

Sustainable value creation

ACCIONA's business model and competitive advantages generate a double dividend: economic profitability and social development

ACCIONA creates value through its capacity for integration. Most of its projects are greenfield ones—developed from zero—which entail significant risks. ACCIONA's competitive advantages include its experience, technological capabilities, leadership in engineering and talent, enabling it to handle these risks and generate high returns.

Following initial development and construction, the asset begins to mature. Once projects are operating, their risk profile decreases considerably, as their economic model is well developed, proven and profitable. At this stage, ACCIONA invites others to invest in the project, as the project now has a proven operating history, even though the returns are lower than those in the initial stages of development. The robustness of these assets and their growth potential make them an attractive option for investors seeking flagship companies with conservative profiles.

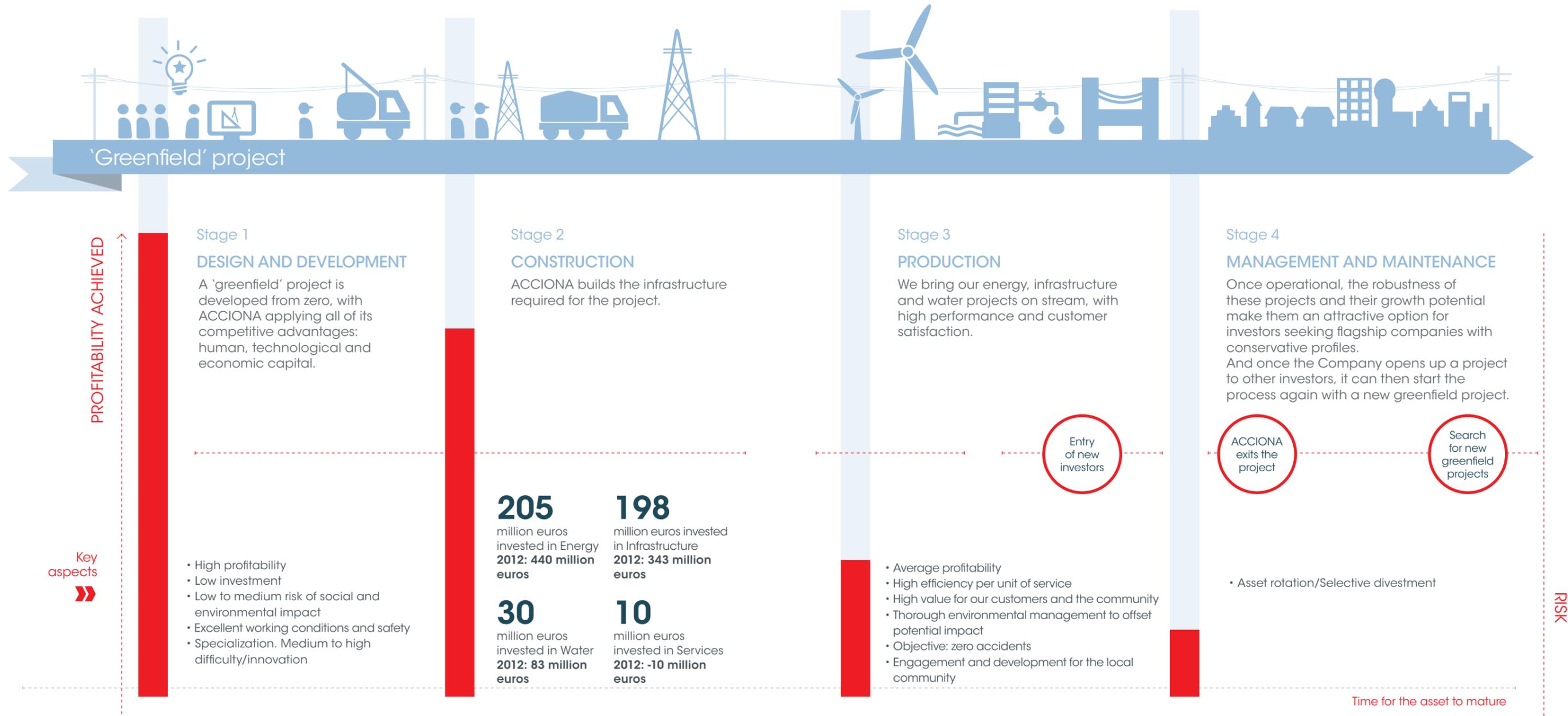
This is how ACCIONA generates value in all three of its strategic sectors: Energy, Infrastructure and Water. And once the Company opens up a project to other investors, it can then start the process again with a new *greenfield* project.

