

# economic dimension

- a. transparent businesses
- b. sustainability in the supply chain
- c. innovation at the service of people and the environment

# transparent businesses

## 2009 milestones

- Sustainability Committee established within the Board of Directors.
- Strategic Business Plan 2010-2013 presented.
- Risk Map updated.
- Crisis Management Plan designed.

## 2010 goals

- Include sustainability criteria in the Company's risk assessment.
- Adopt more demanding international standards with regard to integrity and transparency.

## A year of economic uncertainty

The year 2009 was marked by uncertainty: in the markets, in companies, and in society as a whole.


ACCIONA is convinced that the response to the crisis lies in strengthening the economy through transparency, responsibility and integrity, where success is measured and rewarded according to one's ability to contribute to global progress.

ACCIONA's strong diversification, its solid business foundations and the principles

guiding its commitment to development and sustainability are helping it to weather the consequences of the economic slowdown.

ACCIONA's long-term approach is set out in the Strategic Plan 2010-2013, which is a continuation of the current business strategy in order to respond to the needs of a global model of sustainable development, thereby assuring long-term growth and profitability.

Half of ACCIONA's Board directors are independent, compared to an average of **37.3%** in the Ibex 35 as a whole



## Good governance, the key to transparency and integrity

ACCIONA understands that transparency and building a relationship of trust with all its stakeholders are essential to fulfilling its business commitments.

In the last few years, ACCIONA has gradually adopted the corporate governance recommendations and complies with the bulk of the Unified Code of Good Governance.

Key issues:

- Independent directors account for 50% of the Board of Directors (compared with an average of 37.3% in the IBEX 35 companies);
- Women represent 18% of the Board of Directors (IBEX 35 average = 8.7%);
- Three committees (Audit, Appointments and Remuneration, and Sustainability) are chaired by independent directors. ACCIONA also has an Executive Committee made up of independent directors.

In pursuit of rigorous compliance with all the recommendations in the Unified Code of Corporate Governance, ACCIONA has amended its Articles of Association, Shareholders' Meeting Regulation and Board of Directors Regulation to adapt

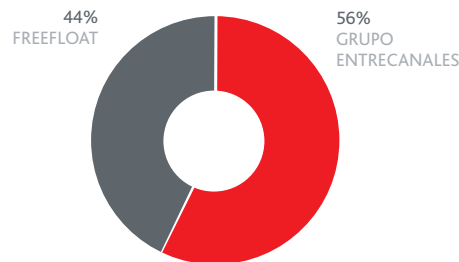
them to those recommendations, and it has also incorporated some of them into its internal rules, such as eliminating the limitations on attendance and voting at Shareholders' Meetings.

### ACCIONA on the financial markets

ACCIONA has been traded on the Madrid Stock Exchange since 1997. The Company's shareholder structure is as follows:

SHARE CAPITAL (Euros)	NUMBER OF SHARES
63,550,000	63,550,000

### ACCIONA's ownership structure

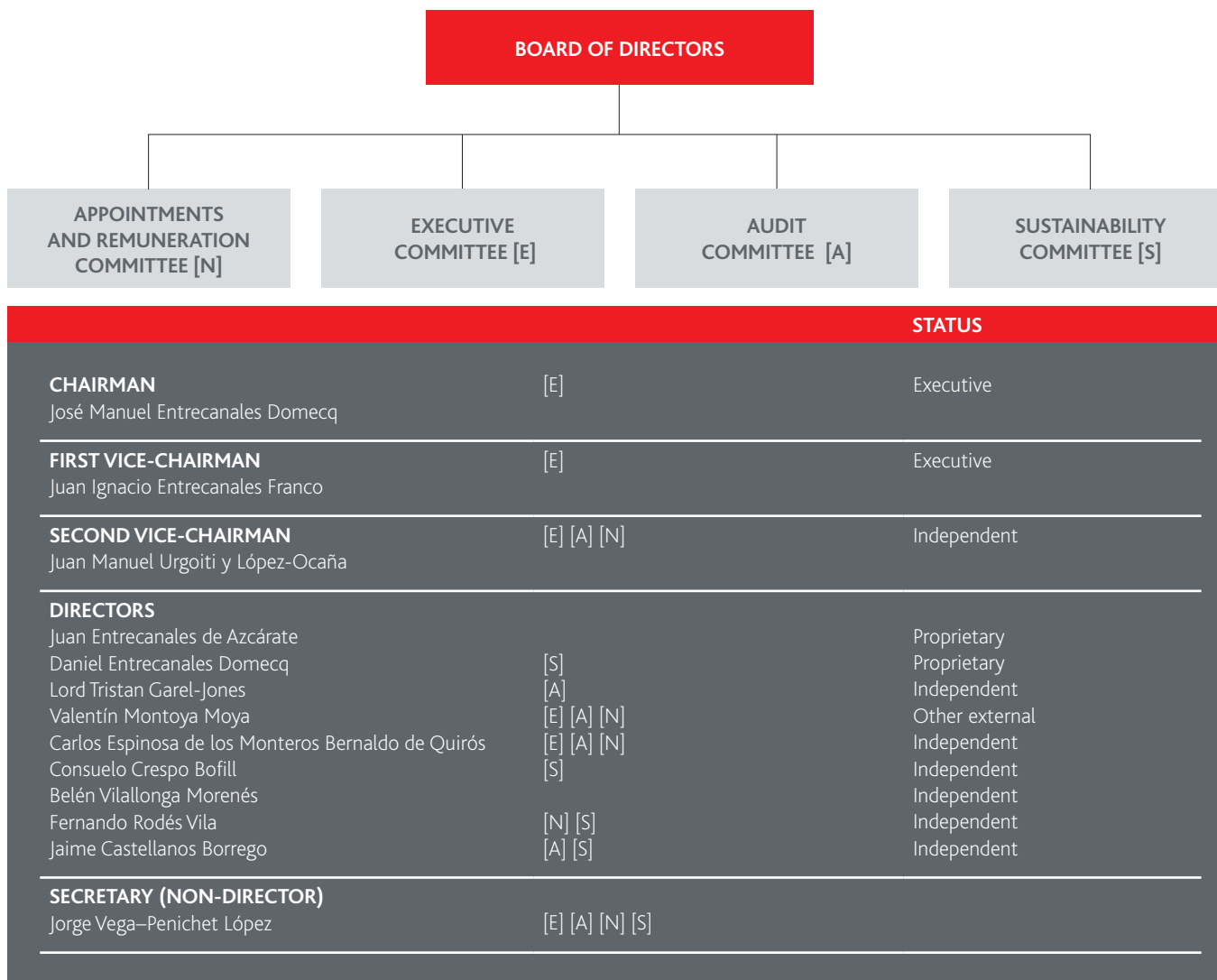


## Sustainability Committee, involvement and commitment at the highest level

In 2009, the Board of Directors of ACCIONA approved the creation of a Sustainability Committee to guide and supervise policy, objectives and programmes in the area of Sustainability and Corporate Social Responsibility, to evaluate their implementation, and to periodically review compliance.

The Sustainability Committee is chaired by Fernando Rodés, who is an independent director, and it has three other members: independent directors Jaime Castellanos and Consuelo Crespo and proprietary director Daniel Entrecanales. The Sustainability Committee meets once a quarter to assess the degree of compliance with the Sustainability and Social Responsibility policies approved by the Board of Directors, and also when required to issue an opinion or a specific decision.

ACCIONA is the first Spanish company to have a specific Corporate Responsibility Committee within the Board of Directors, the Company's highest management body. This high-level involvement reflects the importance attached by ACCIONA to its commitment to sustainable development.



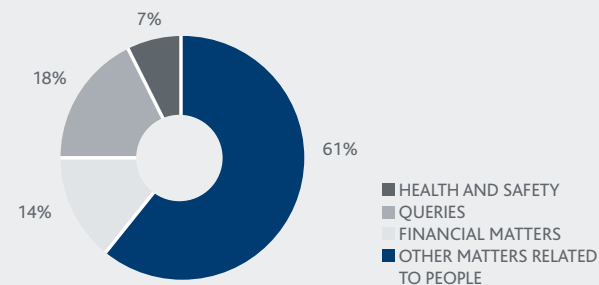
Three of ACCIONA's Committees are chaired by independent directors

## The Ethical Channel, a tool for safeguarding integrity

In 2007, ACCIONA's Board of Directors approved the company's Code of Conduct with the goal of guiding the conduct of all employees by establishing a corporate culture based on integrity. The approval of the Code of Conduct led to the establishment of a Code of Conduct Committee and the creation of the Ethical Channel, through which ACCIONA employees can raise queries about the Code or provide strictly confidential reports on potential breaches of the Code. In order to guarantee absolute confidentiality of the reports received via the Ethical Channel, the Code of Conduct file was registered in 2009 with the General Data Protection Register, with ACCIONA S.A. as the responsible party, in accordance with the provisions of Act 15/1999, of 13 December, on the Protection of Personal Data.

