

CORPORATE GOVERNANCE REPORT
OF ACS GROUP
2012





Cover photo: Viaduct over Ulla river, Madrid-Galicia high-speed railway line (Spain).

CORPORATE GOVERNANCE REPORT OF ACS GROUP

The Annual Corporate Governance Report forms part of the Directors' Report, in accordance with the provisions of the Spanish Limited Liability Companies Law. The aforementioned Directors' Report is included in the ACS Group's Economic and Financial Report for 2012.

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A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
01/07/2009	157,332,297.00	314,664,594	314,664,594

Indicate whether there are different classes of shares carrying different rights:

	Yes	No
		X

A.2. List the direct and indirect holders of significant ownership interests in the company at year-end, excluding Board Members:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Corporación Financiera Alba, S.A.	0	57,599,232	18.305
Inversiones Vesán, S.A.	39,397,625	0	12.521
Southeastern Asset Management, Inc	0	29,027,635	9.225
Sayglo Holding, S.L.	0	17,741,012	5.638
Mr. Alberto Cortina Alcocer	4,875	13,853,216	4.404
Mr. Alberto Alcocer Torra	0	13,803,34	4.387

Name or company name of the indirect shareholder	Through: name or company name of the direct shareholder	Number of direct voting rights	% of total voting rights
Corporación Financiera Alba, S.A.	Alba Participaciones, S.A.	56,050,975	17.813
Corporación Financiera Alba, S.A.	Balboa Participaciones	1,548,257	0.492
Sayglo Holding, S.L.	Gloya Trust, B.V.	97,355	0.031
Sayglo Holding, S.L.	Iberostar Hoteles y Apartamentos, S.L.	17,643,657	5.607
Mr. Alberto Cortina Alcocer	Corporación Financiera Alcor, S.L.	466,440	0.148
Mr. Alberto Cortina Alcocer	Imvernelin Patrimonio, S.L.	6,279,456	1.996
Mr. Alberto Cortina Alcocer	Percacer, S.L.	7,107,320	2.259
Mr. Alberto Alcocer Torra	Comercio y Finanzas, S.L.	7,057,237	2.243
Mr. Alberto Alcocer Torra	Corporación Financiera Alcor, S.L.	466,440	0.148
Mr. Alberto Alcocer Torra	Imvernelin Patrimonio, S.L.	6,279,457	1.996

Indicate the most significant changes in the shareholding structure occurring the year:

Name or company name of the shareholder	Transaction date	Description of the transaction
Imvernelin Patrimonio, S.L.	23/08/2012	Ownership interest has fallen below 10% of share capital

A.3. Complete the following tables on the members of the company's Board of Directors who hold voting rights through company shares:

Name or company name of the Board Member	Number of direct voting rights	Number of indirect voting rights (*)	% of total voting rights
Mr. Florentino Pérez Rodríguez	0	39,397,625	12.521
Mr. Antonio García Ferrer	100,572	0	0.032
Mr. Pablo Vallbona Vadell	28,457	0	0.009
Mr. Agustín Batuecas Torrego	952,000	1,500,000	0.779
Mr. Javier Echenique Landiribar	27,715	0	0.009
Mr. Javier Monzón de Cáceres	4,200	0	0.001
Mr. José Álvaro Cuervo García	0	42,000	0.013
Mr. José María Loizaga Vigurí	128,313	0	0.041
Mr. Juan David Grimà Terré	0	0	0.000
Mr. Juan March de la Lastra	100	0	0.000
Mr. Julio Sacristán Fidalgo	4,666	0	0.001
Mr. Manuel Delgado Solís	0	0	0.000
Mr. Miguel Roca Junyent	12	0	0.000
Mr. Pedro José López Jiménez	0	903,787	0.287
Ms. Sabina Fluxà Thienemann	0	0	0.000
Mr. Santos Martínez-Conde Gutiérrez- Barquín	8,208	0	0.003
Mr. José Luis del Valle Pérez	278,902	0	0.089

Name or company name of the indirect shareholder	Through: name or company name of the direct shareholder	Number of direct voting rights	% of total voting rights
Mr. Florentino Pérez Rodríguez	Inversiones Vesán, S.A.	39,397,625	12.521
Mr. Agustín Batuecas Torrego	Inversiones Batuecas Torrego, S.L.	1,400,000	0.445
Mr. Pedro José López Jiménez	Fidalsar, S.L.	610,713	0.194
Mr. Pedro José López Jiménez	Lynx Capital, S.A.	293,074	0.093
Mr. Agustín Batuecas Torrego	Inversiones Ceda, S.L.	100,000	0.032
Mr. José Álvaro Cuervo García	Sociedad de Estudios de Estrategia Empresarial, S.A.	42,000	0.013
% of total voting rights held by the Board of Board Members			13.785

Complete the following table on the members of the company's Board of Directors who hold rights over shares in the company:

Name or company name of the Board Member	Number of direct options	Number of indirect options	Equivalent number of shares	% of total voting rights
Mr. Florentino Pérez Rodríguez	936,430	1	936,430	0.298
Mr. José Luis del Valle Pérez	351,160	0	351,160	0.112

A. OWNERSHIP STRUCTURE

A.4. Indicate, as applicable, any relationships of a family, commercial, contractual or corporate nature existing between the holders of significant ownership interests, insofar as they are known to the company, unless they have scant relevance or arise from the ordinary course of business:

—

A.5. Indicate, as applicable, any relationships of a commercial, contractual or corporate nature existing between the holders of significant ownership interests and the company and/or the group, unless they have scant relevance or arise from the ordinary course of business:

Name or company name of related party	Type of relationship	Brief description
Inversiones Vesán, S.A.	Contractual	In 2012 Rosan Inversiones, S.L., with tax identification number B-78962099 and wholly owned by Mr. Florentino Perez Rodríguez, has carried out service billing transactions with certain companies of the ACS Group: with Dragados, S.A. for EUR 97 thousand; with Moncobra, S.A. for EUR 53 thousand; with Humiclíma, S.A. for EUR 36 thousand and with Clece, S.A. for EUR 188 thousand.
Inversiones Vesán, S.A.	Contractual	In 2012 Rosan Inversiones, S.L., with tax identification number B-78962099 and wholly owned by Mr. Florentino Perez Rodríguez, has carried out service billing transactions with certain companies of the ACS Group: with Moncobra, S.A. for EUR 53 thousand; with Humiclíma, S.A. for EUR 36 thousand and with Clece, S.A. for EUR 188 thousand. In addition, Mr. Florentino Pérez Rodríguez carried out service billing transactions with Dragados, S.A. amounting to EUR 97 thousand.

A.6. Indicate whether the company has been notified of any shareholders agreements that affect it in accordance with Article 112 of the Securities Market Law (LMV). If so, provide a brief description and list the shareholders that are party to the agreement:

	Yes	No
		X

Indicate whether the company is aware of any concerted actions between its shareholders. If so, provide a brief description:

	Yes	No
		X

Expressly indicate any amendment to or termination of such agreements or concerted actions during the year:

—

A.7. Indicate if there is any individual or legal entity that exercises or could exercise control over the company under the terms of the Securities Market Law. If so, identify them:

	Yes	No
		X

A.8. Complete the following tables on the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares (*)	% of total share capital
4,135,813	17,232,953	6.791

(*) Through:

Name or company name of the direct shareholder	Number of direct shares
PR PISA, S.A.U.	17,232,953
Total	17,232,953

Give details of any significant changes during the year, in accordance with Royal Decree 1362/2007:

Notification date	Total direct shares acquired	Total indirect shares acquired	% of total share capital
03/04/2012	4,303,498	0	1.367
31/07/2012	3,514,795	0	1.118
20/11/2012	3,466,091	0	1.106
Gains/(Losses) on treasury shares disposed of during the year (thousands of euros)			-51,016

A. OWNERSHIP STRUCTURE

A.9. Give details of the conditions and time periods governing any resolutions of the General Shareholders' Meeting authorising the Board of Board Members to acquire or transfer treasury shares.

The following resolution was adopted at the Ordinary General Shareholders' Meeting held on 31 May 2012:

In rendering the authorisation granted through the resolutions of the Company's General Shareholders' Meeting held on 14 April 2011 null and void and in accordance with the provisions of Articles 146 et seq. and 509 of the Spanish Companies Law, the Board of Directors of the Company and those of its subsidiaries are authorised, during a period of one year from the date of this meeting, which shall be automatically extended for periods of equal duration up to a maximum of five years, unless stipulated otherwise by the shareholders at the General Meeting, and in accordance with the conditions and requirements envisaged in the legal provisions in force at the time, to acquire, at any given time and as many times as deemed advisable and through any of the means admitted by law, with a charge to profit for the year and/or unrestricted reserves, shares of the Company, the nominal value of which when added to those already owned by the Company or by its subsidiaries does not exceed 10% of the share capital issued or, where applicable, the maximum amount authorised by the legislation applicable at any given time. The minimum price and the maximum price, respectively, will be the nominal value and the weighted average price relating to the last trading day prior to the transactions increased by 20%. The Board of Directors of the Company and those of its subsidiaries are also authorised, within the period and in accordance with the conditions established above to the extent that it is possible, to acquire shares of the Company through loans, for a consideration or otherwise, on an arm's-length basis, taking into account market conditions and the characteristics of the transaction.

Express authorisation is given for the treasury shares acquired by the Company or its subsidiaries to be earmarked, in full or in part: (i) for sale or retirement, (ii) for delivery to workers, employees or Board Members of the Company or its Group, when there is a right recognised either directly through or as a result of exercising the options they hold, for the purposes envisaged in the last paragraph of Article 146.1.a) of the Spanish Companies Law, and (iii) for reinvestment plans for dividends or similar instruments.

In order to retire treasury shares and granting the execution of this task to the Board of Directors in accordance with that indicated below, the Board resolved to reduce share capital, with a charge to profit or unrestricted reserves, for an amount equal to the total nominal value of the treasury shares which the Company directly or indirectly holds at the date of this resolution.

In accordance with Article 7 of the Company bylaws, the Board of Directors is empowered (with express powers of substitution) to execute this resolution to reduce share capital, which may be carried out once or several times within the maximum period of five years from the date of this resolution, performing such formalities, taking such steps and providing such authorisations as might be necessary or required by the Spanish Companies Law and other applicable provisions. In particular, the Board of Directors is authorised to, by the deadline and with the aforementioned limits, (i) set the date or dates for the specific share capital reduction or reductions, taking into account market conditions, the share price, the Company's economic-financial position, its cash, reserves, business performance and any other matter that is reasonable to consider; (ii) specify the amount of each share capital reduction; (iii) use of the amount of the reduction, either to restricted reserves or to unrestricted reserves, providing such guarantees as might be required and complying with the related legal requirements; (iv) amend Article 6 of the bylaws to the new share capital figure; (v) apply for the delisting of the retired shares; and, in general, adopt any resolutions as might be necessary to ensure the full effectiveness of the retirement of these shares and the concomitant capital reduction, designating the persons empowered to implement these resolutions.

The execution of these share capital reduction shall be subordinate to the execution of the capital reduction through the retirement of treasury shares proposed to the shareholders at the Ordinary General Shareholders' Meeting under item 9 on the agenda, such that under no circumstances may the execution of this resolution be prevented in accordance therewith.

A.10. Indicate, as applicable, any restrictions imposed by law or the Company's bylaws on exercising voting rights, as well as any legal restrictions on the acquisition or transfer of ownership interests in the share capital. Indicate whether there are any legal restrictions on the exercise of voting rights:

	Yes	No
		X
Maximum percentage of voting rights that may be exercised per shareholder due to legal restrictions		0

Indicate whether there are any restrictions included in the bylaws on exercising voting rights.

