in keeping with calls for disclosure by regulators, shareholders, customers, communities	To give 100% of the workforce training on their obligations under the Code of Conduct	Launch of the online training course on the ACCIONA'S Code of Conduct (more than 6,600 employees invited)
		To approve and publish the ACCIONA Policy Book	Policy Book drafted and revised; submitted for formal approval
PEOPLE	Exemplary performance in commitment to employees, within in a healthy and discrimination-free environment where talent can be attracted and nurtured over the long term	Reducing by 20% the fatality rate within three years (compared with 2011)	Reduction in total fatalities from 9 in 2011 (employees and contractors) to 1 in 2012 (zero ACCIONA employee fatalities)
		Implementing variable remuneration linked to sustainability for the Company's top 300 executives (TOP 300)	Variable remuneration plan approved and implemented (ACCIONA Bonus 2012). At least 5% of the targets are linked to sustainability targets that have been set for each division
		Establishing a single ORP model in 90% of the countries, based on international standard OHSAS 18001	New OHSAS certifications in 2012 for divisions and countries: <ul style="list-style-type: none"> ■ Agua: Australia and Italy. ■ Energy: Canada, Germany, Portugal ■ Infrastructure: Chile, Mexico, Abu Dhabi ■ AFS: Spain and Portugal
INNOVATION	Technological innovation, operations innovation and project design innovation are the pillars of competitiveness	€500 million investment in R&D in the period 2010-2015	A total of €347.9 million in the period 2010-2012
		To double the size of the patent portfolio (from the 52 registered in 2009)	A total of 94 patents
		To identify technological and business opportunities in the market making it possible to strengthen existing businesses and keep them at the cutting edge of their respective sectors	Launch of the IMAGINNE- WEB 2.0 platform to raise the profile of innovative ideas put forth by all employees (1,484 users and 454 innovative ideas)
ENVIRONMENT	Integration of the environmental variable in decision-making and in business operations	Reducing by 15% the ratio of CO ₂ generated to sales (baseline: 2009)	32.7% reduction compared with 2009
		To improve the environmental efficiency ratio (baseline: 2009): <ul style="list-style-type: none"> ■ 15% energy consumed/sales ■ 7% water consumed/sales 	35.9% reduction in the energy consumption ratio compared with 2009
		To include the carbon footprint generated by suppliers with sales above €100,000 into the Company's footprint, in order to reduce it by 2% per year	Broadening the Scope 3 analysis and pilot project with the 75 most representative suppliers in terms of sales to the Company
VALUE CIRCLE	Dissemination of the concept of and the commitment to sustainability to all of our suppliers, contractors, and partners, undertaking to work with them on their training and on developing new solutions	To train suppliers evaluated according to environment, human and labor rights, and occupational risk prevention criteria	Launch of several invitations to the Training Pack courses (more than 1,000 people registered). Publication of 4 issues of the ORP Bulletin for suppliers
		To prepare a catalogue of sustainable products and services	First version of the catalogue completed, with the inclusion of 435 sustainable products and services (social, green and ethics)
		To disseminate the Ethical Principles for suppliers, contractors and partners, along with the Ethics Channel	Large-scale distribution to 12,000 suppliers; includes mandatory clauses on orders, contracts and terms and conditions for tenders

SMP AREA	COMMITMENT	TARGET FOR 2015	PROGRESS IN 2012
SOCIETY	A social contribution and commitment to the progress of the communities where the Company operates, based not only on economic impact but also on the timely evaluation of the social impact	Implement a social impact evaluation methodology in all international projects carried out by the Water, Infrastructure and Energy divisions	Started up pilot projects in Chile, Costa Rica, Brazil and South Africa
		An annual social contribution equivalent to 5% of the dividend	2012 social contribution equivalent to 7.9% of the dividend.
		Extend the Fundame (ACCIONA Microenergy Foundation) energy project to other countries	Set up ACCIONA Microenergy Mexico and started up the "Luz en casa México" [Light in the Home] Oaxaca project
STAKEHOLDERS	Implementing the tools needed to become familiar with and handle the expectations of those whose opinion counts	To conduct periodic consultations for the review and update of the relevant SMP topics	Materiality study conducted Identification, preparation and drafting of the script of questions for stakeholders
		To develop a platform for dialogue with stakeholders at the corporate level and in all key markets	Design of a platform to record the activities that have been conducted
DISSEMINATION AND LEADERSHIP	Dissemination of a business model based on sustainable-development opportunities	To encourage and support participation in a common social network of the Company's top 100 executives (TOP 100)	More than 10% of the general executives are present on Twitter Top 30: 67%. Management Committee – 69%
		To boost employee commitment to the sustainability practices reflected in the SMP 2015	Completion of audiovisual skits, catalogues, chats, internal and external bulletins, Web and intranet content, social networks
ACCOUNTABILITY	Accountability in order to demonstrate transparency in tracking and performance of all Company's activities	Submitting quarterly information on environmental and social indicators in the report on the Company's results	Inclusion of a sustainability appendix in the quarterly results reports for 2012
		Approval of the sustainability report by the Shareholders' Meeting	Report approved at the May 24, 2012, Shareholders' Meeting (99.95% in favor)
		Giving support to the business on bids and pre-qualifications	Doubling of the number of requests for information on sustainability at the Company, for bids and pre-qualifications

Governance with regard to sustainability: Sustainability Committee



Since 2009, ACCIONA has had a Sustainability Committee on its Board of Directors, which is responsible for leading and coordinating sustainability actions.

The functions of the Committee are to:

- Identify and guide the Group's corporate policy, objectives, good practices, and programs with regard to sustainability and corporate social responsibility
- Evaluate, monitor, and review the plans for executing these policies formulated by the Group's executives
- Periodically review the internal control and management systems and the degree of compliance with these policies
- To draft the annual Sustainability Report, which is submitted for the approval of the Board
- To submit the corporate sustainability and social responsibility policies, objectives, and programs to the Board of Directors along with the corresponding expenditure

budgets for the execution of those policies, objectives, and programs.

At the meetings held in 2012, the Committee deliberated on, inter alia, the following topics:

- Approval of the SMP targets for 2012
- Presentation of the SMP Dissemination Plan
- Review and approval of the 2011 Sustainability Report
- The "Volunteer Day at ACCIONA, 2012" initiative
- Presentation and analysis of results of the Dow Jones Sustainability Index 2012
- Methodology for establishing a dialogue with the different stakeholders
- Report from FUNDAME (Microenergy Mexico and Microenergy Peru)
- Monitoring of the progress in meeting the targets for 2012

In order to bring sustainability closer to the businesses, in 2012 sustainability committees were created at the main business divisions (Energy, Infrastructure, Agua and Services). In collaboration with the General Sustainability Area, these committees are promoting and conducting efforts to monitor specific initiatives in these divisions, in line with the Sustainability Master Plan. The most important of these initiatives include the attainment of the variable-remuneration sustainability targets and the pilot projects for the implementation of the social impact evaluation methodology.

Likewise, and in keeping with the growing internationalization of the Company, ACCIONA has sustainability representatives in several countries, including Australia, Brazil, Chile, and Mexico, in addition to Spain. This organization makes it possible to better understand the social, environmental, and human rights context in the different international markets, and therefore to implement relevant initiatives that are appropriate for these contexts.