### Reports and investigations

A total of 28 reports were received through the Ethical Channel in 2009. The reported breaches were investigated and proposals for decision were drafted by the Code of Conduct Committee and presented to the Audit Committee at three meetings of the latter in 2009.



## Detection and investigation of irregular conduct

The functions of the Code of Conduct Committee include investigating reports of irregular conduct, such as corruption and bribery. Based on the established procedure, investigation can be conducted by any of the following means:

- Appointment of an internal or external investigator to gather evidence.
- Personal interviews with the employees involved.
- Obtainment of evidence, reports and other documents.
- Engagement of internal or external expert consultants (e.g. IT professionals).

- Reporting the investigation to senior management in the business line.

Once the evidence has been examined, the Code of Conduct Committee issues are reported detailing recommendations and/or punishments where breaches of the Code have been detected; the Committee's conclusions are referred to the Audit Committee, which makes a decision.

At the same time, ACCIONA has an internal audit team which performs regular systematic analyses, based on internal verification and audit plans, to detect financial and/or accounting irregularities.

**One of the Code of Conduct Committee's functions is to investigate allegations of corruption or bribery**

## Business Plans that create value

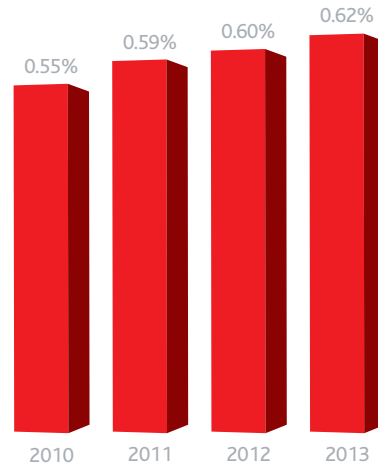
ACCIONA's business model, as set out in its 2010-2013 Strategic Plan, is the best response to the major challenges facing society now and in the future and it assures the Company's growth and profitability.

### In terms of wealth creation

■ In 2013, ACCIONA will contribute 0.6% to Spain's GDP (based upon total revenues, in 2013 ACCIONA will generate business equivalent to 1% of Spain's GDP).

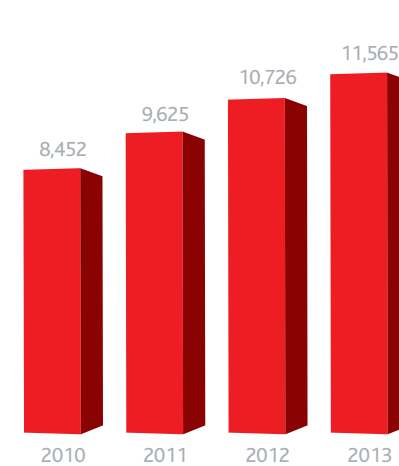
■ And it will create wealth to the tune of 40 billion euros of income over the next four years.

ACCIONA's forecast contribution to Spain's GDP



\* Revenues in Spain with respect to GDP projections by the IMF (2010-2011) and Spain's Ministry of Economy and Finance (2012-2013).

Income forecast to be distributed (Million euros)



\* Aggregate expenditure on suppliers and services, capital remuneration (dividends and interest expenses), personnel expenses, taxes and investment in social projects (donations and sponsorship), calculated on the basis of 2006-2009 revenues.

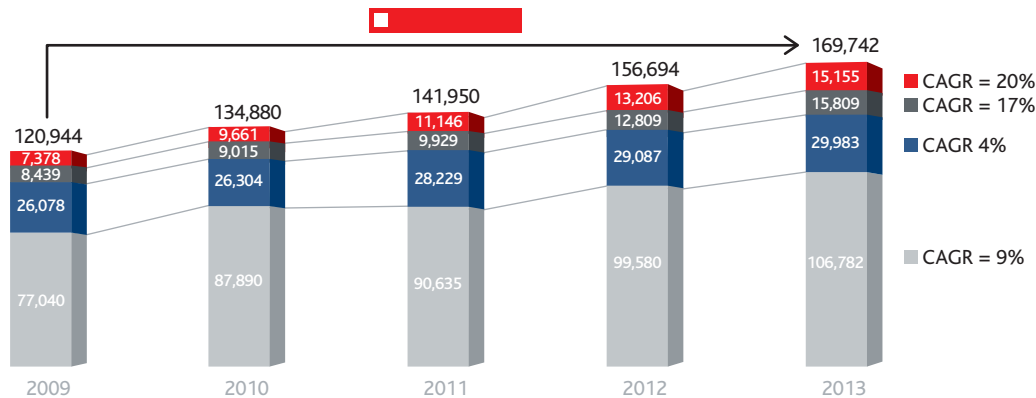
**In terms of services offered and customers served**

■ The users of ACCIONA's services will increase by 9% in all business areas, from

over 120 million users at present to nearly 170 million in 2013, with significant growth in energy (20%) and water (17%).

**Users of ACCIONA services will reach 170 million in 2013, an average annual increase of 9%**

Forecast users of ACCIONA services (thousands)



■ ENERGY ■ WATER ■ LOGISTICS ■ INFRASTRUCTURE

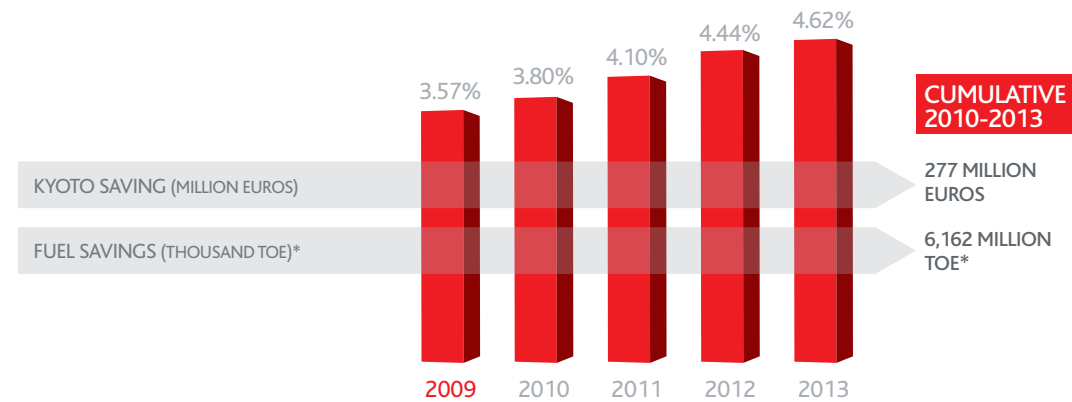
- Energy: Total energy produced on the basis of 2007-2008 investment and in line with the business plans and Spain's average household energy consumption (2007 figure from the Environment Ministry taken as a conservative estimate). Estimated number of households in 2013 as a linear extrapolation of growth between 2001 and 2007 (Source: INE). Average household size based on 2007 figure (Source: INE).
  - Water: Number of persons served by ACCIONA with services and water, based on 2007-2009 revenues.
  - Logistics: Projected trend in Trasmediterranea passenger numbers and in number of passengers served by Airport Services based on 2006-2008 revenues of the Logistics & Transport Services division.
  - Infrastructure: Concession users estimated from ratio to 2009 infrastructure revenues (only one year's figure is available).
- \* CAGR: Compound Annual Growth Rate.

**In terms of positive environmental impact**

Through renewable energy production, ACCIONA makes a very significant contribution to meeting electricity demand in all the territories where it operates. It aims to provide 4.6% of Spain's electricity demand by 2010; because its output will be renewable and due to its effect of reducing CO<sub>2</sub> emissions, that will represent a saving of 277 million euros in 2010-2013 in Spain's expenditure to purchase emission allowances in order to fulfil the Kyoto protocol. The renewable energy that ACCIONA produces worldwide will save over 6 million metric tons of oil equivalent (toe) in the same period.

**Clean energy forecast contribution to energy demand**

ACCIONA Spain renewable output (GWh)/Spain's energy demand (GWh)



\* Projected emission avoidance (net) based on projected capital expenditure and business plan through 2013. Saving based on average price of CO<sub>2</sub> in 2009 (Source: SENDECO2).

\* Electricity generation in Spain based on planned capital expenditure in line with the business plan through 2013.