	Yes	No
		X
Maximum percentage of voting rights that may be exercised per shareholder due to bylaw restrictions		0

Indicate whether there are any legal restrictions on the acquisition or transfer of share capital:

	Yes	No
		X

A.11. Indicate whether the shareholders at the General Meeting have resolved to take measures to neutralise a takeover bid pursuant to Law 6/2007.

	Yes	No
		X

If so, explain the measures adopted and the situations in which the restrictions would be inoperative:

—

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1. Board of Directors

B.1.1. List the maximum and minimum number of Directors as per the bylaws:

Maximum number of Board Members	21
Minimum number of Board Members	11

B.1.2. Complete the following table with the Board members' details:

Name or company name of the Board Member	Representative	Position on the Board	Date of first appointment	Date of last appointment	Appointment procedure
Mr. Florentino Pérez Rodríguez	--	Chairman and CEO	28/06/1989	03/12/2008	Vote at General Meeting
Mr. Antonio García Ferrer	--	Executive deputy Chairman	14/10/2003	03/12/2008	Vote at General Meeting
Mr. Pablo Vallbona Vadell	--	Deputy Chairman	05/09/1997	03/12/2008	Vote at General Meeting
Mr. Agustín Batuecas Torrego	--	Board Member	29/06/1999	03/12/2008	Vote at General Meeting
Mr. Javier Echenique Landiribar	--	Board Member	20/05/2004	25/05/2009	Vote at General Meeting
Mr. Javier Monzón de Cáceres	--	Board Member	20/05/2004	25/05/2009	Vote at General Meeting
Mr. José Álvaro Cuervo García	--	Board Member	05/09/1997	03/12/2008	Vote at General Meeting
Mr. José María Loizaga Vigurí	--	Board Member	28/06/1989	03/12/2008	Vote at General Meeting
Mr. Juan David Grimà Terré	--	Board Member	14/10/2003	03/12/2008	Vote at General Meeting
Mr. Juan March de la Lastra	--	Board Member	30/07/2008	03/12/2008	Vote at General Meeting
Mr. Julio Sacristán Fidalgo	--	Board Member	24/06/1998	03/12/2008	Vote at General Meeting
Mr. Manuel Delgado Solís	--	Board Member	20/05/2004	25/05/2009	Vote at General Meeting
Mr. Miguel Roca Junyent	--	Board Member	14/10/2003	03/12/2008	Vote at General Meeting
Mr. Pedro José López Jiménez	--	Board Member	28/06/1989	03/12/2008	Vote at General Meeting
Ms. Sabina Fluxà Thienemann	--	Board Member	25/05/2009	25/05/2009	Vote at General Meeting
Mr. Santos Martínez-Conde Gutiérrez-Barquín	--	Board Member	19/06/2002	03/12/2008	Vote at General Meeting
Mr. José Luis del Valle Pérez	--	Board Member - Secretary	28/06/1989	03/12/2008	Vote at General Meeting
Total number of Board Members					17

Indicate the resignation from the Board of Directors that occurred during the period:

—

B.1.3. Complete the following tables on the Board members and their positions:

Executive Board Members

Name or company name of the Board Member	Committee proposing the appointment	Position per company organisation chart
Mr. Florentino Pérez Rodríguez	Appointments and Remuneration Committee	Chairman and Ceo
Mr. Antonio García Ferrer	Appointments and Remuneration Committee	Executive Deputy Chairman
Mr. Agustín Batuecas Torrego	Appointments and Remuneration Committee	Board Member
Mr. José Luis del Valle Pérez	Appointments and Remuneration Committee	Secretary -Board Member
Total number of executive Board Members		4
Total % of the Board		23.529

Proprietary and External Board Members

Name or company name of the Board Member	Committee proposing the appointment	Name or company name of significant shareholder represented or proposing appointment
Mr. Pablo Vallbona Vadell	Appointments and Remuneration Committee	Corporación Financiera Alba, S.A.
Mr. Javier Echenique Landiribar	Appointments and Remuneration Committee	Corporación Financiera Alcor, S.A.
Mr. Javier Monzón de Cáceres	Appointments and Remuneration Committee	Corporación Financiera Alcor, S.A.
Mr. Juan March de la Lastra	Appointments and Remuneration Committee	Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Appointments and Remuneration Committee	Inversiones Vesán, S.A.
Mr. Manuel Delgado Solís	Appointments and Remuneration Committee	Corporación Financiera Alcor, S.A.
Ms. Sabina Fluxà Thienemann	Appointments and Remuneration Committee	Sayglo Holding, S.L.
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Appointments and Remuneration Committee	Corporación Financiera Alba, S.A.
Total number of proprietary Board Members		8
Total % of the Board		47.059

B. MANAGEMENT STRUCTURE OF THE COMPANY

Independent External Board Members

Name or company name of the Board Member	Profile
Mr. José Álvaro Cuervo García	Born in 1942 in Carreño (Asturias). Professor of Business Economy at the Universidad Complutense de Madrid. Director of the Centro Universitario de Estudios Financieros (CUNEF - University Centre). Rey Jaime I Economy Award (1992), Economy Award of Castilla Leon "Infanta Cristina" (1999) and Doctor Honoris Causa by the Universities of Oviedo, Leon, Castilla La Mancha, Las Palmas de Gran Canaria and Salamanca. He has worked as a professor at the Universities of Valladolid, Oviedo and CIDE (Mexico), and was a visiting professor at Saloman Center (Stern School of Business) of the University of New York and at the Institute of Management, Innovation and Organization of the University of California, Berkeley. Vice-dean of the Schools of Economic and Business Sciences at the Complutense de Madrid and Oviedo Universities, and Dean of the latter. His lines of research focus on three areas: economy and business management, finance and the financial system and privatisation and public companies. He is currently a member of the Board of Directors of Bolsas y Mercados Espanoles (BME and SONAE SGPS, S.A. (Portugal) and a member of the Advisory Council of Privatisation of the Spanish Government.
Mr. José María Loizaga Viguri	Born in Bilbao (1936). He began his career in Banco Vizcaya and has held various executive positions. In 1968, he was General Manager of Zardoya and played a role in 1972 in the merger with Schneider Otis. Up to 1980, he was the head of Otis Elevator for Southern Europe. In 1980 he founded Banco Hispano Industrial (Grupo BHA) and in 1982 he was appointed Deputy Chairman and CEO of Banco Union which merged with Banco Urquijo where he held a position until 1985. In 1985 he founded Mercapital, S.A. and was Chairman of this group until 2008. He has held, among others, the position of Chairman of Bodegas Barón de Ley, Board Member of Banque Privée Edmond de Rothschild, Suez International, Otis International, Amorim Investment, Lácteas G Baquero, Unión Fenosa, etc. He is currently Chairman of Cartera Industrial Rea, Bodegas Lan and Deputy Chairman of Zardoya Otis, as well as a Board Member of Otis Elevadores Portugal, Mecalux, etc., and he is Commandeur de l'Ordre de Léopold II.
Mr. Juan David Grímà Terré	Born in 1953 in Sabadell (Barcelona). He has a PhD in Economics and Business; and has studied at the Universidad Autónoma de Barcelona, Baylor and Harvard Business School. From 1992 to 2010 he was the general manager of Banco Santander. In January 2002 he was appointed Deputy Chairman and CEO of the Auna Group, a position he held in addition to his responsibilities at the Bank up to November 2005. He is a Board Member of TEKA, S.A.
Mr. Miguel Roca Junyent	Born in 1940 in Cauderan (France). Degree in Law from Universidad de Barcelona. Secretary of the Board of Directors of Accesos de Madrid, Concesionaria Española, since January 2000. Secretary of the Board of Directors of Abertis Infraestructuras, S.A. Board Member of Endesa, S.A. Chairman of the Abertis Foundation Partner - Chairman of Despacho Roca Junyent.

Total number of independent Board Members	4
Total % of the Board	23.529

Other External Board Members

Name or company name of the Board Member	Committee which proposed the appointment
Mr. Pedro José López Jiménez	Appointments and Remuneration Committee

Total number of other external Board Members	1
Total % of the Board	5.882

Indicate the reasons why they cannot be considered proprietary or independent Board Members and their relationships with the company and its executives or shareholders.

Name or company name of the Board Member	Company, executive or shareholder with whom there is a relation	Reasons
Mr. Pedro José López Jiménez		Mr. Pedro López Jiménez currently has an indirect ownership in the company of 0.287 %. However, he has been considered to be a proprietary Board Member ever since he was one of the Company's majority shareholders and owned 10% of the Company's shares. This ownership interest has progressively been diluted as a result mainly of the corresponding corporate mergers. Therefore, he was elected as a external Board Member at the Extraordinary General Shareholders' Meeting held on 3 December 2008.

Indicate any changes in the status of each Board Member that may have occurred during the year:

—

B.1.4. If applicable, explain the reasons for the appointment of any proprietary Board Members at the request of shareholders controlling less than 5% of the share capital.

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Indicate whether any rejection of a formal request for a place on the Board from shareholders whose ownership interest is equal to or greater than that of others whose nomination of proprietary Board Members was accepted. If so, explain why these requests were rejected.

	Yes	No
		X

B.1.5. Indicate whether any Board Members resigned from office before the expiration of their term of office, whether and in what manner the Board Member explained the reasons for resignation to the Board and, in the event that resignation was tendered in writing to the Board in full, detail below the reasons given by the Board Member:

	Yes	No
		X

B.1.6. Indicate what powers, if any, have been delegated to the chief executive officer(s):

Name or company name of the Board Member	Brief description
Mr. Florentino Pérez Rodríguez	All powers corresponding to the board except those that cannot be transferred.

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1.7. Identify, if applicable, the Board members who hold office as Board Members or executives at other companies forming part of the listed company's group:

Name or company name of the Board Member	Company name of the group entity	Position
Mr. Antonio García Ferrer	ACS Servicios y Concesiones, S.L.	Board Member
	ACS Servicios, Comunicaciones y Energía, S.L.	Board Member
	Dragados, S.A.	Board Member
Mr. Agustín Batuecas Torrego	Construirail, S.A.	Board Member
	Continental Rail, S.A.	Individual Representative
	Intercambiador de Transportes Avda. de América, S.A.	Chairman
	Intercambiador de Transportes Plaza de Castilla, S.A.	Individual Representative
	Intercambiador de Transportes Príncipe Pío, S.A.	Individual Representative
Mr. Javier Monzón de Cáceres	Logitren, S.A.	Joint Director
	ACS Servicios y Concesiones, S.L.	Board Member
Mr. Manuel Delgado Solís	ACS Servicios y Concesiones, S.L.	Board Member
Mr. Pedro José López Jiménez	Dragados, S.A.	Board Member
	ACS Servicios y Concesiones, S.L.	Acting Chairman and Deputy
	ACS Servicios, Comunicaciones y Energía, S.L.	Deputy Chairman
	Dragados, S.A.	Acting Chairman and Deputy
Mr. José Luis del Valle Pérez	HOCHTIEF Aktiengesellschaft	Member of the Supervisory Board
	ACS Servicios y Concesiones, S.L.	Board Member - Secretary
	ACS Servicios, Comunicaciones y Energía, S.L.	Board Member - Secretary
	Clece, S.A.	Chairman
	Cobra Gestión de Infraestructuras, S.L.	Board Member- Secretary
	Dragados, S.A.	Board Member- Secretary
HOCHTIEF Aktiengesellschaft	Member of the Supervisory Board	

B.1.8. List, if applicable, of any Board Members of the company who are members of the Boards of Directors of other non-group companies that are listed on official securities markets in Spain, as disclosed to the company:

Name or company name of the Board Member	Company name of listed company	Position
Mr. Javier Echenique Landiribar	Repsol YPF, S.A.	Board Member
	Grupo Empresarial Ence, S.A.	Board Member
	Banco Sabadell, S.A.	Deputy Chairman
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A.	Chairman
Mr. José Álvaro Cuervo García	Bolsas y Mercados Españoles. Sdad Holding de mdos y stmas fin, S.A.	Board Member
Mr. José María Loizaga Viguri	Cartera Industrial Rea, S.A.	Chairman
	Zardoya Otis, S.A.	Deputy Chairman
Mr. Juan March de la Lastra	Indra Sistemas, S.A.	Board Member
	Corporación Financiera Alba, S.A.	Board Member
Mr. Miguel Roca Junyent	Endesa, S.A.	Board Member
Mr. Santos Martínez-Conde Gutiérrez- Barquín	Acerinox, S.A.	Board Member
	Corporación Financiera Alba, S.A.	CEO

B.1.9. Indicate, and if applicable, explain whether the Company has established any rules about the number of Boards on which its Board Members may sit:

	Yes	No
	X	

Explanation of the rules

Article 14 of the Regulations of the Board of Directors provides that directors may not, either directly or indirectly, hold positions in companies or firms that are competitors of the Company or of any of the Group companies or provide representation services on their behalf. Additionally, the Regulations of the Board of Directors, as currently worded, limits the number of Groups which a Board Member of the Company can form part of to five, except in the case of express authorisation on a reasonable basis.