Furthermore, our projects generate shared value, as the facilities designed, built and managed by ACCIONA contribute to the development and well-being of the societies where they are built, as well as generating profits for the Company and its shareholders and investors.

This gives ACCIONA a pivotal role between the needs of government bodies and local communities, which can enjoy the basic infrastructure needed for its development—Energy, Infrastructure and Water—and investors looking for long-term investments with reasonable returns.

Business model

We seek out locations for profitable and sustainable infrastructure.



ACCIONA's role

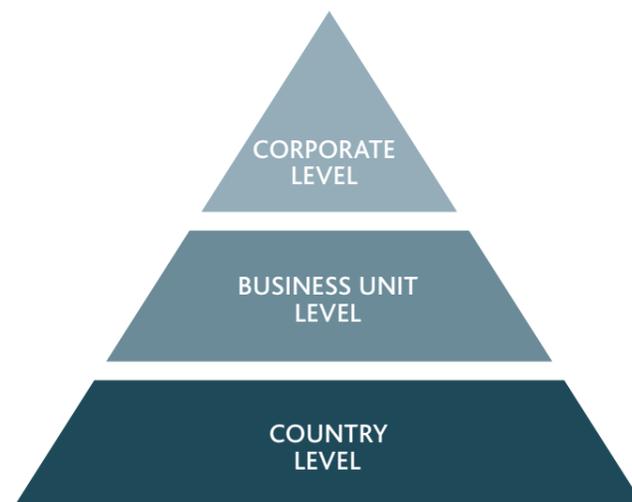
Development of **integrated risk management –economic, environmental and social–** across all divisions

Sustainability Master Plan reduction and compliance objectives included in variable remuneration

Transformation of **the growth model**, deleveraging of the Group and expanding access to new long-term sources of capital by incorporating partners

ACCIONA stakeholders

ACCIONA maintains an ongoing dialogue with its stakeholders, listening and responding to their expectations



- Shareholders and investors
- Customers
- Public administration
- Employees
- Suppliers
- Local communities
- Partners
- Third sector
- Regulators
- Media

ACCIONA plans its business activity to generate shared value. Identifying all of stakeholders becomes essential for designing appropriate action plans and contributing to shared value.

The economic, social and environmental impact of ACCIONA's projects on the communities where it is active involves managing different expectations and interests, which are not always compatible. The Company manages expectations based on criteria of fairness and equality for all concerned parties.

The ACCIONA 2015 Sustainability Master Plan sets out general management objectives for stakeholders, including regular consultation to review and update material issues.

We carried out a range of initiatives with some of our priority *stakeholders* in 2013, including analysts and investors, employees, suppliers and local communities. These activities helped us achieve our objective of increasing our engagement with these groups, meeting their expectations and bringing them into line with the culture and values of ACCIONA.

In 2013, ACCIONA maintained ongoing and open communications with **analysts and investors** in order to keep them up-to-date with the Group's results and strategy and to answer their questions, always with a view to providing the information needed for decisions on investing in the Company.

- 11 road shows.
- 9 conferences.
- 5 reverse road shows.
- Visits to leading financial centers: London, Paris, Milan, Frankfurt, Zurich, Geneva, Brussels, Amsterdam, Rotterdam, The Hague, New York, Chicago, Minneapolis, Toronto and Montreal, and Madrid, Barcelona and Zaragoza.
- Meetings and conference calls.

Issues of interest to investors in 2013 included ACCIONA's estimates of the impact of the regulatory changes in the electricity sector on the Company's results, financial structure and the value of its assets, and plans to mitigate this impact.

This led to the presentation of a detailed Action Plan including actions such as: cost

reductions, cutbacks in investment, asset sales, cancellation of interim dividends, diversification of sources of financing (issue of first convertible bond) and an internal reorganization accompanied by changes in senior management.