\* TOE: Tonnes of Oil Equivalent.

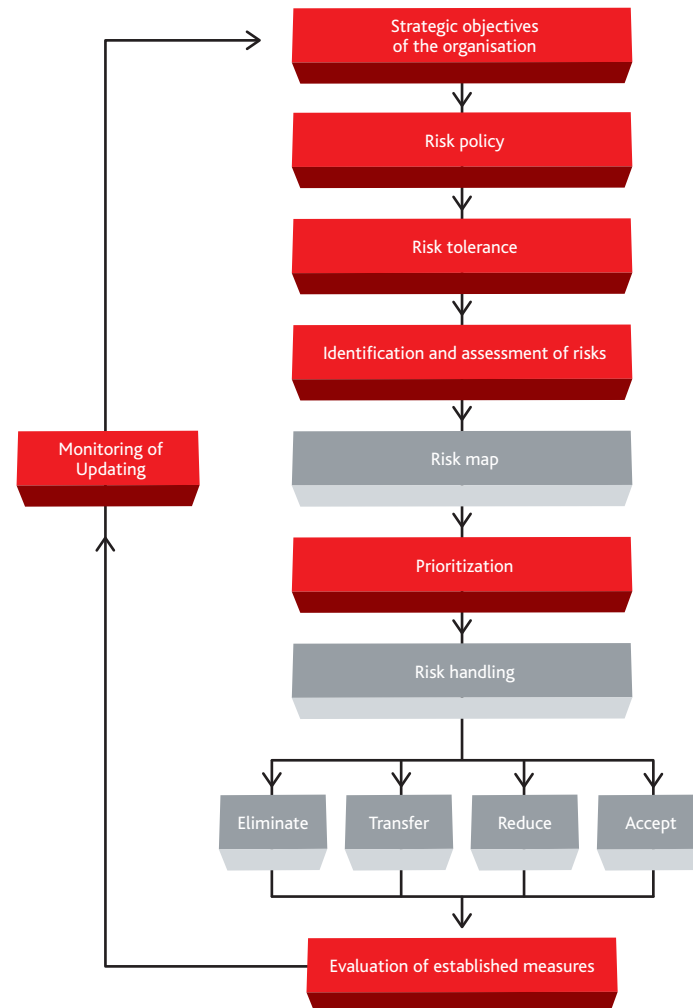
## Risk management at ACCIONA

The purpose of ACCIONA's Risk Management Policy is to integrate risk management into the Company's strategy and ensure that risks are properly understood and addressed in order to attain the established objectives.


### Risk Management System

ACCIONA's Risk Management System establishes the necessary mechanisms for attaining the Company's objectives within the established levels of tolerance, which also complies with recommendation 49 of the Code of Corporate Governance, on the basis of the following criteria:

- Identification of the risks to attaining the objectives of each business area and of the business as a whole.
- Appraisal and prioritization of each identified risk.
- Response to each risk according to its assessment, establishing an approach to eliminate or minimise the risk profile.
- Information to the members of the organisation about the status and evolution of the risks that have been identified and the related control measures.
- Optimisation of efforts and resources devoted to managing and controlling risks.



Given its presence in different countries worldwide, ACCIONA is exposed to a variety of risks



## Types of risks

ACCIONA's main business areas operate in countries with different regulatory, political and social systems, resulting in very varied risks. ACCIONA divides its risks into the following groups:

■ **FINANCIAL RISKS:** Risks that have a direct impact on the Company's bottom line.


■ **STRATEGIC RISKS:** Risks the main impact of which are a reduction of the Company's growth rate due to failure to meet its

strategic objectives and to an inability to respond to a dynamic competitive environment.

■ **OPERATING RISKS:** Risks related to the Company's dependence on specific processes, people or products. These risks generally have an impact on efficacy and efficiency.

■ **UNEXPECTED RISKS:** Risk related to damage to assets and civil liability, which may impair the Company's returns.

## The Crisis Management System was optimized in 2009 to deal with and neutralize potentially harmful situations



### Main milestones in the year

In 2009, ACCIONA's Board of Directors and its Audit Committee continued to promote Risk Management as a management tool.

The Company's risk map was updated on the basis of probability, economic impact, impact on image, the Company's ability to manage the risk, and the approach established for each risk.

Each business line identifies and assesses its risks in coordination with a corporate-level team, which establishes the acceptable risk tolerance level and coordinates actions to ensure that the risk management approach is coherent with Group policy.

The Crisis Management System was formalized and optimized in 2009 by establishing mechanisms for action in crisis

situations which guarantee a framework for rapid, consistent action to neutralize such situations.

### 2010-2013 Objectives

In order to standardize risk management approaches at corporate level and attain excellence in risk management, ACCIONA plans to continue improving its Risk Management System along the following lines:

- Extend existing risk maps.
- Extend the scope of the Company's risk maps to other countries.
- Include sustainability as part of risk assessment.
- Re-assess the Company's risk tolerance, i.e. acceptable changes for certain economic variables.
- Optimize and monitor risk management measures.

## Sustainability Risks

With the commitment to understand better the risks related to sustainability, the Company is working in two main directions:

- It has identified the risk scenarios related directly or indirectly to social, environmental and corporate governance issues.
- It has included a new risk assessment criterion in its risk management systems - Sustainability and Development - in addition to the existing factors: Probability, Economic Impact, Impact on Image, the

Company's ability to manage risk, and the Approach established for each risk.

This new Sustainability and Development factor refers to such aspects as: lack of ethics and transparency in business, failure to fulfil stakeholders' expectations, and any negative impacts upon local communities.

In this way, the Infrastructure area already uses specific sustainability criteria in its procedures for identifying and assessing risks in its projects.





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# sustainability in the supply chain

## 2009 milestones

- New Corporate Procurement Standard developed which set out ACCIONA's position with regard to sustainability in the supply chain.

## 2010 goals

- Plan to implement sustainability model among suppliers.
- Include a clause on hiring workers with disabilities in all procurement orders.

## Sustainability in the supply chain

ACCIONA's commitment to sustainability must necessarily extend to its supply chain. The Company created the Corporate Procurements Division in 2009, commencing a new phase focused on improving management and implementing new corporate responsibility standards throughout the supply chain.

The main goals in this area for the coming years are as follows:

- Improve procurement processes to align the


supply chain with more sustainable models.

- Require FSC or similar certification for suppliers of timber and timber-related products.
- Encourage business lines to work with suppliers that are certified to ISO 9001 and ISO 14001 standards for quality and environmental management, respectively.
- Pass on to ACCIONA's business lines any new international initiatives and trends in the area of sustainability and corporate responsibility in the supply chain (e.g. advances in ISO 26000).

Excerpt from an internal memorandum to all ACCIONA procurement departments with a view to promoting sustainability across the value chain:

"... ACCIONA's commitment to Sustainability includes having a supply chain that is also sustainable. To that end, we aim to continue improving our procurement processes in an effort to bring the supply chain into line with more sustainable models."

**ACCIONA's  
commitment to  
sustainability  
extends necessarily  
to its supply chain**



## New Corporate Procurement Standard

With a view to improving procurement processes and adapting them to ACCIONA's sustainability commitments, in 2009 the Corporate Procurements Division developed a Corporate Procurement Standard, whose broad lines were approved by the Management Committee. The Standard reflects ACCIONA's position with regard to disseminating corporate responsibility in the supply chain. The Management Committee is expected to approve the Standard in the first quarter of 2010.

To disseminate the content of the Standard, 22 informational sessions were held, which were attended by 228 people, 197 of whom perform procurement functions.

The Standard was also distributed to the Company's various business areas with a view to collecting additional information and reaching a broad consensus on the wording and content. Following approval and publication of the Standard, its implementation and compliance will be monitored in detail and results will be disclosed both internally and externally.

The Standard reflects the goal of establishing relationships of trust and cooperation based on transparency and objectivity, focusing on workplace safety, ensuring the supply of goods and services and, most importantly, extending ACCIONA's commitment to sustainability across the supply chain.

The Standard covers important issues such as: ethical conduct by the personnel who participate directly or indirectly in procurement processes; action in the event of a conflict of interests; the procurement policy in terms of encouraging suppliers to adopt measures regarding quality, the environment, safety and social responsibility, in line with ACCIONA's strategic principles and objectives; management of suppliers using quality and service controls and evaluations, with a view to maintaining an up-to-date registry of acceptable suppliers and contractors; clauses and general and specific terms and conditions that should be included in all contracts, etc.