B.1.10. In relation to Recommendation 8 of the Unified Code, indicate the general policies and strategies of the company reserved for approval by the Board in plenary session:

	Yes	No
Investment and financing policy	X	
Definition of the structure of the corporate group	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan and the annual management and budget targets	X	
Remuneration and evaluation of senior executives	X	
Risk control and management policy, and the periodic monitoring of internal information and control systems	X	
Dividend policy and the policy and limits applicable to treasury shares	X	

B.1.11. Complete the following tables on the aggregate remuneration of Board Members paid during the year:

a) At the reporting company:

Remuneration item	Data in thousands of euros
Fixed remuneration	3,414
Variable remuneration	3,885
Expenses	0
Bylaw-stipulated Board Members' emoluments	2,239
Share options and/or other financial instruments	0
Others	0
Total	9,538

B. MANAGEMENT STRUCTURE OF THE COMPANY

Other benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension funds and plans: contributions	1,811
Pension funds and plans: obligations assumed	1,811
Life insurance premiums	16
Guarantees provided by the company for Board Members	0

b) Due to company Board Members' membership of other boards of directors and/or of the senior management of group companies:

Remuneration item	Data in thousands of euros
Fixed remuneration	448
Variable remuneration	0
Expenses	0
Bylaw-stipulated Board Members' emoluments	495
Share options and/or other financial instruments	0
Others	1
Total	944

Other benefits	Data in thousands of euros
Advances	0
Loans	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations assumed	0
Life insurance premiums	0
Guarantees provided by the company for Board Members	0

c) Total remuneration by type of Board Member:

Type of Board Member	By company	By group
Executives	7,904	489
Proprietary and external Board Members	985	271
External independent Board Members	524	0
Other external Board Members	125	184
Total	9,538	944

d) With respect to profit attributable to the parent

Total Board Members' remuneration (thousands of euros)	10,482
Total Board Members' remuneration/profit attributable to the parent (expressed as %)	0.0

B.1.12. Identify the senior executives who are not executive Board Members and indicate the total remuneration paid to them during the year:

Name or company name	Position
Mr. Ángel Medina Trigo	General Manager of Initec Energía, S.A.
Mr. José María López Piñol	Chairman of Urbaser, S.A.
Mr. Pedro Ascorbe Trián	General Manager of Dragados Off Shore, S.A.
Mr. Alejandro Ganga Bottegheiz	Western US Manager of Dragados, S.A.
Mr. Alejandro Mata Arbide	Administration Manager of ACS Actividades de Construcción y Servicios, S.A.
Mr. Carlos Gerez Pascual	Director of Machinery of Dragados, S.A.
Mr. Luis Nogueira Miguelsanz	General Secretary of Construction, Concessions and Environment.
Mr. Juan Mata Arbide	General Manager of Geotécnica y Cimientos, S.A. (Geocisa).
Mr. Epifanio Lozano Pueyo	Corporate General Manager of ACS, Servicios Comunicaciones y Energía, S. L.
Mr. Ramón Jiménez Serrano	General Manager of Integrated Projects of Cobra Gestión de Infraestructuras, S.A.
Mr. José Antonio Pérez Pérez	General Manager of Mantenimientos y Ayuda a la Explotación, S.A. (Maessa).
Mr. Andrés Sanz Carro	Secretary General of Sociedad Española de Montajes Industriales, S.A. (SEMI).
Mr. Juan José Fanjul Pastrana	General Manager of Cobra Instalaciones y Servicios, S.A.
Mr. Ignacio Segura Suriñach	CEO of Dragados, S.A.
Mr. Enrique Pérez Rodríguez	CEO of Cogesa, S.A.
Mr. Gonzalo Gómez-Zamalloa Baraibar	CEO of Vias y Construcciones, S.A.
Mr. Gustavo Tunell Ayuso	Manager of Poland at Dragados, S.A.
Mr. Francisco Javier López Sanchez	Manager of Building at Dragados, S.A.
Mr. Raúl Llamazares de la Puente	CEO of Initec, Intecsa and Makiber.
Mr. José María Castillo Lacabex	General Manager of Imesapi, S.A.
Mr. José Luis López Molinillo	Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Eugenio Llorente Gómez	Chairman and CEO of Industrial Services.
Mr. José Ignacio Legorburo Escobar	European Assistant Manager of Dragados, S.A.
Mr. Alfonso Aguirre Díaz-Guardamino	General Manager of ACS, Servicios Comunicaciones y Energía, S. L.
Mr. José Zornoza Soto	Finance Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. José María Aguirre Fernández	General Manager of Tecsa, Empresa Constructora, S.A.
Mr. Ricardo Martín de Bustamante Vega	European Manager of Dragados, S.A.
Ms. Marta Fernández Verdes	Finance Director of Dragados, S.A.
Mr. Ricardo Cuesta Castiñeira	Head of the Legal Department of Dragados, S.A.
Mr. Eusebio Arnedo Fernández	Head of Human Resources of Dragados, S.A.
Mr. Diego Miguel Zumaquero García	Director of Spanish of Dragados, S.A.
Mr. Ángel Guerra Zalabardo	General Manager of Sice, Tecnología de Sistemas, S.A.
Mr. Bernardo de la Fuente Elvira	General Manager of Control y Montajes Industriales, S.A.
Mr. Román Garrido Sánchez	North American Manager of Dragados, S.A.
Mr. Jesús García Arias	General Manager of Sociedad Española de Montajes Industriales, S.A. (SEMI).
Mr. Cristóbal González Wiedmaier	Finance Manager of ACS, Servicios Comunicaciones y Energía, S.L.
Mr. Manuel Álvarez Muñoz	Production Manager of Vias y Construcciones, S.A.
Mr. Carlos Abilio Pérez	General Manager of Tratamiento de Residuos Urbanos de Urbaser, S.A.
Mr. José Reis Costa	Chairman of Procme LTD.
Mr. Ángel Manuel García Altozano	Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A.
Mr. Manuel Andrés Martínez	General Manager of Urban Services at Urbaser, S.A.
Mr. Adolfo Valderas Martínez	General Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. José Luis Celorrio García	General Manager of Maessa Telecomunicaciones, S.A. (Maetel).
Mr. José Alfonso Nebreira García	General Manager of ACS, Servicios Comunicaciones y Energía, S.L.
Mr. José Antonio Fernández García	General Manager of the Etra Group.
Ms. Cristina Aldámiz-Echevarría González de Durana	Director of Investments and Management Control of ACS Actividades de Construcción y Servicios, S.A.
Mr. Salvador Myro Cuenco	Development Manager of Iridium, Concesiones de Infraestructuras, S.A.
Mr. Ricardo Franco Barbera	Eastern US Manager of Dragados, S.A.
Total remuneration of senior executives (thousands of euros)	21,025

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1.13. Identify in aggregate terms whether there are any guarantee or golden parachute clauses for senior executives, including executive Board Members of the company or of its group, in the event of termination or changes in control. Indicate whether these contracts have to be disclosed to and/or approved by the bodies of the company or of its group:

Number of beneficiaries	6	
	Board of Directors	General Meeting
Body authorising the clauses	X	
	Yes	No
Is the General Meeting informed of the clauses?		X

B.1.14. Indicate the process for setting Board members' remuneration and the relevant provisions in the company bylaws.

Process for establishing the remuneration of the Board members and the provisions in the bylaws

The remuneration of the various Board members for bylaw-stipulated Board Members' emoluments is proposed by the Appointments and Remuneration Committee and the full amount is submitted at the General Meeting for approval by the shareholders within the resolution relating to the appropriate of profit or loss.

This matter is regulated in the last three paragraphs of Article 34 of the bylaws, which provide the following: In addition to the attendance fees and emoluments agreed on by the General Meeting, with regard to bylaw-stipulated compensation, the Board of Directors will also be entitled to remuneration that does not exceed ten per cent of net profits, which can only be paid once all legal reserves have been attended to and, if applicable, all statutory reserves have been made and the shareholders have been paid a dividend of at least four per cent of paid in capital per share.

Remuneration to all or some of the members of the Board of Directors and to management personnel of the Company and the companies that belong to the Group may take the form of company shares or share options or may be tied to the value of these shares in the form, terms, and conditions established by the General Shareholders' Meeting in accordance with established legal requirements.

The Board of Directors shall decide on the manner in which the remuneration payable under this article, the amounts of which may differ, shall be distributed among its members.

In accordance with Article 16 of the Regulations of the Board of Directors, the Board will determine, after a report from the Appointments and Remuneration Committee, the distribution of the total amount and frequency of the payments in accordance with legislation and Company bylaws in force. Additionally, in accordance with Article 24 of these Regulations, the Appointments and Remuneration Committee is responsible for reporting to the Board of Directors on the following:

1. The remuneration system for the Chairman of the Board of Directors and other senior executives in the Company.
2. The distribution among the members of the Board of Directors of the overall remuneration agreed upon by the shareholders at the General Meeting and, if applicable, the establishment of supplementary remuneration and other payments corresponding to executive Board Members in relation to their functions
3. Board Members' remuneration.
4. Multi-annual plans that may be set up according to the share value such as share option plans.

Indicate whether the plenary Board meeting reserves approval of the following decisions.

	Yes	No
At the proposal of the company's chief executive, the appointment and removal of senior executives and provisions relating to termination benefits.	X	
Board Members' remuneration and, in the case of executive Board Members, the additional consideration for their management duties and other contract conditions.	X	

B.1.15. Indicate whether the Board of Directors approves a detailed remuneration policy and specify the matters addressed thereby:

	Yes	No
	X	

	Yes	No
Amount of the fixed components with a breakdown, if applicable, of fees for attending Board and committee meetings and an estimate of the annual fixed remuneration arising therefrom.	X	
Variable remuneration.	X	
Main features of welfare systems and the estimated amount or equivalent annual cost.	X	
Conditions to be met in the contracts of executive Board Members who discharge senior management functions.	X	

B.1.16. Indicate whether the Board submits a report on the Board Members' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate item on the agenda. If so, explain the remuneration policy matters approved by the Board for future years, the most significant changes in the policy with respect to that applied in the year and a summary of the application of the remuneration policy in the year. Detail the role played by the Remuneration Committee and, if external advisors were used, the identity of the external consultants:

	Yes	No
	X	

Matters addressed in the remuneration policy

The report on the Board Members' remuneration policy shall be submitted to an advisory vote of the shareholders as a separate item on the agenda at the next General Meeting to be held on 9 and 10 May 2013, on the first and second call, respectively.

Articles 4 and 16 of the Board Regulations stipulate that the Board shall approve an annual report on the remuneration policy explaining the criteria and foundations used to determine the Board Members' remuneration, which shall be submitted to the shareholders at the Ordinary General Meeting.