ACCIONA's leverage at a time of budget cuts raised questions about ACCIONA's strategy to reduce this, its expected leverage objectives and the schedule for achieving these targets. The Company's investment plans were also a recurring theme.

In 2013, ACCIONA's Investor Relations team launched a group on the Unience.com social network for investors to make communications with the market more open and direct. This is an open group through which investors can monitor the share price and interact with each other and the Company. This platform provides information that may be of interest to the investment community and analysts (significant events, presentations, results, press releases, etc.).

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STAKEHOLDERS	2013 PROGRESS
EMPLOYEES	<p>Fostering health and safety</p> <ul style="list-style-type: none"> Reduction of accident frequency indices for both own employees (from 4.7 in 2012 to 4.2 in 2013) and those of contractors (from 3.1 in 2012 to 2.4 in 2013).
	<p>Commitment to diversity</p> <ul style="list-style-type: none"> ACCIONA contracted 206 people from groups at risk of exclusion in 2013, 43% more than in 2012. 3.08% of Spain workforce consisted of differently-abled people (equivalent). ACCIONA Infrastructure contracted 31 people with disabilities, following an agreement with Brazil's Ministry of Employment. The Company also signed an agreement with the Down's Syndrome Foundation to promote inclusive employment.
	<p>Development of human capital</p> <ul style="list-style-type: none"> 88% coverage of workforce subject to performance evaluation. The ACCIONA Bonus has been extended to employees in Brazil, Australia, Mexico, Chile, Gabon, Sweden, South Africa and the USA (launched in Spain in 2012). Training and development programs, including sustainability issues, launched in Australia, Brazil, Canada, Chile, Italy and Mexico.
SUPPLIERS	<ul style="list-style-type: none"> ACCIONA focused on mass communication of its Ethical Principles to suppliers, contractors and collaborators, with more than 130,000 communications to suppliers through orders, contracts, bidding terms and conditions and newsletters.
	<ul style="list-style-type: none"> Audits and verification of corporate responsibility and sustainability questionnaires were carried out for more than 300 suppliers across all divisions.
	<ul style="list-style-type: none"> ACCIONA carried out four training initiatives for those suppliers who participated in the self-assessment questionnaire.
	<ul style="list-style-type: none"> We have consolidated the distribution of best practices through delivery of our quarterly Occupational Health and Safety Newsletter for suppliers of all divisions, in Spanish and English.

STAKEHOLDERS	2013 PROGRESS
LOCAL COMMUNITIES	<ul style="list-style-type: none"> ACCIONA has developed its own methodology based on international standards for managing the social impact of its projects. This is standard to all businesses and geographic areas. An internal procedure has been developed for implementing the methodology, which begins with an assessment of social risks when identifying business opportunities and submitting offers. Once a project has been awarded, a detailed study of the region and local populations is carried out, addressing socioeconomic indicators such as ethnic diversity, economic activities, access to basic services, poverty indices, employment ratios, education, etc. Once this information has been collected, the impact of the project on these communities is assessed and measured in terms of severity and duration. Meetings are also held with stakeholders to find out first-hand about their needs and opinions, and their assessments of the impact and proposals for offsetting measures. Based on this information, the Company designs a plan of social measures to minimize adverse effects and maximize the positive impacts of its activity.
	<p>In parallel to this procedure, the Company has developed a range of tools and guidelines to enhance understanding of the management process; these are aimed at different internal and external stakeholders, such as customers, employees and partners.</p> <p>This methodology is subject to continuous improvement and has been in use in various ACCIONA Infrastructure, ACCIONA Agua and ACCIONA Energy projects since 2012:</p> <p>Brazil: ring road and marina. Chile: construction of a desalination plant. Costa Rica: wind farm. Morocco: construction of a solar thermal plant. Mexico: electricity production equipment for a dam. South Africa: photovoltaic plant and wind farm.</p> <p>As part of its 2015 Sustainability Master Plan, ACCIONA has set itself the objective of identifying, measuring and managing the social impact of 100% of the projects of its main divisions that meet the required criteria.</p>