**The new Corporate Standard drafted by the Corporate Procurements Division demands transparency and objectivity throughout the supply chain**



## An Awareness-Raising Plan for Sustainability in the Supply Chain

As part of its 2010 goals, the Company will develop a plan to implement a Corporate Responsibility and Sustainability Model for Suppliers, which sets out to identify best practices, evaluate supplier compliance with those practices, and develop relations between ACCIONA and its suppliers based on trust, cooperation and mutual benefit. The goal is to manage the supply chain more responsibly in an effort to generate a sustainable profit in all business areas, while also avoiding situations which may give rise to imbalance.

The Plan seeks to define Corporate Responsibility and Sustainability criteria for rating ACCIONA's top suppliers; ultimately, the goal is to bring suppliers gradually into line with ACCIONA's policies, codes of conduct and values.


The Plan will benefit ACCIONA (through production improvements, sustainable production, stable relations with suppliers, the creation of competitive advantages, improvements in image

and reputation, decline in risk) and benefit the supplier (via financial stability, increase in productivity, and priority over other suppliers). There will also be shared benefits for ACCIONA and its suppliers, such as safeguarding corporate image, improvements in internal management, and the provision of specific, effective answers to society's current demands.


With this Plan, ACCIONA is proactively raising awareness in its supply chain about the competitive advantages of being socially responsible and about the guarantee such a stance offers in times of economic turbulence.

ACCIONA aims to be a role model for its suppliers in view of the challenges of transparency and sustainable development faced by companies today, and the Company is reviewing its value chain and suppliers, and updating related indicators. Sustainable management of the value chain is increasingly important in changing economic scenarios.

**ACCIONA wants its relations with suppliers to be based upon confidence and cooperation**



## In 2009, ACCIONA progressed in fulfilling the principles of the United Nations Global Compact



## Commitment to the Global Compact

As a signatory of the United Nations Global Compact, ACCIONA is committed to promoting and raising awareness of the principles of the Compact among its suppliers and subcontractors.

Subsequently, the Company includes in its contracts a clause requiring compliance with the 10 principles in its orders and contracts.

Additionally, all orders/contracts, of whatever type of work, that are subcontracted always carry a clause requiring compliance with the principles and obligations established in Spain's Gender Equality Law with a view to preventing sexual harassment and any other direct or indirect form of discrimination.

ACCIONA advances every year in including this requirement in the contracts for all of its business lines. All procurement orders issued by ACCIONA Infrastructure, ACCIONA Agua, ACCIONA Installations, ACCIONA Urban Services and ACCIONA Environment now include this clause. ACCIONA Agua only uses suppliers that meet this requirement.

As regards monitoring compliance with the principles, the Company reported in 2009 that no supplier was turned down for breaching the clause.


The following table reflects the number of orders/contracts in 2009 which included the Global Compact compliance clause (5% more than in 2008).

GLOBAL COMPACT CLAUSE IN GENERAL PROCUREMENT CONDITIONS			
BUSINESS AREA	COMPANY	ORDERS THAT INCLUDED THE CLAUSE	
ACCIONA	ACCIONA, S.A.	326	326
INFRASTRUCTURE	ACCIONA Infrastructure	35,870	43,258
	ACCIONA Installation Services	5,619	
	ACCIONA Infrastructure Maintenance	291	
	AEPO	135	
	IBERINSA	87	
	ACCIONA Security Systems	356	
ENERGY	ACCIONA Energy	7,136	7,136
REAL ESTATE	ACCIONA Real Estate	3	3
WATER	ACCIONA Agua	2,696	2,696
LOGISTICS & TRANSPORT SERVICES	ACCIONA Trasmediterranea	10,826	10,857
	ACCIONA Forwarding	29	
	ACCIONA Airport Services	2	
URBAN & ENVIRONMENTAL SERVICES	ACCIONA Facility Services, S.A.	16,556	21,364
	Setesa Mantenimiento Técnico, S.A.	888	
	ACCIONA Facility Services, S.A. (Portugal)	2,741	
	Setesa Mantenimiento Técnico, S.A. (Portugal)	4	
	ACCIONA Car Parks	30	
	ACCIONA Environmental Services	941	
	ACCIONA Urban Services	204	
OTHER	Hijos de Antonio Barceló, S.A.		3,608
	Bodegas Palacio, S.A.	2,409	
	Caserío de Dueñas, S.A.		
	General de Producciones y Diseño	1,199	
<b>TOTAL</b>			<b>88,348</b>

NOTE: As regards supplier numbers, only suppliers billing over 3,000 euros are counted at companies with the largest volume of outsourcing (e.g. ACCIONA Infrastructure, ACCIONA Facility Services, etc.).

The **10** Global Compact Principles are based upon human, workplace and environmental rights and tackling corruption

ACCIONA has included in all its orders and contracts a clause relating to the recruitment of disabled people



## Supporting social integration

ACCIONA will make major advances with regard to supplier compliance with the Spanish Act on the Social Integration of People with Disabilities (LISMI). The Act requires that 2% of the workforce be made up of disabled people, in both public and private companies in all sectors.

To this end, all ACCIONA group companies will include a clause in the orders/contracts regarding hiring people with disabilities.

Now, all orders/contracts must include the following clause:

*"If Company X has a staff of 50 or more, it undertakes to comply with the regulation in force regarding the*

*minimum requirement that 2% of its workforce consists of people with disabilities. Within six months from the signature of this contract, Company X agrees to present a statement of compliance with the regulation in force for the direct or indirect hiring of people with disabilities".*

The Procurements Department is promoting this measure, and it expects all orders/contracts to include this clause by the end of 2010.

ACCIONA expects this clause to raise awareness among its suppliers as to the importance of complying with the related regulation in force, with a view to fostering a greater commitment from its suppliers and subcontractors.

## Sustainable timber

In 2009, ACCIONA continued to require that its suppliers of timber, or any other product involving timber, provide a Forest Stewardship Council (FSC) or similar certificate to the effect that the wood was obtained through environmentally-friendly stewardship.

The greatest progress was made in the paper segment: all ACCIONA companies gradually replaced their office paper with FSC-certified paper.

ACCIONA Urban Services and ACCIONA Environment also requested FSC certification from all their suppliers.

### Certified timber in real estate developments

ACCIONA Real Estate's sustainability check-list includes a section on materials, which requires the use of FSC-certified timber.

When ACCIONA Real Estate begins a project, the Sustainability Department submits a sustainability check-list to the architect, indicating that the timber

used must be FSC-certified, and it checks compliance during various phases of the project.

Three of the developments delivered in 2009 complied with the requirement in their design and used FSC-certified timber.

**ACCIONA built three real estate developments in 2009 in which wood bearing the FSC mark was used**



## An increasingly sustainable value chain

ACCIONA's commitment to excellence vis-à-vis its customers requires that all its products and services comply with the highest standards of quality and sustainability. To this end, ACCIONA has established mechanisms to control and monitor the supply chain in all of its projects. Each business line applies its own criteria adhering to group policies.

ACCIONA Infrastructure implemented a campaign to rate its suppliers; last year, it rated 70% more than in 2008. Additionally, all orders included the Global Compact compliance clause. The goal for 2010 is to

monitor compliance with FSC certification-related requirements. In 2009, 4,905 suppliers were evaluated, i.e. 75% of the total.

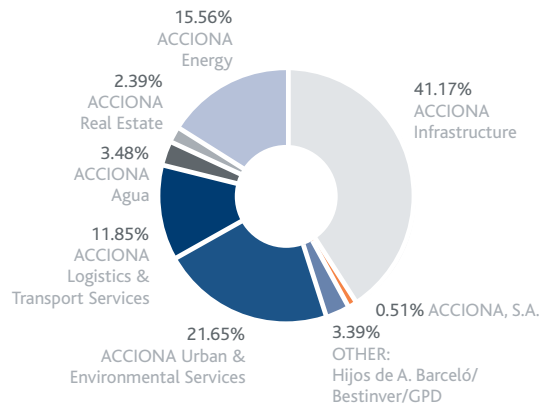
In 2009, ACCIONA Real Estate defined a system to manage quality and sustainability for the countries in which it operates; as a result, those systems now include the eco-efficiency requirements imposed on suppliers, and resources have been assigned to monitor compliance.

ACCIONA Installation Services applies the following criteria when selecting its suppliers: compliance with workplace

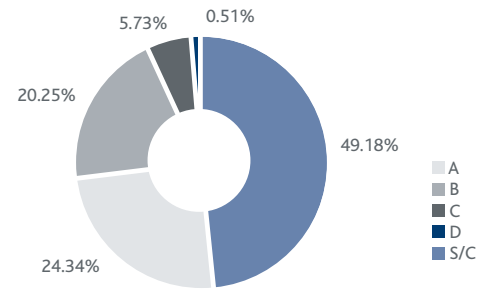
safety regulations and administrative obligations; technical capacity, delivery deadlines, and service and quality excellence.