The 2012 report on the Board Members' remuneration policy shall be published this year separately from the Group's Annual Report. In addition to an itemised breakdown of the Board Members' remuneration, this report shall include the Board Members' remuneration policy for 2013.

Role played by the Remuneration Committee

In accordance with Article 24 of the Board Regulations, the Appointments and Remuneration Committee has drafted the policy contained in the report on the Board Members' remuneration policy for 2012. It was submitted for the approval by the Board at its meeting held on 21 March 2013.

B. MANAGEMENT STRUCTURE OF THE COMPANY

Were external advisors used?

	Yes	No
		X

Identity of the external consultants

B.1.17. Indicate, as appropriate, which members of the Board are, in turn, members of the Boards of Directors, executives or employees of companies that hold significant ownership interests in the listed company and/or group companies:

Name or company name of the Board Member	Company name of the significant shareholder	Position
Mr. Florentino Pérez Rodríguez	Inversiones Vesán, S.A.	Director
Mr. Juan March de la Lastra	Corporación Financiera Alba, S.A.	Board Member
Ms. Sabina Fluxà Thienemann	Iberostar Hoteles y Apartamentos, S.L.	Board Member
Mr. Santos Martínez-Conde Gutiérrez- Barquín	Corporación Financiera Alba, S.A.	CEO

List, as appropriate, any material relationships, other than those envisaged under the preceding heading, of the members of the Board of Directors with significant shareholders and/or at group companies:

Name or company name of the related Board Member	Name or company name of the related significant shareholder	Description of relationship
Mr. Pablo Vallbona Vadell	Corporación Financiera Alba, S.A.	Deputy chairman of Banca March, S.A., Main shareholder of Corporación Financiera Alba.
Mr. Juan March de la Lastra	Corporación Financiera Alba, S.A.	Deputy chairman of Banca March, S.A., Main shareholder of Corporación Financiera Alba, S.A.
Mr. Julio Sacristán Fidalgo	Inversiones Vesán, S.A.	Brother in law of Mr. Florentino Pérez, director of Inversiones Vesán, S.A.
Mr. Manuel Delgado Solís	Percacer, S.A.	Lawyer
Mr. Manuel Delgado Solís	Imvernelin Patrimonio, S.L.	Lawyer
Mr. Santos Martínez-Conde Gutiérrez- Barquín	Corporación Financiera Alba, S.A.	Board Member of Banca March, S.A., Main shareholder of Corporación Financiera Alba, S.A.

B.1.18. Indicate whether any amendments have been made to the Regulations of the Board of Directors during the year:

	Yes	No
	X	

Description of amendments

Amendment to Articles 5 and 8 of the Regulations of the Board of Directors, which shall be worded as follows:

Article 5. Duty to inform shareholders

In order for the General Shareholders' Meeting to appropriately perform its functions, the Company's Board of Directors must make available to shareholders, prior to each Meeting being held, all information that may be legally required or which, without being so, must reasonably be provided in accordance with the interests of the company and of the shareholders, in order for them to lay down criteria. In this regard, the Board of Directors is obliged to respond to shareholders' requests, regardless of whether these requests are formulated before or after General Shareholders' Meetings, provided that the Company's interests are not jeopardised.

For the purposes transparency and maximum distribution of the corresponding information and to facilitate immediate access to it by shareholders, and investors in general, the Board of Directors shall have a Company web page that includes all those documents that are for general dissemination and, especially, the Company bylaws; the Regulations of the Board of Directors; the reports which, in accordance with legislation in force, must be given to the stock markets; the call notices to the General Shareholders' Meetings and the proposals that are submitted for deliberation and approval as well as the resolutions adopted at recently held General Shareholders' Meetings.

Additionally, the Web Page shall include the composition of the Board of Directors, and the professional profile of each Board Member; the other Board of Directors of which he is a member, whether he is an executive and proprietary Board Member, and the shareholder which he represents; or whether he is an independent or external Board Member; the date on which he was appointed, and if applicable, re-elected; and the company shares or share options which he holds.

Article 8. Meetings and call notices

The Board shall meet whenever required to do so by the Company's interests, prior notice from the Chairman or, in his or her absence, by a Deputy Chairman, either on his or her own initiative or on the request of, at least, two Board Members. In any event, the Board shall meet at least six times a year in order to periodically examine the Group's progress compared to the budgets and previous year. Call notice shall be given by means of letter, telex, telegram, telefax or any other means of written communication that permits verification that it has been received by the various Board Members, including the agenda.

Except in cases of emergency, which shall be freely determined by the Chairman, notice must be given at least three days in advance of the date on which the Board Meeting is expected to be held.

The Board of Directors shall meet at the Company registered office or at any other location determined by the Chairman and specified in the call notice.

Attendance of Board Members at the Board of Directors meetings shall be equally valid by means of remote communication, provided that these means allow the Board Members attending to mutually recognised and identify each other, to be in permanent communication, and to take the floor and vote in real time. Board of Director meetings that are attended by Board Members through means of remote communication, in accordance with that provided in this article, shall be considered unique and held at the location from where the Chairman of the body, or whoever stands in for him, is attending. The meeting minutes and certificates of the resolutions must express the adoption thereof.

The Board of Directors shall empower one of the independent Board Members to:

1. Call a meeting of the Board of Directors.
2. Request that new items be added to the Agenda of the Board of Director's meeting.
3. State and coordinate the voicing of concerns by independent, proprietary and external Board Members.
4. Direct the evaluation by the Board of Directors of its Chairman.

The Board Members that constitute at least one third of the members of the Board may call a meeting, indicating the agenda and as to whether the meeting is to be held at the company's registered office, if the Chairman failed to call the meeting, without just cause, within a period of one month after having submitted the request to do so.

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1.19. Indicate the procedures for the appointment, re-election, evaluation and removal of Board Members. List the competent bodies, the formalities to be fulfilled and the criteria to be used in each of the procedures.

Appointment of board members

The appointment of Board Members is regulated in the following articles of the Regulations of the Board of Directors, which are worded as follows:

Article 3. Composition and appointments

Within the limits stipulated in Article 13 of the Company bylaws in force and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting the number of directors and individuals or legal entities to be appointed. The appointment proposal must specify whether the director is an executive, proprietary, independent or external director.

Furthermore, should any vacancies arise, the Board of Directors may provisionally fill them among the shareholders until the next General Shareholders' Meeting where a definitive appointment shall take place.

Article 4. Functions (...) In particular, the Board of Directors shall have the following responsibilities, which cannot be delegated:

- Accept the resignation of directors.
- Appoint, remove and accept the resignation of the positions of Chairman, Deputy Chairman and Secretary to the Board.
- Appoint, remove and accept the resignation of Board Members who must form part of the Commissions and Committees envisaged in these Regulations.
- Delegate to any of their members, in full or in part, the powers corresponding to the Board, except those which cannot be delegated.
- Prepare the individual and consolidated financial statements and directors' reports and submit them for approval by the General Shareholders' Meeting. Draw up an annual report on the Board Member's remuneration policy, which shall be submitted to an advisory vote at the Company's General Shareholders' Meeting as a separate item on the agenda.
- Draw up reports, including the Annual Corporate Governance Report, and the proposals which, in accordance with the legislation in force and the Company bylaws, the Board of Directors is responsible for adopting.
- Approve the yearly budget.
- Approve the merger, acquisition, spin-off or business combinations involving the Group's main subsidiaries of which the Company is the Parent.
- Approve the block issue of debentures, promissory notes, bonds or similar securities by the Group's main subsidiaries of which the Company is the Parent.
- Approve the transfer of rights regarding the brand name, trademarks and other intellectual and industrial property rights that belong to the Company or the companies of its Group, whenever they are of financial relevance.
- Assess each year the quality and efficiency of its operation; the Chairman and, if appropriate, CEO's performance of their duties, following the issuance of a report by the Appointments and Remuneration Committee; and the operation of the Board of Director's Committees, following the issuance of a report by these Committees.
- Amending these Regulations.
- Carry out, in general, all functions that correspond by law, by regulation or in accordance with these Regulations, and to perform any other functions which have been delegated thereto by the General Shareholders' Meeting. The Board may, in turn, only delegate those that are expressly permitted in the resolution on delegation of the General Shareholders' Meeting.

Article 11. Term of appointment for Board Members

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.

Notwithstanding the above, proprietary Board Members must resign when the shareholder they represent fully disposes of his shares by any means.

Article 17. The Chairman

The Board shall elect a Chairman from among its members, who, in addition to the functions that may correspond in accordance with the legislation in force, the Company bylaws and these Regulations, shall perform the tasks corresponding to his or her condition as the Company's maximum executive, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee.

The Chairman shall enjoy the broadest powers for performing his or her tasks and, unless other stipulated by law, may fully or partially delegate such powers to other Board Members and the Company's management personnel and, in general, whoever he or she deems advisable or necessary.

Article 18. The Deputy Chairmen

The Board may also elect from among its Board Members one or two Deputy Chairmen who shall act as the Chairman in cases of delegation, absence or illness and, in general, perform all the tasks that may be entrusted to them by the Chairman, the Executive Committee and the Board of Directors.

Substitution of the Chairman shall take place by chronological order of the Deputy Chairmen's appointment, in the absence of such order, by order of seniority and, lastly by order of greater to lesser age.

Article 19. The Chief Executive Officer

The Board may appoint a Chief Executive Officer, delegating him the powers deemed expedient except those which, by law or Company bylaws, cannot be delegated.

Article 20. The Secretary

Following the issuance of a report by the Appointments and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-Board Member, and who must be a practising lawyer. Apart from the functions laid down by the legislation in force, the Company bylaws and these Regulations, the Secretary to the Board of Directors is responsible for ensuring that actions arising from the Company bodies he forms part of comply with the requirements of the law, issuing warnings in this respect and registering them in the minutes; and ensuring that the Board of Directors bears in mind in its actions the recommendations of the Unified Code of Good Corporate Governance in force.

B. MANAGEMENT STRUCTURE OF THE COMPANY

Article 24. The Appointments and Remuneration Committee

Likewise, the Board of Directors shall set up an Appointments and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions indefinitely or during the term for which they were elected. The appointment of the Chairman must fall on one of the independent Board Members. The Secretary to the Board of Directors shall attend the Committee's meetings and shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.

The meeting shall only be deemed to be convened when the majority of its members attend and agreements shall be adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie. The Committee shall meet, when convened by the Chairman, at least twice a year.

The Appointments and Remuneration Committee has the following tasks:

1. Report on the remuneration system for the Chairman of the Board of Directors and other senior executives in the Company. Where appropriate, make the pertinent recommendations to the Board so that the succession of the Chairman and, if applicable, Chief Executive Officer, proceeds in a planned and orderly manner. Consult with the Chairman, and if appropriate, the Chief Executive Officer, on any matters within its competence affecting the Company's executive Board Members and other senior executives.
2. Report on the distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other payments corresponding to executive Board Members in relation to their functions.
3. Report on the remuneration of Board Members.
4. Report on multi-annual plans that may be set up according to share value such as share option plans.
5. Propose the appointment or re-election of independent Board Members and report on the proposals for the appointment of other Board Members and the Secretary to the Board of Directors. For these purposes, the skills, knowledge, experience and dedication to the good performance of their duties of those proposed as Board Members should be assessed. The Committee shall also report on the proposed early resignation of any independent Board Members.
6. Propose appointments of senior executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts.
7. Issues relating to gender diversity on the Board of Directors.
8. Any other matters under its competence pursuant to these Regulations, which may be especially entrusted to it by the Board of Directors.

Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointments and Remuneration Committee shall be governed by the provisions of these Regulations regarding the operation of the Board of Directors.

Re-election of board members

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year.

Notwithstanding the above, proprietary Board Members must resign when the shareholder they represent fully disposes of his shares by any means.

