

# chairman's statement



JOSÉ MANUEL ENTRECANALES  
CHAIRMAN & CEO OF ACCIONA

Dear Friends,

I am pleased to present ACCIONA's Annual Sustainability Report for 2009. I would like to take this opportunity to reiterate my confidence in the business project that ACCIONA embodies and in its commitment - based on the solid foundation provided by our businesses - to lead the response to future challenges to global sustainable development in an innovative and technologically advanced way.

ACCIONA's business strategy has progressed considerably in recent years: we have worked diligently to align our commitments, expertise, skills and endeavours with business models which are, by nature,

sustainable (primarily water, infrastructures, and renewable energies). The complexity of the current economic situation and the consequent difficulties have merely reasserted our objectives as a driving force behind our commitment to competition. We want to lead the way in coming up with ideas and innovative solutions which guide our business along the path of sustainable and profitable long-term growth.

We feel it is our duty to contribute, through our businesses, to bringing the World Business Council for Sustainable Development's 'Vision 2050' to fruition so that, by the year 2050, the Earth's

expected nine billion inhabitants can live within the planet's resource limits while also having access to basic goods and services. Therefore, our priority is to help decouple economic growth from resource consumption and ecosystem destruction and align it with environmental balance and social development.

We understand that this transformation is one of mankind's most daunting challenges, and we aim to participate responsibly in achieving it. But we also know that this transformation will be accompanied by significant business opportunities, which we are able and willing to seize.

'ACCIONA is a unique, profitable, global company dedicated to fostering economic development, social progress and environmental balance'

We believe that the companies that are best equipped for this challenge will ultimately be those that are most competitive and successful in the long term, insofar as they are the most agile and effective in capitalizing upon the business opportunities that a new, more sustainable context will provide. Here at ACCIONA, we have the values, know-how and technology required to face this challenge and steer this change, striking the right balance between business profitability, social needs and environmental factors.

In 2009, we set out our goals and convictions in the 2010-2013 Strategic Plan, the main

vector of our vision of the future. The Plan is there to help us seize opportunities arising from the change in the energy model, infrastructure needs and availability of water resources. The three pillars of the Strategic Plan - unity, profitability and an international approach - define who we are and they share a common foundation: sustainability. In this regard, ACCIONA is a unique, profitable, global company which seeks to foster economic development, social progress and environmental balance: those are the actual sectors in which we operate.

I would like to highlight the inclusion of the Sustainability Master Plan in the 2010-

2013 Strategic Plan. The Plan is based on six principal areas of interest - environment, value chain, people, society, corporate governance, and innovation - and focuses on ambitious objectives which are directly related to our businesses. I firmly believe that it will confirm, once and for all, our position as the benchmark company for the new model of sustainable development.

I am also pleased to report that ACCIONA is the first Spanish company to create a Board-level committee on sustainability issues. Our Sustainability Committee will assess the degree of compliance with Board-approved sustainability and social

>>

'Half of our Board members are independent directors, all of our Committees are chaired by independents and 18% of directors are women'

>> responsibility policies. With regard to the Board itself, it should be noted that 50% of its members are independent directors, all of its committees are chaired by independent directors, and 18% of directors are women.

In 2009, we worked even harder to propagate our values in an effort to enhance our accountability and integrity. To date, we have distributed 40,000 copies of the ACCIONA Code of Conduct in five languages, and further reinforced the functioning and transparency of the complaints network.

In terms of social development, we have come even further in understanding the impact of our businesses on society, and have included initial estimates of our results in this Report. Broadly speaking, our social investment as a

percentage of the dividend exceeds that of comparable companies in our sector; our goal in the next three-year period is to contribute the equivalent of 5% of the estimated annual dividend.

The year also saw significant progress in the implementation of ACCIONA's Environmental Efficiency Plan: we obtained our first positive results and maintained our target of improving the efficiency ratio by 10% over the next three years. We also gained ground in the net balance of CO<sub>2</sub> emissions: in 2009, we avoided 7.58 million metric tons of carbon emissions (up 35.5% on 2008 and 91% on 2006), and we aim to double that figure by 2013.

ACCIONA aspires to work with the best human capital. In 2009, we implemented a new plan to attract and hire employees, and we have

defined a new competency model based on the Company's vision and values. More precisely, we are working to integrate sustainability into our new training, skills and remuneration models. I am delighted to report that our workplace accident severity and frequency rates continue to improve in leaps and bounds.

At ACCIONA, innovation is the principal driver of sustainable growth. In 2009, we increased total direct investment in R&D and Innovation projects by 30% with respect to 2008, to 92.2 million euros. According to the 2009 EU R&D Industrial Investment Scoreboard, ACCIONA is the leader in the European electricity and construction industries in terms of innovation intensity, with investment amounting to 6.7% of EBITDA. After reviewing and updating our R&D and

Innovation Strategic Plan, we have set an investment target of 400 million euros for 2010-2013, twice the investment of the previous four-year period. The Plan is structured around three lines of strategic research: renewable energies, sustainable building, and water technology. Our goal is to advance in areas with future growth potential such as eco-efficient construction, sustainable mobility, water desalination and marine energies.

We believe that ACCIONA's partners and collaborators should be made aware of the Company's commitments to sustainability. Accordingly, we have begun implementing far-reaching effective measures to align the supply chain with ACCIONA's Corporate Social Responsibility and Sustainability standards. We continue to share our sustainability goals with

suppliers, and our procurement contracts contain clauses to ensure compliance with the principles of the UN's Global Compact and Spain's Equality Law.

The launch of our 'Re\_' communication campaign and particularly its method and message has once again made us trailblazers in promoting a culture of sustainability. Re\_'s message makes a public statement of our position and sends out a call to action to raise awareness and move society to respond to the challenges posed by the new sustainable development model. Its format turns traditional advertising on its head by utilizing the Internet and new digital media.

Another year has come and gone and we have once again fulfilled our sustainability commitments; moreover, for the third year in a row, ACCIONA is

the sector leader in sustainability in the Dow Jones Sustainability Index (DJSI). With profound conviction, tempered by humility and prudence in view of the long road ahead, I can affirm that ACCIONA is a company with a vision and that we are on the right track. That inspires us to continue, convinced that we are meeting the expectations of society and stakeholders.

I would like to extend my sincerest thanks to our entire workforce, to the women and men who work day in, day out to achieve ACCIONA's goals; I encourage them to continue to work with passion and like the true professionals they are so that our objectives, goals and commitments can truly contribute towards transforming lifestyles and social behaviour towards more sustainable models which enable us to embrace the future with optimism. ■