Suppliers are rated according to these criteria, and the best supplier for each project is chosen. ACCIONA Windpower rates its suppliers according to their criticality for the business. The company also encourages certification to the ISO 9001 quality standard. In 2009, 46% of suppliers were rated Class 1 and 2 (i.e., with ISO 9001).

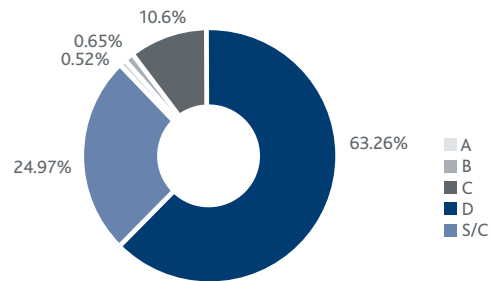
Breakdown of suppliers by business line



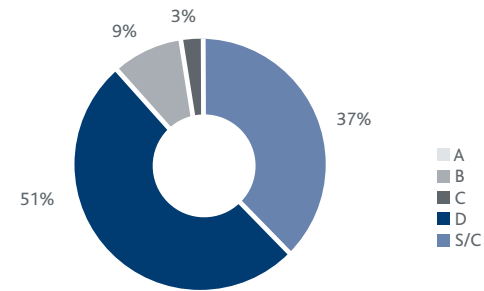
ACCIONA Installation Services supplier ratings



ACCIONA Agua supplier ratings



ACCIONA Infrastructure supplier ratings



NOTE: Rating rules differ between divisions. ACCIONA Installation Services, Agua and Infrastructure rate suppliers according to the specific criteria established by each business area, with A as the top rating and D as the lowest. ACCIONA Windpower, however, rates

suppliers according to their criticality for the business, i.e. whether proper performance by the supplier will affect the quality of the final product. If so, suppliers rated Class 1 are critical for the business, while those rated Class 3 are replaceable.

## DISTRIBUTION OF DOMESTIC AND INTERNATIONAL SUPPLIERS

	2009			2008			2007		
	TOTAL	SPAIN	INTERNATIONAL	TOTAL	SPAIN	INTERNATIONAL	TOTAL	SPAIN	INTERNATIONAL
ACCIONA, S.A.	113	104	9	247	244	3	204	203	1
ACCIONA INFRASTRUCTURE	9,047	8,942	105	9,296	9,183	113	11,545	11,429	116
ACCIONA ENERGY	3,419	3,177	242	4,038	3,803	235	3,379	3,120	259
ACCIONA REAL ESTATE	525	524	1	684	683	1	763	762	1
ACCIONA AGUA	765	724	41	731	694	37	618	597	21
ACCIONA LOGISTICS & TRANSPORT SERVICES	2,604	2,340	264	2,772	2,527	245	2,454	2,245	209
ACCIONA URBAN & ENVIRONMENTAL SERVICES	4,757	4,106	651	2,757	2,540	217	4,090	4,000	90
OTHERS: HIJOS DE A. BARCELÓ, GPD	744	629	115	1,667	1,563	104	249	232	17
<b>TOTAL</b>	<b>21,974</b>	<b>20,546</b>	<b>1,428</b>	<b>22,192</b>	<b>21,237</b>	<b>955</b>	<b>23,302</b>	<b>22,588</b>	<b>714</b>

## ACCIONA biofuels production

ACCIONA Energy has other plants with a total annual production capacity of 70,000 metric tons of biodiesel and 26,000 metric tons of bioethanol. The biodiesel is produced from canola, soy and palm oils. In line with its commitment to sustainability, ACCIONA Energy requires an express commitment to sustainable production from its suppliers. ACCIONA only buys soy from companies belonging to the Round Table on Responsible Soy (RTRS), and palm oil from companies belonging to the Roundtable on Sustainable Palm

Oil (RSPO). Both organizations aim to guarantee sustainable production of these raw materials. In 2009, the Company primarily used sunflower and canola oil. ACCIONA sources canola oil from Europe and it is therefore subject to EU environmental and social requirements. ACCIONA maintains its policy that diesel-powered vehicles at the Company's Head Office in La Moraleja, Madrid, run on B30 fuel (70% conventional diesel and 30% biodiesel). The table below shows oil imports by the Caparrosa biodiesel plant in 2009:

TYPE OF OIL	SUPPLIER	QUANTITY (METRIC TONS)	ORIGIN
REFINED SUNFLOWER OIL	CARGILL*	1,070	Milling of European and Spanish seeds, and raw oil imported from Argentina and Russia.
RAW CANOLA OIL	ACOR	96	Spanish. Seed delivered by ACCIONA.
RAW CANOLA OIL	BUNGE*	800	European and Spanish seeds.

\*BUNGE and CARGILL are members of the Round Table on Responsible Soy.

(1) Round Table on Responsible Soy HYPERLINK "<http://www.responsiblesoy.org>"<http://www.responsiblesoy.org>

(2) Roundtable on Sustainable Palm Oil HYPERLINK "<http://rspo.org>"<http://rspo.org>

**ACCIONA Energy demands sustainable production from its suppliers**



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# innovation at the service of people and the environment

## 2009 milestones

- Total direct investment in R&D and innovation projects increased by 30% with respect to 2008, to 92.2 million euros.
- The Revised Innovation Strategic Plan was ratified with major financial support from the European Investment Bank.
- Four new CENIT research projects awarded by CDTI, an agency of Spain's Ministry of Science and Innovation.
- ACCIONA was leader in the electricity and construction industries in terms of innovation intensity: 6.7% of EBITDA dedicated to R&D&I (data from the 2009 EU R&D Industrial Investment Scoreboard, published by the European Commission).
- ACCIONA Windpower successfully commissioned its first 3 MW prototype, which will be produced with three different diameter rotors. The machine, built in late 2008, began producing electricity in 2009.
- ACCIONA Agua created the SEPAFLOC® and NITROREMOVAL® brands in 2009 as a result of its research into desalination and sewage treatment.
- ACCIONA Installation Services obtained UNE 166002:2006 certification for its R&D and Innovation Management System.
- ACCIONA was appointed as a member of the CEN/TC389 Innovation Management Committee (European Committee for Standardization), which is working to internationalize the UNE 166002:2006 standard.

## 2010 goals

- Double the patent portfolio between 2010 and 2013 in all business units. Projected investment in R&D in the period is 400 million euros.
- Develop a research project into the elimination of emerging micro-pollutants in water.
- Research the development of deep water structures for harnessing energy from wind, waves and sea currents by participating in the "Marina" (Marine Renewable Integrated Application Platform) project, which is part of the EU's 7th Framework Programme.
- Expand the Caparroso microalgae plant, which started up in 2009, to one hectare by installing new photo-bioreactors to improve performance.
- Develop a new plant to use corn stalks for energy production. The plant must overcome the problems associated with the chlorine content and alkalinity of corn waste.
- Develop and implement technologies for the design and construction of new types of pedestrian overpasses using leading-edge materials.

## Innovation, competitiveness and success

As a pioneering force in innovation, ACCIONA has a responsibility to place innovation at the heart of all of the Company's activities. We view it as a factor for competitive differentiation and we orient it towards sustainability.

ACCIONA's concept of innovation is not confined strictly to technology but also extends to operations and the development of new business models. One of ACCIONA's objectives for the coming years is to step up its efforts to incorporate innovative solutions into its business processes so as to enhance sustainability and maximize cost and resource efficiency.

**Innovation is a  
differentiating factor  
for ACCIONA and  
is oriented towards  
sustainability**



**ACCIONA  
set a new record  
in R&D&I investment  
in 2009:  
92.2  
million euros**

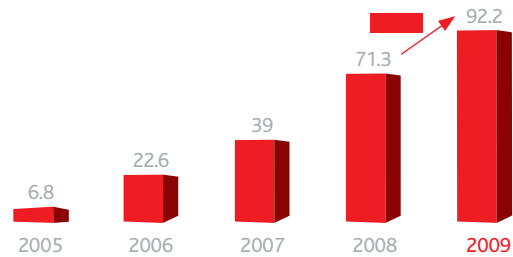


## Investing in R&D to drive forward our growth model

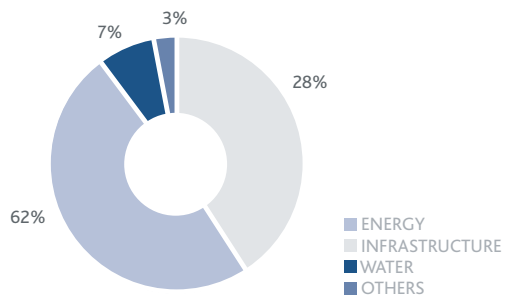
ACCIONA set a record in R&D investment in 2009. This included the review of the R&D Strategic Plan and the closure of a financing deal with the European Investment Bank. The main events were as follows:

- Investment of 92.2 million euros in direct R&D and innovation projects, i.e. 30% more than in 2008; the energy and infrastructure divisions accounted for 90% of total innovation work.
- Implementation of 114 research projects grouped into 15 lines of research connected to ACCIONA's business areas.
- A total of 377 professionals involved in R&D, 2.7% more than in 2008.
- The industrial property management model was enhanced and continues to produce results. ACCIONA now holds 52 patents.