Removal of board members

The removal of Board Members is regulated in the following articles of the Regulations of the Board of Directors, which are worded as follows:

Article 3. Composition and appointments

Within the limits stipulated in Article 13 of the Company bylaws in force and notwithstanding the powers of proposal which, under the legislation in force, may correspond to the shareholders, the Board of Directors shall be responsible for proposing to the General Shareholders' Meeting the number of Board Members and individuals or legal entities to be appointed. The appointment proposal must specify whether the Board Member is an executive, proprietary, independent or external Board Member.

Furthermore, should any vacancies arise, the Board of Directors may provisionally fill them among the shareholders until the next General Shareholders' Meeting where a definitive appointment shall take place.

Article 4. Functions (...) In particular, the Board of Directors shall have the following responsibilities, which cannot be delegated:

Accept the resignation of Board Members.

Appoint, remove and accept the resignation of the positions of Chairman, Deputy Chairman and Secretary to the Board.

Appoint, remove and accept the resignation of Board Members who must form part of the Commissions and Committees envisaged in these Regulations.

Article 11. Term of appointment for Board Members

Board Members shall hold their positions during the six-year term for which they were elected. They may be re-elected one or more times for terms of the same maximum duration.

Should a vacancy exist for any reason, the Board may provisionally fill it from among the shareholders until the next General Shareholders' Meeting, where a definitive appointment shall take place.

The appointment of the Board Members shall expire when the term has ended and the next General Meeting has been held, or following the legal period within which the Meeting is to be held to resolve on whether or not to approve the financial statements for the previous year

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1.20. Indicate the cases in which the Board Members must resign.

In accordance with Article 11 of the Regulations of the Board of Directors, proprietary Board Members shall resign from the Board of Directors when the shareholder they represent fully disposes of his shares by any means.

B.1.21. State whether the chairman of the Board of Directors also performs the functions of the company's chief executive. If so, describe the measures taken to limit the risks of power being concentrated in the hands of one person:

	Yes	No
	X	

Measures to limit risks

The Chairman of the Board, Mr. Florentino Perez Rodriguez, is also CEO and has been delegated all the powers of the Board except those that cannot be delegated. Therefore, in accordance with the Regulations of the Board of Directors, the Chairman shall undertake the duties that befit the status of the chief executive officer of the Company, within the guidelines laid down by the General Shareholders' Meeting, the Board of Directors and the Executive Committee. His duties are not only delimited by this scope of powers that cannot be delegated, but also by the duties that he carries out as the Chairman of the Executive Committee.

Also noteworthy is that any resolution of special relevance to the Company shall be submitted to the approval of the Board of Directors, and an absolute majority shall be required, in which case neither the Chairman nor the corresponding Committee shall have a casting vote.

Indicate and, if applicable, explain whether rules have been established to enable one of the independent Board Members to convene a Board meeting or add items to the agenda, to coordinate and give voice to the concerns of external Board Members and lead the Board's evaluation of the Chairman.

	Yes	No
	X	

Explanation of the rules

In accordance with the Regulations of the Board, an independent Board Member shall have this power, and for these purposes, Mr. Miguel Roca Junyent has been appointed.

B.1.22. Are qualified majorities, other than statutory majorities, required for any type of decision?:

	Yes	No
		X

Indicate how resolutions are adopted by the Board of Directors and specify, at least, the minimum attendance quorum and the type of majority for adopting resolutions:

—

B.1.23. State whether there are any specific requirements, apart from those relating to the Board Members, to be appointed chairman.

	Yes	No
		X

B.1.24. Indicate if the chairman has a casting vote:

	Yes	No
		X

B.1.25. Indicate whether the bylaws or the Board Regulations set any age limit for Board Members:

	Yes	No
		X

Age limit of chairman	Age limit of chief executive officer	Age limit of Board Member
0	0	0

B.1.26. Indicate whether the bylaws or the Board regulations set a limited term of office for independent Board Members:

	Yes	No
		X
Maximum number of years in office		0

B.1.27. In the event that there are few or no female Board Members explain the reasons for the situation and the measures taken to correct it.**Explanation of reasons and measures taken**

Equal opportunity and non-discrimination, basic principles of ACS included in the Company's Code of Conduct, are determining factors when promoting the professional and personal development of all ACS employees, and the Company assures equal opportunities through its policies. The effectiveness of this equal opportunities policy is guaranteed since it is accompanied by measures aimed at breaking down the traditional barriers on the entrance of females in a sector which is traditionally male and measures to reconcile professional and personal life, which has enabled it to increase the number of women with executive responsibilities in the Group.

In particular, indicate whether the Appointments and Remuneration Committee has established procedures for selection processes to ensure that they do not suffer from any implicit bias against women candidates and that purposely identify candidates with the target profile:

	Yes	No
		X

B.1.28. Indicate whether there are any formal procedures for granting proxies to vote at Board meetings. If so, give brief details.

Without prejudice to attendance obligations, Board Members who are unable to attend a meeting in person may be represented and cast a vote through another Board Member. This proxy must be sent to the Chairman in writing in the form of a letter, telegram, telex or fax or any other written means that allows its reception by this addressee to be verified.

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1.29. Indicate the number of Board meetings held during the year and how often the Board has met without the chairman's attendance:

Number of Board meetings	6
Number of Board meetings without chairman's attendance	0

Indicate how many meetings of the various Board committees were held during the year:

Number of Executive or Delegated Committee meetings	11
Number of Audit Committee meetings	7
Number of Appointments and Remuneration Committee meetings	2
Number of Appointments Committee meetings	0
Number of Remuneration Committee meetings	0

B.1.30. Indicate the number of Board meetings held during the year that were not attended by all the Board Members. The calculation of absences shall include proxies granted without specific instructions:

Number of Board Member absences during the year	5
Number of absences as a % of the total votes during the year	4.900

B.1.31. Indicate whether the separate and consolidated financial statements submitted for approval by the Board are certified previously:

	Yes	No
	X	

Identify, if applicable, the person(s) who certified the company's separate and consolidated financial statements for authorisation for issue by the Board:

Name	Position
Mr. Ángel Manuel García Altozano	Corporate General Manager

B.1.32. Explain the mechanisms, if any, established by the Board of Directors to prevent qualified auditors' reports on the separate and consolidated financial statements prepared by it from being submitted at the General Meeting.

In this respect, routine meetings are held between the accounts auditor and the Audit Committee to analyse with sufficient notice any differences between the accounting criteria of the Company and its Group and the auditors' interpretation of the accounts. The foregoing is in accordance with Article 20 bis of the Company bylaws. It is considered that the 2012 auditors' reports on ACS Actividades de Construcción y Servicios, S.A. and the ACS Group will be favourable, as they were in 2010 and 2011.

B.1.33. Is the Secretary of the Board a Board Member?

	Yes	No
	X	

B.1.34. Explain the procedure for appointing and removing the secretary of the Board and indicate whether the appointment and removal are subject to a report of the Appointments Committee and are approved by the Board in plenary session**Procedure for appointment and dismissal**

Following the issuance of a report by the Appointments and Remuneration Committee, the Board of Directors shall appoint a Secretary, who may be a non-Board Member, and who must be a practising lawyer. In addition to the duties laid down by current legislation, the Company bylaws and these Regulations, the Secretary of the Board of Directors must also oversee the legality of the acts issued by the company bodies that he forms part of, providing the due warnings and recording them in the minutes. The appointment of the Secretary was not reported to the Appointments and Remuneration Committee since he was appointed years prior to the formation of this Committee.

	Yes	No
Does the Appointments Committee report on the appointment?	X	
Does the Appointments Committee report on the dismissal?	X	
Does the Board in plenary session approve the appointment?	X	
Does the Board in plenary session approve the removal?	X	

Is the secretary of the Board particularly entrusted with ensuring compliance with good governance recommendations?

	Yes	No
	X	

B.1.35. Indicate the mechanisms, if any, established by the company to preserve the independence of the auditors, of financial analysts, investment banks and of rating agencies.

With regard to the auditor, Article 23 of the Board Regulations expressly stipulates that the duties of the Audit Committee shall be as follows:

- Monitor the effectiveness of the Company's internal control, internal audit and, if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.
- Oversee the preparation and presentation of the regulated financial information.
- Propose to the Company's Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms in accordance with applicable law.
- Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards. In any case, auditors and audit firms shall annually furnish the committee with written confirmation of their independence from the company or directly

B. MANAGEMENT STRUCTURE OF THE COMPANY

and indirectly related companies, in addition to reporting any additional services of any type presented to these companies by the aforementioned auditors or firms, or related individuals or companies, in accordance with the provisions of current Spanish legislation.

- Annually and prior to issuing the auditors' report, issue a report expressing an opinion on the independence of the auditors or audit firms. In any case, this report shall give an opinion on the provision of the additional services mentioned above.
- Review and report on the estimates made by Company management and of those companies comprised within its Group of companies with respect to possible significant tax and legal contingencies.
- Ascertain the results of inspections conducted by official entities.

B.1.36. Indicate whether the company changed its external auditors during the year. If so, identify the incoming and outgoing auditor:

	Yes	No
		X

Outgoing auditor	Incoming auditor

In the event of any disagreement with the outgoing auditors, specify the substance thereof:

	Yes	No
		X

B.1.37. Indicate whether the audit firm performs other non-audit work for the company and/or its group, and if so, state the amount of fees received for such work and the percentage they represent of the fees billed to the company and/or its group:

	Yes	No
	X	

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	736	2,142	2,878
Amount of other non-audit work/total amount billed by audit firm (as a %)	78.220	16.300	20.440

B.1.38. Indicate whether the auditors' report for the previous year included any reservations or qualifications. If so, indicate the reasons given by the chairman of the Audit Committee to explain the content and scope of the reservations or qualifications

	Yes	No
		X

B.1.39. Indicate the number of consecutive years during which the current audit firm has been auditing the financial statements of the company and/or its group. Also indicate the number of years audited by the current audit firm as a percentage of the total number of years during which the financial statements have been audited:

	Company	Group
Number of uninterrupted years	11	11

	Company	Group
Number of years audited by current audit firm/number of years the company has been audited (as a %)	47.8	47.8

B.1.40. Indicate any ownership interests, disclosed to the company, held by the members of the company's Board of Directors in the capital of entities engaging in an activity that is identical, similar or complementary to the activity that constitutes the object of the company or of its group. Also indicate the positions they hold or the functions they discharge at these companies:

Name or company name of the Board Member	Name of the company in question	% of ownership interest	Position or functions
Mr. Antonio García Ferrer	Ferrovial, S.A.	0.000	--
Mr. Pablo Vallbona Vadell	Abertis Infraestructuras, S.A.	0.001	Board Member
Mr. Javier Monzón de Cáceres	Indra Sistemas, S.A.	0.094	Chairman
Mr. Juan David Grimà Terré	Cory Environmental MGT LTD UK.	0.000	Board Member
Mr. Juan March de la Lastra	Indra Sistemas, S.A.	0.009	Board Member
Mr. Julio Sacristán Fidalgo	Abertis Infraestructuras, S.A.	0.000	--
Mr. Pedro José López Jiménez	Grupo Terratest.	45.000	Chairman (through Fapindus, S.L.)
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Ferrovial, S.A.	0.001	--
	Iberdrola, S.A.	0.001	--
	Gas Natural SDG, S.A.	0.001	--
	Repsol YPF, S.A.	0.001	--
	Abertis Infraestructuras, S.A.	0.001	--
	Telefonica, S.A.	0.001	--
	Endesa, S.A.	0.000	--
	Fomento de Construcciones y Contratas, S.A.	0.004	--
	Técnicas Reunidas, S.A.	0.002	--
	Enagás, S.A.	0.002	--
Mr. José Luis del Valle Pérez	Indra Sistemas, S.A.	0.004	--
	Sagital, S.A.	5.100	--
	Del Valle Inversiones, S.A.	33.330	Joint and Several

B.1.41. Indicate whether there is a procedure for Board Members to be able to receive outside advisory services, and if so, give details:

	Yes	No
	X	

Details of the procedure

Article 15 of the Board Regulations expressly provides that Board Members have the right to request and obtain information and advice required to carry out their functions. This information may be requested through the Chairman or Secretary of the Board and, under special circumstances, may consist of external advice at the Company's expense.

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.1.42. Indicate whether there is a procedure for the Board Members to be able to receive the necessary information to prepare for meetings of the managing bodies sufficiently in advance, and if so, give details:

	Yes	No
	X	

Details of the procedure

Article 15 of the Board Regulations expressly provides that Board Members have the right to request and obtain information and advice required to carry out their functions. This information may be requested through the Chairman or Secretary of the Board.

B.1.43. Indicate, whether the company has established rules obliging Board Members to report and, if applicable, resign, in situations which could harm the company's good name and reputation and if so, give details:

	Yes	No
	X	

Explanation of the rules

Article 13 expressly states that in regard to the duty of loyalty, Board Members shall avoid conflicts of interest among themselves, or their most immediate relatives and the Company. Should any conflict of interest exist and be unavoidable, it must be reported to the Board of Directors and recorded in the minutes of the first Board meeting that takes place. Furthermore, they must notify the Company as soon as possible, and in all cases, within the five following days, of the shares, share options or derivatives referring to the share value which may be directly or indirectly held by either the Board Members themselves and by their most direct relatives.

Board Members must notify the Company of the most significant changes that take place in their professional circumstances, and especially, those affecting the qualities taken into account for appointing them as such. Furthermore, they shall notify the Company of any legal or administrative proceedings which, on account of their importance, may seriously affect the Company's reputation.

The Board Members shall abstain from intervening in the deliberations and casting their vote on those matters in which they have a particular interest, which will be expressly registered in the Minutes.

B.1.44. Indicate whether any of the Board Members have informed the company of any indictments or the commencement of oral proceedings against him/her for any of the offences specified in Article 124 of the Spanish Public Limited Liability Companies Law:

	Yes	No
		X

Indicate whether the Board of Directors has analysed the case. If this response is affirmative, explain the reasons for the decision taken as to whether or not this Board Member shall continue to hold office.

	Yes	No
		X

Decision taken	Detailed explanation

B.2. Committees of the Board of Directors

B.2.1. Give details of all the committees of the Board of Directors and their members:

Executive or Delegated Committee

Name	Position	Type
Mr. Florentino Pérez Rodríguez	Chairman	Executive
Mr. José María Loizaga Viguri	Deputy Chairman	Independent
Mr. Antonio García Ferrer	Member	Executive
Mr. Javier Echenique Landiribar	Member	Proprietary
Mr. Juan March de la Lastra	Member	Proprietary
Mr. Pablo Vallbona Vadell	Member	Proprietary
Mr. Pedro José López Jiménez	Member	Other External

Audit Committee

Name	Position	Type
Mr. José María Loizaga Viguri	Chairman	Independent
Mr. José Álvaro Cuervo García	Member	Independent
Mr. Julio Sacristán Fidalgo	Member	Proprietary
Mr. Manuel Delgado Solís	Member	Proprietary
Mr. Santos Martínez-Conde Gutiérrez-Barquín	Member	Proprietary

Appointments and Remuneration Committee

Name	Position	Type
Mr. José María Loizaga Viguri	Chairman	Independent
Mr. Javier Echenique Landiribar	Member	Proprietary
Mr. Julio Sacristán Fidalgo	Member	Proprietary
Mr. Miguel Roca Junyent	Member	Independent
Mr. Pablo Vallbona Vadell	Member	Proprietary

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.2.2. Indicate whether the Audit Committee is charged with the following duties.

	Yes	No
Supervise the preparation and integrity of the financial information of the Company and, if applicable, of the group, and check compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.	X	
Review internal control and risk management systems on a regular basis, so that the main risks are properly identified, managed and disclosed.	X	
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the internal audit department's budget; receive regular reports on its activities; and verify that senior management acts on the findings and recommendations of its reports.	X	
Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.	X	
Propose to the Board the selection, appointment, re-election and replacement of the external auditors, as well as the terms and conditions of the engagement.	X	
Receive regular information from the external auditors on the progress and findings of the audit plan, and check that senior management is acting on its recommendations.	X	
Ensure the independence of the external auditor.	X	
In the case of groups, the Committee should prevail on the group auditors to take on the auditing of all component companies.	X	

B.2.3. Describe the rules relating to the organisation and functioning of the Board committees, as well as the responsibilities attributed to each of them.

Committee name	Brief description
Executive or Delegated Committee	<p>The Executive Committee shall be made up of the Chairman of the Board of Directors, who shall act as its Chairman, and by the Deputy Chairman or both Deputy Chairmen, in the event that these positions had been appointed, of Board Members appointed by the Board of Directors for such purpose, and of the Secretary to the Board, with the right to speak but not to vote, who shall act as its Secretary.</p> <p>The Executive Committee shall meet as often as it is convened by its Chairman, on his or her own initiative or at the request of, at least, two of its members. It shall be deemed to be set up when the majority of its members attend, present or represented, and unless the legislation in force, the Company bylaws or these Regulations provide otherwise, it shall adopt its agreements by majority vote of those attending, present or represented.</p> <p>The Executive Committee shall exercise all duties delegated thereto by the Board of Directors, except those that cannot be delegated by law or the company bylaws. Nevertheless, the Board of Directors may pass on knowledge of and the decision upon any matter of its competence, and on its part, the Executive Committee may subject the decision on any matter to the Board of Directors, which even though a matter of its competence, deems necessary or expedient for the Board to decide upon.</p> <p>Insofar as deemed necessary, and with the natural adaptations, the operation of the Executive Committee shall be governed by the provisions of the company bylaws or the Board regulations regarding the operation of the Board of Directors.</p>
Audit Committee	<p>In accordance with the provisions of Article 20 bis of the Company bylaws, there shall be an Audit Committee made up of a minimum of three and a maximum of five members who shall be appointed and discharged, from among its members, by the Board of Directors. Under no circumstances may such appointment cannot fall to anyone who currently performs or who has carried out tasks of an executive or labour-related nature in the Company during the three immediately preceding years. At least one of the members of the Audit Committee shall be independent and shall be appointed on the basis of his or her knowledge and experience in accounting or auditing or both. The Chairman's appointment, also to be carried out by the Board of Directors, shall necessarily correspond to one of the Company's external Board Members, who may not remain in such position for a period in excess of four years, although he may, nevertheless, be re-elected after the term of one year has elapsed from the moment of termination. The Secretary to the Board of Directors shall attend the Committee's meetings and shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.</p> <p>The meeting shall only be deemed to be convened when the majority of its members attend and it shall adopt its agreements by majority vote of those attending, with the Chairman having the casting vote in the event of a tie. The Committee shall meet, when convened by the Chairman, at least twice a year, coinciding with the initial and final stages of the audit of the Company's financial statements and of the Group's consolidated financial statements and always prior to issuing the corresponding audit reports. Meetings may be attended, when specially summoned, by the auditor of the Company for the purposes of explaining the most significant aspects in the audits carried out.</p> <p>Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Audit Committee shall be governed by the provisions of these Regulations regarding the operation of the Board of Directors.</p>
Appointments and Remuneration Committee	<p>Likewise, the Board of Directors shall set up an Appointments and Remuneration Committee to be made up of a Chairman and a minimum of two Members who shall be freely elected and moved, from among its members, by the Board of Directors, and who shall perform their functions indefinitely or during the term for which they were elected. The appointment of the Chairman must fall on one of the independent Board Members. The Secretary to the Board of Directors shall attend the Committee's meetings and shall act as its Secretary, with entitlement to participate but not to vote, and shall write up the minutes of the meeting, which shall be forwarded to all members of the Board of Directors following their approval.</p> <p>The meeting shall only be deemed to be convened when the majority of its members attend and agreements shall be adopted by majority vote of those attending, with the Chairman having the casting vote in the event of a tie. The Committee shall meet, when convened by the Chairman, at least twice a year.</p> <p>Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointments and Remuneration Committee shall be governed by the provisions of these Regulations regarding the operation of the Board of Directors.</p>

B. MANAGEMENT STRUCTURE OF THE COMPANY

B.2.4. Indicate, where appropriate, the advisory and consultative powers and any delegated authority held by each of the committees:

Committee name	Brief description
Executive or Delegated Committee	The Executive Committee shall exercise all duties delegated thereto by the Board of Directors, except those that cannot be delegated by law or the company bylaws. Nevertheless, the Board of Directors may pass on knowledge of and the decision upon any matter of its competence, and on its part, the Executive Committee may subject the decision on any matter to the Board of Directors, which even though a matter of its competence, deems necessary or expedient for the Board to decide upon.
Audit Committee	<p>The Audit Committee shall have the following functions:</p> <ol style="list-style-type: none"> 1. Report to the General Shareholders' Meeting on the questions presented therein on matters of their authority. 2. Monitor the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms 3. Oversee the preparation and presentation of the regulated financial information. 4. Propose to the Company's Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms in accordance with applicable law. 5. Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards. In any case, auditors and audit firms shall annually furnish the committee with written confirmation of their independence from the company or directly and indirectly related companies, in addition to reporting any additional services of any type presented to these companies by the aforementioned auditors or firms, or related individuals or companies, in accordance with the provisions of current Spanish legislation. 6. Annually and prior to issuing the auditors' report, issue a report expressing an opinion on the independence of the auditors or audit firms. In any case, this report shall give an opinion on the provision of the additional services mentioned above. 7. Review and report on the estimates made by Company management and of those companies comprised within its Group of companies with respect to possible significant tax and legal contingencies. 8. Ascertain the results of inspections conducted by official entities. 9. Ascertain the information periodically provided to the stock markets on the company's accounts. 10. Give the Board of Directors prior notice of any related party transactions to be submitted for its approval. 11. Any other matters for which it is responsible in accordance with the provisions of these Regulations, or which may be especially entrusted to it by the Board of Directors or attributed to it under current Spanish legislation.
Appointments and Remuneration Committee	<p>The Appointments and Remuneration Committee has the following tasks:</p> <ol style="list-style-type: none"> 1. Report on the remuneration system for the Chairman of the Board of Directors and other senior executives in the Company. Where appropriate, make the pertinent recommendations to the Board so that the succession of the Chairman and, if applicable, Chief Executive Officer, proceeds in a planned and orderly manner. Consult with the Chairman, and if appropriate, the Chief Executive Officer, on any matters within its competence affecting the Company's executive Board Members and other senior executives. 2. Report on the distribution among the members of the Board of Directors of the overall remuneration agreed upon by the General Shareholders' Meeting, and if applicable, the establishment of supplementary remuneration and other payments corresponding to executive Board Members in relation to their functions. 3. Report on the remuneration of Board Members. 4. Report on multi-annual plans that may be set up according to share value such as share option plans. 5. Propose the appointment or re-election of independent Board Members and report on the proposals for the appointment of other Board Members and the Secretary to the Board of Directors. For these purposes, the skills, knowledge, experience and dedication to the good performance of their duties of those proposed as Board Members should be assessed. The Committee shall also report on the proposed early resignation of any independent Board Members. 6. Proposed appointment of senior executives, especially those who will form part of the Group's Management Committee, and the basic conditions of their contracts. 7. Issues relating to gender diversity on the Board of Directors. 8. Any other matters under its competence pursuant to these Regulations, which may be especially entrusted to it by the Board of Directors. <p>Insofar as it were deemed necessary, and with the natural adaptations, the operation of the Appointments and Remuneration Committee shall be governed by the provisions of these Regulations regarding the operation of the Board of Directors.</p>

B.2.5. Indicate, as appropriate, whether there are any regulations for the Board committees; if so, indicate where they can be consulted and whether any amendments have been made during the year. Also indicate whether any annual report on the activities of each committee has been prepared voluntarily.