Investment in R&D (Million euros)



Breakdown of R&D investment by area



## Leader in R&D

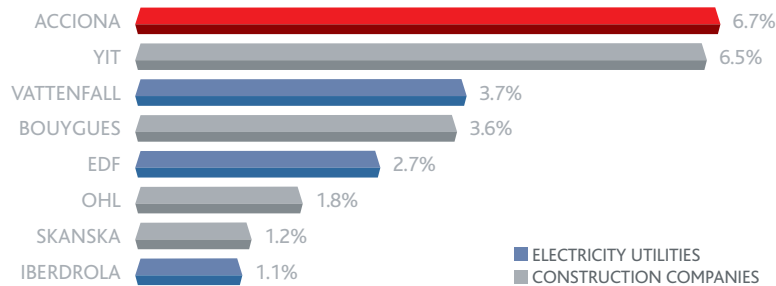
ACCIONA's efforts to innovate, strengthened by the projects that got under way in 2009, are illustrated by following:

- ACCIONA is the leader in the European electricity and construction industries in terms of innovation intensity, according to a survey by KPMG based on data from the EU R&D Industrial Investment Scoreboard 2009.
- ACCIONA ranked third among Spanish companies in terms of participation in the EU's 7th Framework Programme, with 48 projects, and it ranked first in the NMP programme.
- ACCIONA was the Spanish company with the most CENIT projects (13), having obtained four new projects in 2009.

- ACCIONA continued to focus on cutting-edge cleantech by investing in Nth Power Fund IV, managed by Nth Power. The fund invests only in clean energy projects.
- ACCIONA is a member, collaborator or leader of the following initiatives:
  - Chair of the E2B Energy Efficient Buildings Public Private Partnership - E2B PPP.
  - Member of the High Level Group of the European Construction Technology Platform.
  - Collaborator of the European Hydrogen and Fuel Cell Technology Platform.
  - Participant in the European Solar Thermal Technology Platform.
  - Member of the International Desalination Association.

### Leader in innovation intensity

R&D and Innovation investment/EBITDA 2008



Source: KPMG, 2010, based on data from the EU R&D Industrial Investment Scoreboard 2009. Construction companies and electric utilities (revenues > €1bn).

## ACCIONA'S Cenit R&D Programmes

- **BIOSOS:** sustainable technology for producing biopolymers.
- **ATON:** architectural integration of thin-film photovoltaic solutions.
- **CETICA:** integration and management of renewable energy in buildings.
- **EOLIA:** foundations, environmental impact, evaluation of wind resources, planning and synergy with seawater desalination and aquaculture, for offshore wind farms.
- **MEDIODIA:** renewable energy systems to cover energy needs for climate control, process electricity and control of agricultural applications, on a centralised and distributed basis.
- **SPHERA:** production of hydrogen for energy, and the associated reconversion.
- **CLEAM:** new models of linear transport infrastructure based on techniques for managing waste, atmospheric pollution, high-performance green construction materials, and reduction of the environmental impact.
- **DOMINO:** development of construction materials with enhanced properties due to the addition of nanocharges, for use as multifunctional materials.
- **TECNOCAI:** providing a healthy indoor atmosphere in buildings, ensuring occupants' comfort.
- **TIMI:** intermodal transport that is sustainable from the economic, social and environmental standpoints.
- **PIIBE:** seeking new raw materials to reduce the cost of producing biodiesel.
- **OCEANLIDER:** to develop floating windpower meters for offshore use with a view to developing a methodology for operating offshore wind farms (farm certification and staff training) that allows for a life-cycle analysis.
- **PROMETEO:** use of nanotechnology and composite materials in construction.

## ACCIONA chairs the Energy Efficient Building Association (E2BA)

The E2BA was founded in 2008 as a not-for-profit trade group whose goal is to be the private component of a PPP (Public-Private Partnership) with the European Commission.


The E2BA arose from a prioritization exercise by the European Construction Technology Platform (ECTP), where ACCIONA is a member of the High-Level Group (HLG) and the Executive Committee (Excom). The ECTP members voted energy-efficient buildings as the top priority.

The goal of the ECTP is to initiate a procedure for establishing a PPP for the development of energy-efficient buildings, with two priorities:

- Develop, implement and optimize building and district concepts that have the technical, economic and societal potential to reduce drastically the energy consumption and CO<sub>2</sub> emissions from existing and new buildings in the European Union.
- Speed up research on key technologies and develop a competitive industry in the fields of energy efficient construction processes, products and services, with the main purpose of reaching the goals set by the EU.

This initiative is also part of the "European Economic Recovery Plan", which includes a proposal to create a PPP in the construction industry to research energy-efficient buildings, which has a budget of 1 billion euros for 2010-2013.

**Energy-efficient buildings represented the option most voted by ECTP members**



## R&D and Innovation Strategic Plan

The revision of the R&D and Innovation Strategic Plan covers 2009-2013 and involves doubling the investment of the previous

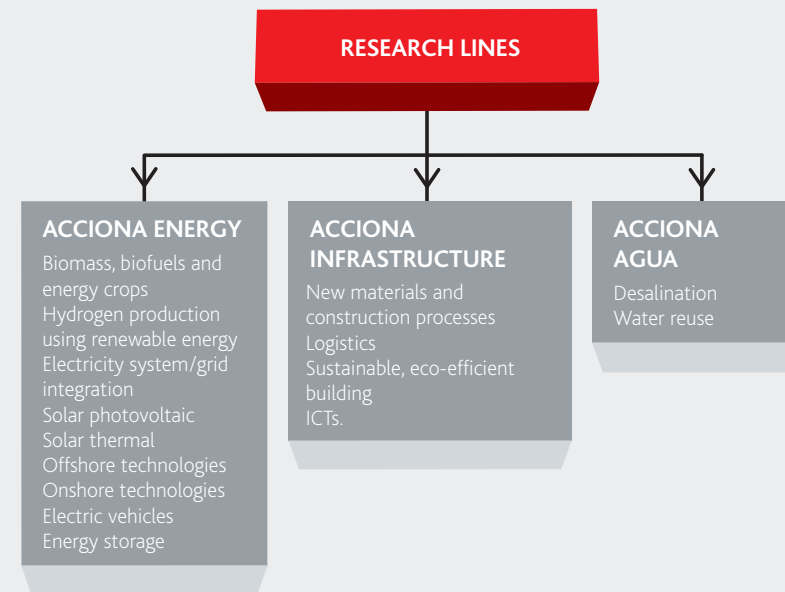
four years to 400 million euros. The plan is structured into three strategic lines of research: Energy, Infrastructure and Water.

### Increasing competitiveness in Europe

To finance the Strategic Plan, ACCIONA obtained a loan of 185 million euros from the European Investment Bank (EIB). The EIB's objectives include supporting investment that aims to improve the European economy's competitiveness by supporting R&D and Innovation projects and giving priority to organisations that contribute to the creation of a sustainable economy.

The operation is unique in that the EIB is financing not one project but an entire programme of R&D and innovation projects covered by ACCIONA's Strategic Plan until 2013.

The funding agreement covers 15 lines of research within the Strategic Plan, in the Energy, Infrastructure and Water business units.