Committee name	Brief description
Executive or Delegated Committee	The Board Committees are governed by Articles 19, 20 and 20 bis of the bylaws and Articles 21 to 24 of the Regulations of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com . The specific rules relating to the Executive Committee are set forth in Article 22 of the Regulations of the Board of Directors.
Appointments and Remuneration Committee	The Board Committees are governed by Articles 19, 20 and 20 bis of the bylaws and Articles 21 to 24 of the Regulations of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com . The Appointments and Remuneration Committee is governed in accordance with Article 24 of the Board Regulations.
Audit Committee	The Board Committees are governed by Articles 19, 20 and 20 bis of the bylaws and Articles 21 to 24 of the Regulations of the Board of Directors. Both documents are available on the corporate website www.grupoacs.com . The Audit Committee is governed in accordance with Article 23 of the Board Regulations.

B.2.6 Indicate whether the composition of the executive committee reflects the participation of the various Board Members on the Board according to their status:

	Yes	No
	X	

C. RELATED-PARTY TRANSACTIONS

C.1. Indicate whether, subject to a favourable report of the Audit Committee or any other committee entrusted with this function, the Board in plenary session reserves the approval of company transactions with Board Members, significant shareholders or representatives on the Board or with persons related thereto:

	Yes	No
	X	

C.2. List any material transactions entailing a transfer of funds or obligations between the company or group companies and the significant shareholders of the company:

—

C.3. List any material transactions entailing a transfer of funds or obligations between the company or group companies and the company's Board Members or executives:

—

C.4. List any material transactions by the company with other companies of the same group, where such transactions are not eliminated in the process of preparing the consolidated financial statements and from the standpoint of their subject-matter or terms and conditions are not part of the company's ordinary business:

—

C.5. Indicate any conflicts of interest of the company's Board Members, as provided for in Article 127 ter of the Spanish Companies Law.

	Yes	No
		X

C.6. List the mechanisms in place for detecting, identifying and resolving any potential conflicts of interest between the company and/or its group and its Board Members, executives or significant shareholders.

1. There are several standards included in the Board Regulations. Article 13 of the Board Regulations specifically governs conflicts of interest, whereupon by virtue of their loyalty as Company representatives, Board Members shall avoid any conflicts of interest between themselves, or their closest relatives, and the Company. Should any conflict of interest arise that cannot be avoided, it must reported to the Board of Directors, and recorded in the minutes of the next Board Meeting.

Furthermore, they must notify the Company as soon as possible, and in all cases, within the five following days, of the shares, share options or derivatives referring to the share value which may be directly or indirectly held by either the Board Members themselves and by their most direct relatives.

Board Members must notify the Company of the most significant changes that take place in their professional circumstances, and especially, those affecting the qualities taken into account for appointing them as such. Furthermore, they shall notify the Company of any legal or administrative proceedings which, on account of their importance, may seriously affect the Company's reputation.

The Board Members shall abstain from intervening in the deliberations and casting their vote on those matters in which they have a particular interest, which will be expressly registered in the Minutes.

Article 14 on non-competition and use of information stipulates that Board Members may not form part of more than five management bodies of companies other than those in the group of companies in which the company is the parent, without previous express authorization from the Board provided on a reasonable basis. For these purposes, companies in the same group shall be considered as a single company. Board Members may not directly or indirectly hold positions in or represent companies or organisations that are in competition with the Company or with any company of its Group.

Board Members may not use in any manner non-public information of which they have become aware in carrying out their duties as Board Member for private purposes. In particular, Board Members may not take advantage, for their own benefit, of the commercial operations of which they have become aware in carrying out these duties unless expressly authorized by the Board of Directors.

Except in cases of duly authorized benefits in kind, Board Members may not make use of the Company's assets or take advantage of their position to obtain advantages relating to assets without satisfying adequate consideration.

2. There are Rules of Conduct for Securities Markets that include a set of rules designed to detect and regulate any possible conflicts of interest between the company and/or its group, and its Board Members, executives or significant shareholders.

The Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., through the use of the powers delegated by the Board of Directors, approved the Rules of Conduct for Securities Markets at its meeting held on 17 July 2003. This was reported to the National Securities Market Committee (CNMV) on 31 July 2003. At its meeting held on 1 July 2004, the Board of Directors unanimously agreed to approve a series of amendments to the Rules of Conduct for Securities Markets, which were reported to the CNMV on 2 July 2004.

In general, the Rules of Conduct apply to the members of the Board of Directors, members of the Group's Management Committee and to those Company representatives and staff who carry out activities that may have an essential bearing on the price of the Company's shares. They also apply to Company representatives or staff and to external advisers who, with respect to a specific operation, are aware of privileged or reserved information regarding the Company's securities.

The Monitoring Unit envisaged in the Rules of Conduct will provide the stock exchange supervisory authorities with an updated list of all Board Members, Company representatives and personnel, and external consultants subject to the rules in a general or specific manner. Both inclusion in, and exclusion from, such list shall be reported in writing to the affected parties by the Chairman of the Monitoring Unit.

C. RELATED-PARTY TRANSACTIONS

The Rules apply to matters concerning shares, share options and similar agreements involving the right to subscribe or acquire Company shares, or whose underlying asset involves Company shares, convertible or non-convertible bonds, debentures, promissory notes, subordinated debt and, in general, any type of financial instrument issued by the Company or, where appropriate, Group companies. The Rules of Conduct shall also apply to cases of conflicts of interest pursuant to Article 7 thereof.

All persons who are subject to these Regulations must abstain from conducting or preparing to conduct any type of action that distorts the free formation of prices on the stock market, and must abstain from using, whether in their own benefit or in benefit of third parties, any kind of privileged or relevant information relating to the stock market which they may have obtained in the performance of their functions in or for the Company.

All members of the Board of Directors, Company representatives and staff who have information that could be deemed as privileged and which refers to the transferable securities and financial instruments issued by the Company itself or by companies of its group, have the obligation to safeguard it, notwithstanding their obligation to communicate and collaborate with the legal and administrative authorities in the terms provided for by law.

In the stages of study or negotiation of any kind of legal or financial operation that may significantly influence the market price of the securities referred to in these Rules, the Company's managers of such operations shall be obliged to:

- a) Limit knowledge of the information strictly to those persons, internal or external to the organisation, whose participation is essential.
- b) Maintain a register of documents for each operation including the names of the persons referred to above and the date on which each of them became aware of the information.
- c) Expressly warn the persons included in the register on the nature of the information and their duty to confidentiality and the prohibition of its use.
- d) Set up security measures for the safe-keeping, filing, access, reproduction and distribution of the information.
- e) Monitor the evolution of the market in transferable securities or financial instruments relating to the operation in process in addition to the news broadcast by the media, whether specialized in economic information or not, which may affect them.
- f) In the event of an abnormal trend in traded volumes or prices and if there are reasonable grounds to believe that these changes are the result of premature, partial or distorted reporting of the transaction, the individuals responsible for the transaction shall immediately inform the General Secretary and the Board, who shall then report a relevant occurrence, providing clear and precise information on the status of the transaction in progress or containing advanced notice of the information to be made public.

The persons subject to these Rules who carry out any kind of operation on transferable securities or financial instruments issued by the Company must comply with the following:

- a) Report in writing to the Company, through the Chairman of the Monitoring Unit, on any type of operation involving the sale, purchase or acquisition of option rights carried out in their own benefit which is related to the securities that constitute the scope of application of these Rules. Operations carried out by spouses shall be deemed equivalent to operations carried out by individuals themselves, unless they only affect their personal or exclusive assets in accordance with the rules governing their

matrimonial property, as shall those carried out by children not of legal age or handicapped persons under the parental control of the person under obligation or by companies controlled, directly or indirectly by them or by intermediate persons. Those operations where there has been no participation at all by the person subject to these Rules are exempt from these disclosure requirements since they were ordered by the institutions which the affected party has entrusted to manage his portfolio. In this case, it is sufficient to notify the Chairman of the Monitoring Unit of the existence of the portfolio management contract and the name of the management agency.

- b) Report, in full detail, upon request by the Chairman of the Monitoring Unit, on the operations carried out independently and related to the securities that constitute the scope of application of these Rules.
- c) Notify the Chairman of the Monitoring Unit in writing, at the moment of accepting the position of Board Member, Company representative or staff member subject to these Rules, of the list of the securities of the Company or of the Group institutions that he or she owns, directly or indirectly through controlled companies or intermediate persons or institutions or which act of a common accord, in addition to those which belong to their children below legal age or to handicapped persons under the parental control of the obligated individual or to his or her spouse, unless in the last of these cases they belong to his or her private and exclusive assets in accordance with the rules governing their matrimonial property. Furthermore, they must report, also in writing, the existence of any established portfolio management contract and the name of the management agency.
- d) Submit to the Monitoring Unit, through its Chairman, any doubts regarding the application of these Rules, thereby abstaining from any activity until the corresponding response to the query submitted has been received.

Notwithstanding the foregoing, when transactions involving securities or financial instruments issued by the Company are performed by Board Members, they must also inform the stock markets on which the securities are traded and the National Securities Market Commission (CNMV) in the terms envisaged by Law.

The Secretary to the Monitoring Unit shall conserve, duly filed and ordered, the communications, notifications and any other action relating to these Rules, safeguarding the confidentiality of such file, and at any time may request confirmation from the persons subject to these Rules of the balances of securities and financial instruments arising from their file.

The Monitoring Unit, through its Chairman, is responsible for determining and updating which persons are subject to these Rules of Conduct. The Monitoring Unit shall be made up of the Secretary to the Board of Directors, who shall act as Chairman, by the General Corporate Manager and by the Administration Manager, who shall act as its Secretary.

Failure to comply with these Rules of Conduct, developed in accordance with current standards for order and discipline on the stock markets, could result in the application of the corresponding administrative sanctions and other consequences arising from applicable legislation. Insofar as they affect Company staff, they shall be considered professional misconduct.

C.7. Is more than one Group company listed in Spain?

	Yes	No
		X

Identify the listed subsidiaries:

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D. RISK CONTROL SYSTEMS

D.1. General description of the risk policy of the company and/or its group, giving details of and evaluating the risks covered by the system, together with evidence that the system is appropriate for the profile of each type of risk.

The ACS Group's risk control system is based on a range of strategic and operational actions designed to mitigate risks and fulfil the objectives established by the Board of Directors.

The diversity and complexity of the sectors in which the Group carries out its activities implies a variety of risks; the Corporate Unit is responsible for defining basic guidelines in order to homogenise performance criteria in each of the divisions to guarantee an adequate level of internal control. The companies and divisions of the Group are responsible for developing the required and appropriate internal regulation to govern the implementation of any necessary internal controls, which, in turn, shall guarantee optimum performance of such internal control in accordance with the special circumstances of their activities.

In order to respond to the need for global and homogeneous risk management, the Corporate Unit has established a risk management model which includes the identification, evaluation, classification, valuation, processing and follow-up of risks at the Group and operational business line levels. Once these risks have been identified, a risk map is prepared.

In light of the above, risks have been identified as follows:

- Operating risks, stemming from the different businesses that the Group develops and which vary depending on the area of activity, but which can be summarised in risks relative to entering into contracts, planning and control of the execution of the various works and projects, quality-related risks, environmental risks, and risks related to international activities.
- Non-operating risks, which also vary depending on the different businesses that the Group develops, such as risks relating to image, human resources, legal or regulatory matters, tax, financial matters and insurance coverage. Non-operating risks includes, with particular importance, those related to control and risk management systems related to the disclosure of financial information onto the market.
- The aforementioned systems are detailed in the report supplementing these Annual Corporate Governance Report regard the matters contained in Article 61 bis of the Securities Market Law.
- As indicated previously, the Group's risk control systems are based on a series of strategic and operational actions aimed at complying with risk policies by each area of Group activity. The actions are organised according to a decentralised model that allows each business unit to carry out its risk control and evaluation policies in accordance with certain basic principles. These principles are the following:
 - Definition of the maximum risk limits that may be assumed by each business in accordance with the characteristics and expected return of the same, and which are implemented at the time contracts are entered into.
 - Establishment of procedures to identify, approve, analyse, control and report the different risks for each business area.
 - Coordination and communication to ensure that the risk policies of each business area are consistent with the Group's overall risk strategy.