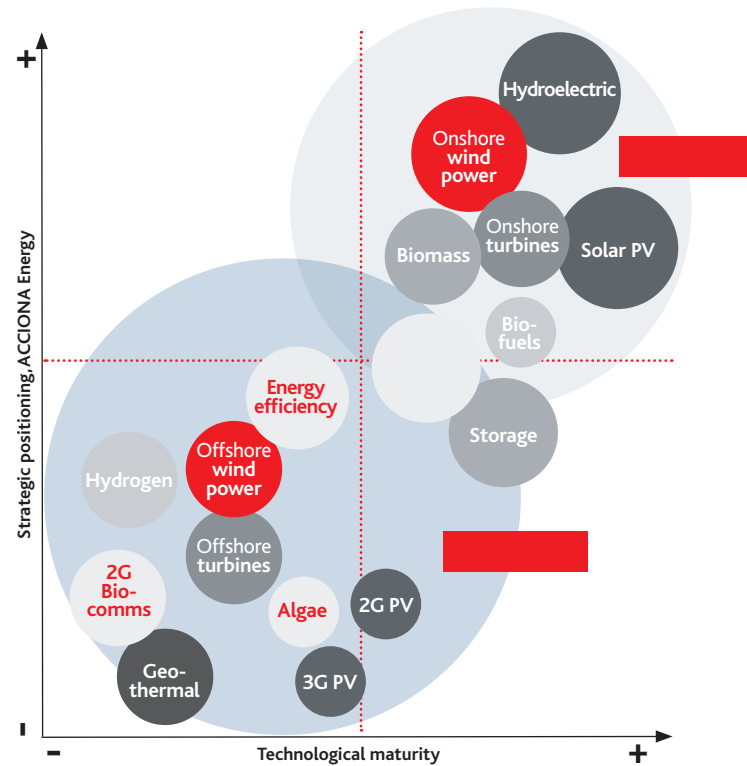


**Renewable energy**

In the area of renewable energy, ACCIONA's goal is to anticipate, develop and validate robust portfolios of technology to promote a sustainable energy model in each of its research lines. The main goals pursued by the defined research lines are as follows:

- Optimization of onshore wind power and development of offshore technologies (in combination with other maritime renewable energy sources: wave, current, tidal, etc.).
- Promote competitiveness in solar photovoltaic and solar thermal energy.
- Develop technologies for generating power from biomass, and for obtaining biofuels from algae.
- Promote research into energy storage as a means of integrating renewable energies and improving their efficiency.
- Promote research to prove the technical viability of electric vehicles and search for solutions to the problems of integrating them into the electricity grid on a large scale.

Technology map of ACCIONA's renewable energy 2009:  
ACCIONA's position vs. maturity of available technologies



**ACCIONA's mission is to promote sustainable energy models in each of its research lines**

## ACCIONA seeks to demonstrate the technical feasibility of Electric Vehicles



### Promoting Electric Vehicles: The Smartcity project

ACCIONA wishes to show that grid-rechargeable electric vehicles are a technically viable approach to sustainable mobility.

This requires it to analyse and determine the requirements for integrating electric vehicles' micro-storage systems into existing electricity systems and to analyse their benefits and drawbacks and their effects on the electricity grid.

With this objective, ACCIONA is participating with 11 other companies in

the Smartcity consortium, whose aim is to implement a new energy management model that will provide greater efficiency, reduce CO<sub>2</sub> emissions and increase the use of renewable energies. This pioneering project pursues the development of infrastructures for electric cars.

The batteries in electric vehicles can constitute a storage system enabling large-scale management of renewable supply and demand by drawing on stored power when renewable output is lower than that demanded.

## ACCIONA, leader in marine energy

ACCIONA heads a European research consortium (comprising 17 companies, technology centres and universities in 12 European countries) whose objective is to lay the technological foundations for viable, competitive deep-water integration of a range of renewable energies such as wind, wave and ocean currents.

The project, named MARINA (Marine Renewable Integrated Application Platform), has a total budget of 12.8 million euros and is co-financed by the European Commission as part of the EU's 7th Framework Programme (FP7).

Until the project is finalized in June 2014, the MARINA consortium will analyse a range of aspects related to harnessing offshore wind power in order to promote integration with other marine renewable energy technologies on deep-water platforms (depths of over 40 metres) tens of kilometres from the coast.

The MARINA project will research ways of harnessing renewable energies at sea, focusing particularly on synergies between different technologies in order to reduce costs and enhance economic viability.

MARINA involves a multi-disciplinary consortium specialised in various areas such as wind power, marine energy, offshore oil and gas infrastructure, oceanography, meteorology and marine biology, among others. It will involve over 30 researchers in twelve European countries working full-time for four years.

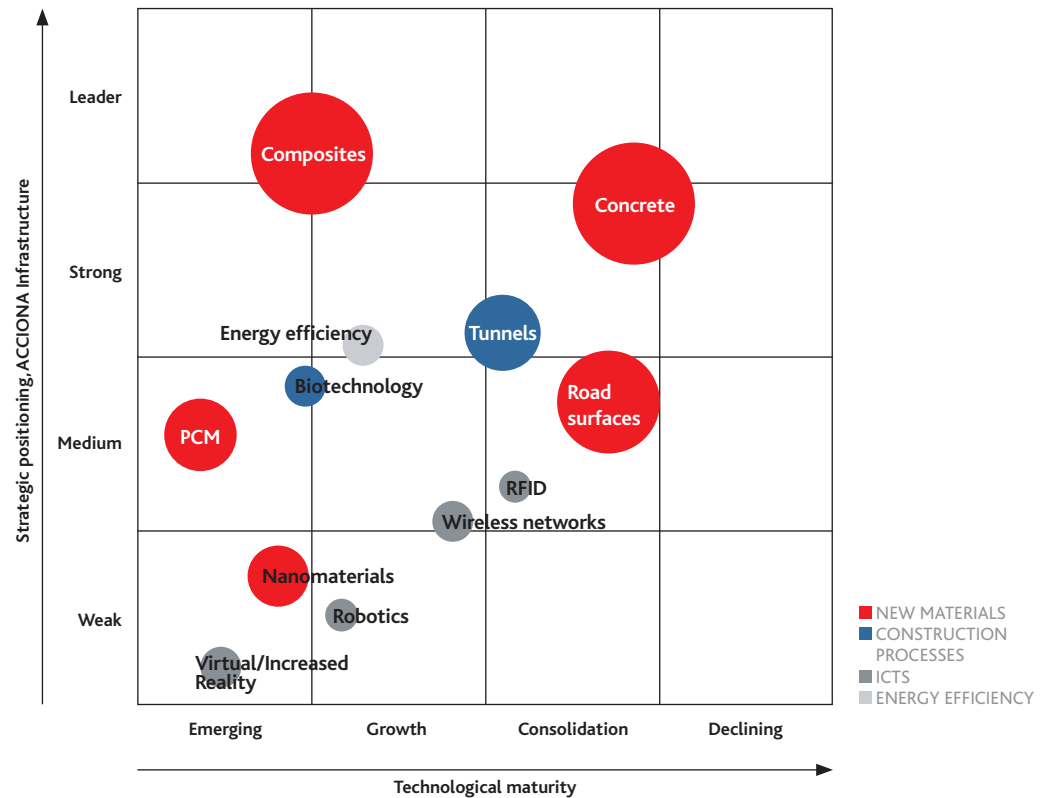
ACCIONA's ability to head this top-level consortium is evidence of its international prestige in the field of marine wind power technology and its leading position in these technologies in Spain.

**Sustainable building**

ACCIONA's strategy in the area of infrastructure construction is focused upon environmental impact abatement, energy efficiency and productivity enhancement in all the Company's projects. The defined lines of research pursue the following objectives:

- Development and application of more sustainable, powerful and durable materials in place of traditional materials.
- Design of more sustainable and efficient construction processes through the application of biotechnology and the reuse of waste materials.
- Promotion of energy-efficient building through the application of bioclimatic architecture, the inclusion of renewable energies, and the control and efficient use of energy.
- Application of leading-edge information technology to enhance construction process efficiency.

Technology map of sustainable construction 2009:  
ACCIONA's strategic position vs. maturity of available technologies



## New generation of lightweight concrete

ACCIONA's research projects into more sustainable construction materials include a new lightweight concrete made with fly ash from coal-fired power plants. This new material's main advantage is the low cost and the fact that its raw material is industrial waste. This lightweight concrete is more cost-effective than cellular concrete, phenolic core and polyurethane.

Lightweight concrete provides lighter structures, easier use on site and faster execution.

This material's potential uses include:

- Core for composites.
- Thermal and acoustic insulation.
- Roof panels and floor slabs.

## Vibration-damping railway line using tyre waste

Another of the innovative projects developed by ACCIONA in 2009 involves the reuse and treatment of end-of-life tyres for use in railway lines.

This solution enhances modern slab track systems (in contrast with the classic ballast and sleeper system) by damping the vibration caused by passing trains.

The new ACCIONA-developed system coats the rail with a mixture of

used tyre and a polymer matrix.

The environmental advantage is that this system uses 15 tyres per linear metre of single track.

The system is particularly suited to urban environments, particularly in areas with heavy vehicle traffic and in areas susceptible to the transmission of vibration from the track to nearby homes and buildings.

**ACCIONA has developed photocatalytic, intelligent façades which reduce polluting substances**



## Smart façades that reduce pollution and are self-cleaning

Many building façades produce pollutants as a result of the incident sunlight, in a photochemical process called photocatalysis.

Photochemical reactions can play a major role in the environmental balance; consequently, it is essential to reconsider the use of light for environmental purposes in building design.

To address this problem, ACCIONA has developed photocatalytic or "smart" façades, which can maintain their appearance for long periods of time and contribute to reducing the amount of noxious substances that pollute the atmosphere.

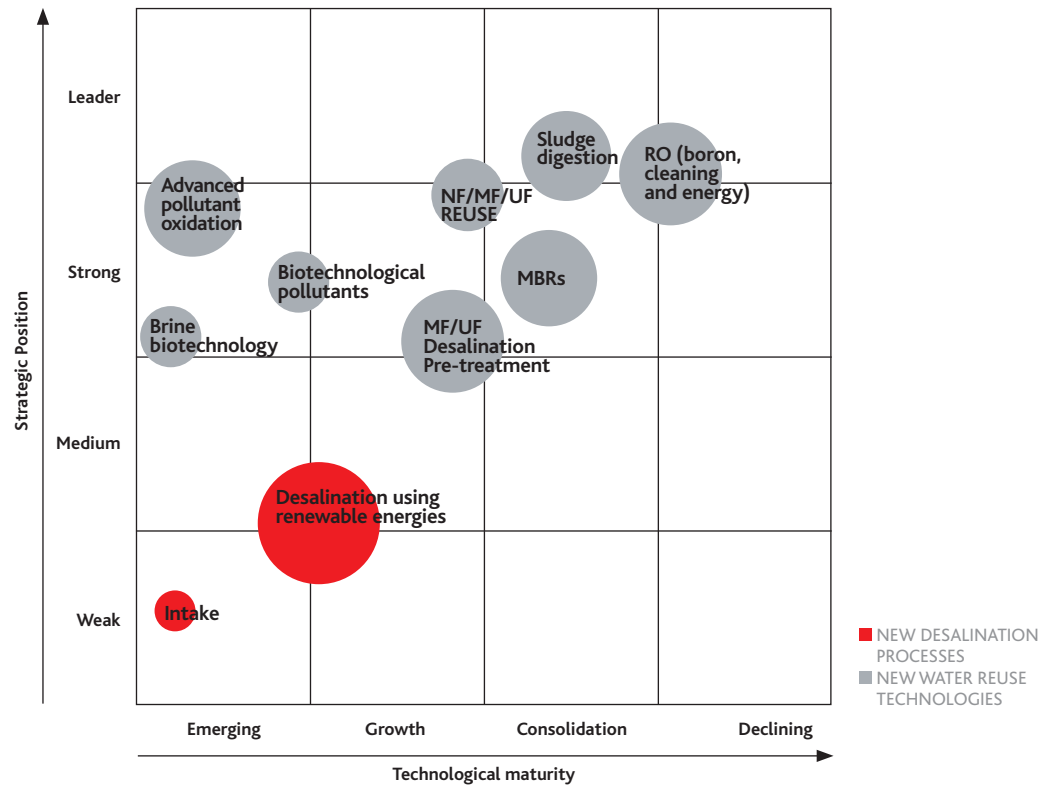
**Water technology**

ACCIONA's R&D and Innovation activities in the water business continue to focus on maintaining our technological lead in water treatment, purification and reuse while pursuing energy efficiency and environmental sustainability.

The main goals pursued by the research lines defined by ACCIONA Agua are as follows:

- Reduce energy consumption in desalination and develop natural, non-chemical treatments.
- Extend the application of reused water through membrane technology.

Water technology map 2009:  
ACCIONA's strategic position vs. maturity of available technologies



## SEPAFLOC® and NITROREMOVAL®, excellent results in desalination and water treatment

In 2009, ACCIONA registered the SEPAFLOC® trademark for advanced pre-treatment in seawater desalination that consists of a compact microfiltration membrane system using up to 9% less space and reducing the energy cost of desalination. The pre-treatment enhances the quality of the water intake, which reduces the cost of running the reverse osmosis membrane operation.

ACCIONA has also applied to register the NITROREMOVAL® brand for a new process to eliminate nitrogen from return water in sewage sludge processing lines; by enhancing nutrient elimination efficiency, this process can reduce capital costs by up to 25%.

## ACCIONA to use leading-edge sustainable treatment techniques at the Arrudas sewage plant in Minas Gerais state, Brazil.

ACCIONA's experience and R&D are being applied to save 1.5 million euros of electricity per year and reduce CO<sub>2</sub> emissions by 6,400 metric tons per year at the Arrudas sewage plant in Minas Gerais, Brazil.

ACCIONA will incorporate an electricity cogeneration system using biogas-fired micro-turbines, plus ultrasound to optimize this fuel and an odour treatment system, the goal being to improve the environmental conditions for the local residents.

The main objectives of the 25-million-euros contract are to:

- improve sludge digestion, reducing final sludge volume and its pollutant load;
- reduce dry sludge output by around 10% using ultrasound, while also increasing biogas production by 10%;
- use the biogas to fire micro-turbines (the first application in Brazil of this technology, after the US, Spain and Germany), and;
- improve the area's environmental quality by avoiding the dispersal of unpleasant odours from untreated sewage.

ACCIONA seeks to reduce the plant's CO<sub>2</sub> emissions and electricity consumption using proprietary technology. The project will provide a clean source of energy.

## ACCIONA's research centres

ACCIONA has three Technology Centres which are the mainstays of its research activities: Madrid, Pamplona and Barcelona.

The **Madrid Technology Centre**, leads technology development in the infrastructure, real estate, transport and environment areas. Research conducted at the Centre aims primarily to: reduce natural resource and energy consumption; limit CO<sub>2</sub> emissions, and; mitigate the life-cycle costs of the Company's products and projects.

The Centre has 3,500m<sup>2</sup> of offices and laboratories, and a 1,200m<sup>2</sup> workshop to manufacture and test full-scale prototypes. There are 12 labs altogether, outfitted with cutting-edge equipment, which work on developing advanced materials, improving industrial processes and researching areas

such as eco-efficient construction and biotechnology. The Madrid Technology Centre employs more than 160 highly-qualified professionals from more than 10 countries. It also has two new laboratories, specialized in robotics and virtual reality, areas in which ACCIONA has already commenced research.

The **Pamplona Technology Centre** is the core of ACCIONA's R&D and Innovation activities in the field of renewable energies; most of the strategic research in this area takes place there. It also has facilities that specialize in wind turbine generator development (Barasoain), biofuels (Caparroso), biomass (Sangüesa), engineering maintenance (Mutilva), as well as experimental facilities at wind farms in Aizkibel, Aibar, Peñablanca, Codés, Moncayuelo and Vedadillo.

It also develops horizontal technologies with an impact on energy development (materials, nanotechnology, biotechnology, and information and communication technologies).

The **Barcelona Technology Centre** focuses on R&D and Innovation in the field of water management. These include applications of renewable energy in desalination, reuse of wastewater using membrane technology, and new, membrane-based pre-treatments and tertiary treatments. The Barcelona Centre has central laboratories in Prat de Llobregat and a number of pilot plants, most notably the La Tordera (Barcelona) facility for field tests. The Prat laboratory is a leading centre for research into membrane technology and is fitted out with the latest analytical methods and equipment.

## ACCIONA, striving for excellence in management

ACCIONA's innovation management systems are designed to coordinate and dynamize research throughout the company.

ACCIONA's R&D and Innovation management system conforms to the requirements of the UNE 166.002:2006 standard and is applied to all Research, Development and Innovation activities performed in the following Business Units:

- ACCIONA Infrastructure.
- ACCIONA Energy.
- ACCIONA Windpower.
- ACCIONA Agua.
- ACCIONA Installation Services.

In 2009, ACCIONA Infrastructure, ACCIONA Agua, ACCIONA Windpower and ACCIONA Energy renewed the R&D and Innovation management system's certification under the UNE 166.002:2006 standard. Additionally, ACCIONA Installations obtained certification from AENOR of its R&D and Innovation management system according to the standard.

ACCIONA is a member of The Corporate Executive Board, an executive network of contacts and best practices focused on R&D which was founded in 1983; over 80% of the Fortune 500 companies are members.

R&D and Innovation Management System