The systems provide the necessary information to supervise and evaluate the risk exposure of each business area and develop the corresponding management information required for decisions with the monitoring of the appropriate indicators.

The control systems implemented in each business area may be classified into the following categories:

Management systems for the entering into contracts and bidding processes for works and projects

Aimed at evaluating the profitability of projects from a technical and economic point of view, with sufficient guarantees to ensure client solvency.

Management systems for the planning and execution of works and projects

The Group and the various activity areas have several economic and production control systems designed to give reliable knowledge of the economic forecasts and deadlines for projects, from planning phase through execution of the projects, and information on the actual status at all times. These systems are part of a comprehensive economic and budgetary control system for each business area, and are adapted to the characteristics of their activities in order to provide the necessary information to the persons responsible for each area so that they may control the risks deriving from any possible deviation and make the appropriate decisions to optimise the management process. All information is kept in economic information systems which allow the consolidated parameters to be easily monitored and controlled in a dynamic and strict manner. By giving Group Management detailed knowledge of the economic situation and potential and assumed risks, the system has become an essential element in the decision-making process.

Quality management systems

These are the means used to ensure the products manufactured and the services provided are in accordance with the requirements specified in the contract, as well as legal and statutory requirements, for the purpose of ensuring client satisfaction. The systems, which meet the requirements of the ISO 9001 standard, are based on preliminary identification of the relevant processes from the quality management point of view in which the activities developed in different areas are organised in order to plan them and track them accordingly. The periodic review of the systems by the management and the setting of targets allows for on-going improvements to be made to same.

Environmental management systems

The implementation of these systems in the different business areas of the Group allows them to undertake their activities while guaranteeing maximum respect for the environment. The systems, regulated by international standard ISO 14001, are based on the identification and evaluation of environmental aspects on which the business can have an impact, planning the necessary steps in order to eliminate or minimise risks by establishing adequate control measures in accordance with current legal requirements and the environmental code of conduct corresponding to each business unit. The basic criteria are as follows:

- Incorporation of the most advanced technologies in environmental issues, such as:
 - Conservation of energy and raw materials.
 - Using recyclable and biodegradable materials.
 - Minimising waste production and a respectful treatment with the environment.
 - Promoting the reforestation and landscaping of construction sites.
- Development of specific actions for activities that so require, depending on the effect of the impact and the means to provide clients with continuous information regarding environmental risks and possible preventive measures.

D. RISK CONTROL SYSTEMS

Human resources management systems

These systems are designed to establish compensation remuneration and objectives (especially for management personnel), hiring, training, evaluation of performance, motivation, control and follow-up of collective labour agreements and policies on expatriates. Under this heading, the prevention of labour risks is noteworthy. The ACS Group has developed an occupational risk prevention policy in accordance with current legislation on which the specific control systems for each line of business are based. The criteria taken into consideration in this policy follow the basic principles of training, participation, individual responsibility and control of safety conditions. The systems are adapted to the specific characteristics of each business area. Occupational risk prevention plans based on the identification of risks are designed and implemented in order to eliminate them, evaluating potential risks to minimise these and take the necessary protective measures.

Financial risk control systems

The following are financial risks associated with Group activities:

- The liquidity risk is managed by maintaining sufficient amounts available to negotiate the substitution of transactions coming due for different, new transactions under the best terms and to meet short-term cash needs. In loan transactions, periodically a follow-up is performed on the concentration risk by financial entity to avoid an excessive concentration and be able to rely on a number of entities to manage risk situations in case the need should arise. In this area, the Group's objectives in relation to capital management are to maintain an optimum financial and equity structure to reduce the cost of capital, while safeguarding its capacity to continue operating with solid debt ratios.
- Risks arising from changes in foreign exchange currency rates. In this case the Group finances its investments, when possible, in the same currency as the cash flows from said investments. This is not possible in the shallow markets associated with investments fundamentally in Latin America.
- The risk arising from changes in interest rates, in which the impact that this could have on the Group results is evaluated. In this way, to avoid that such risk may give rise to elevated volatilities, the need to reduce said volatility is considered in such a way that the financing expense has a reduced percentage of variation.
- Credit risk, which arises from the incapacity of clients and debtors to fulfil the obligations established under contract. Client analysis is performed in specific cases and by analysing payment capacity through the knowledge existing in the Group on transactions with such client, from the moment at which negotiations with the client are to begin. In the case of foreign transactions, this analysis is performed in a thorough manner. In countries in which there is elevated risk, transactions are only performed if the party paying the job or service is an international entity of acknowledged prestige and solvency, or is sufficiently insured.
- Exposure to equity security risk arises in investments performed in listed companies. Therefore, the market price of the securities of these companies are monitored and impairment tests are performed to verify their appropriateness. In this connection, the performance of investments by means of equity swaps is aimed at hedging possible changes in the disbursements to be made to obtain strategic holdings. Although the uncertainty of the effects of the disbursements to be made and of the obtainment of strategic holdings is eliminated, since the IFRS do not consider these to be hedges, they are subject to positive and negative fluctuations in the event of increases and decreases in value. The monitoring of financial risks is performed through methodological application in accordance with personal income tax and the preparation of a series of reports that allow for the monitoring and control of said risks for decision-making.

Other systems

For legal or tax risks, the appropriate departments in each Company, business area or at the corporate level are relied upon, along with external support of renowned prestige in the area necessary to mitigate regulatory risks, litigation, etc. Additionally, the signing of contracts is supervised by the legal counsel of each company and, depending on its relevance, by the legal counsel of the various business areas or of the Group.

The Group has a strategy for covering accidental risks which could affect Group assets and activities that involves the underwriting of insurance policies for any coverable risks. These policies are reviewed periodically to adapt them to the current and specific status of the risk covered.

The HOCHTIEF Group, which has been fully consolidated by the ACS Group since 2011, has defined a risk control policy that is consistent with its business activity. The detail of these policies and systems is include in the 2012 Annual Report on pages 119 to 127, inclusive, which is available at web www.hochtief.com

D.2. Indicate whether any of the different types of risk (operational, technological, financial, legal, reputational, tax, etc.) affecting the company and/or its group have materialised during the year,

	Yes	No
	X	

If so, indicate the circumstances leading to the risk and whether the control systems in place worked.

Risk materialised during the year

Drop in value of the financial investments in listed companies.

Circumstances responsible for this occurrence

The financial and economic crisis in Spain.

Functioning of the control systems

The ACS Group applied the appropriate protection mechanisms and then restructured its financial investments by refinancing and selling a portion thereof, contracting additional financial coverage mechanisms through derivatives and extending the period for the financing linked to these investments.

Risk materialised during the year

Those risks relating to the HOCHTIEF Group activity explained in its Annual Report.

Circumstances responsible for this occurrence

Those typical in carrying out business activities, especially in projects with its subsidiaries in Europe and Australia (see HOCHTIEF's Annual Report).

Functioning of the control systems

Risk management is an integral part of the HOCHTIEF Group management system which enables it to identify such risk, guaranteeing the continuity of its operations and assuring the Group's development.

D. RISK CONTROL SYSTEMS

Risk materialised during the year

Those inherent to the business activities of Group companies.

Circumstances responsible for this occurrence

Those typical in carrying out business activities, mainly as a result in the drop of activity in the Spanish market.

Functioning of the control systems

All the risk control systems operated correctly enabling them to be managed appropriately, without any relevant effect on the operating and strategic performance of the Group or its equity.

D.3. Indicate whether any committee or other governing body is responsible for establishing and overseeing these control mechanisms.

	Yes	No
	X	

If so, describe their duties.

Name of the committee or body	Description of functions
Audit Committee	The Board of Directors delegates the supervision of compliance with the established procedures to the Audit Committee, with the latter also responsible for the generic monitoring of compliance with the risk levels relevant to each activity.
Management Committee	The Management Committee determines the Group's global risk policy and, if appropriate, sets up the management mechanisms that ensure that the risks are kept within the approved levels.

D.4. Identification and description of the processes for compliance with the regulations that affect the company and/or its group

Direct or indirect reference is made throughout this report to the processes for complying with the various Regulations to which the Company is subject in relation to corporate governance.

Additionally, at an operating level, there is a risk management system under which each management level is responsible for complying with internal rules and procedures applicable to its activity. Its effectiveness is verified by means of periodic assessment by the technical services of the various business areas as well as the Internal Audit services.

The Internal Audit department contributes to managing the risks faced by the Group in relation to the fulfilment of its objectives and to the prevention and control of fraud, by means of the on-going analysis of the procedures and control systems of each of the companies forming part of the Group in the various business areas. The related conclusions and recommendations are reported to Group management and to the heads of the companies assessed. Subsequently, the implementation of the actions contained in the aforementioned recommendations is strictly monitored.

In accordance with the Company bylaws and Regulations of the Board of Directors, the Audit Committee receives periodic information from the internal audit services and assures compliance with the internal codes of conduct and rules of corporate governance.

In relation to this item, on 30 August 2011, the Executive Committee of the Board of Directors approved a new General Code of Conduct, which involves, among other matters, the implementation of an ethics channel enabling any person to report irregularities observed at any of the ACS Group companies (see the attached Supplementary Report to the Annual Corporate Governance Report on matters included in Article 61 bis of the Securities Market Law).

Lastly, at its meeting held on 16 December 2010, the Board of Directors resolved to adhere to the Code of Good Tax Practices.

E. GENERAL SHAREHOLDERS' MEETING

E.1. Indicate the quorum required for constitution of the General Shareholders' Meeting established in the Company's bylaws and how it differs from the system of minimum quorums established in the LSA

	Yes	No
		X

	% quorum differing from that established in Art. 102 LSA for general cases	% quorum differing from that established in Art. 103 LSA for special cases pursuant to Art. 103
Quorum required on first call	0	0
Quorum required on second call	0	0

E.2. Indicate and, if applicable, describe any differences between the rules established in the Spanish Companies Law (LSA) for adopting resolutions and the company's rules.

	Yes	No
		X

Describe the differences with respect to the rules established in the LSA.

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E.3. List any rights of the shareholders in connection with General Meetings that differ from those established in the LSA.

There are no rights different from those established in the LSA, except that in order to be able to attend the General Shareholders' Meetings, it is necessary to hold 100 shares either alone, or jointly with other shareholders.

E.4. Indicate the measures, if any, adopted to encourage participation by shareholders at General Meetings.

Implementation of measures that make the vote delegation mechanism more transparent and to accentuate communication of the Company with its shareholders.

Provide detailed justification of the voting proposals that are offered in the application, with regard to the adoption of resolutions that involve a certain delegation importance, and reveal the existence of any conflict of interest, whenever appropriate.

The creation of channels or instruments of flexible communication. In addition to the standard information that the Company provides in the form of annual, six-monthly or quarterly reports, to promote meetings with market analysts, in order that these experiences reach the investors. The purpose of these measures is to maintain permanent communication channels with the shareholder that are complementary to the right to question at the General Shareholders' Meeting provided for under current legislation. This will allow shareholders to obtain the information they require at any time. In addition, Article 26 of the Company bylaws expressly includes the possibility of shareholders casting their vote remotely and, since the Ordinary

General Shareholders' Meeting held on 19 May 2005, this method of voting has been disseminated and the necessary rules and procedures for the remote voting via internet or fax are detailed on the Company's website.

E.5. Indicate whether the Chairman of the Board of Directors chairs General Meetings. Give details of what measures, if any, are adopted to ensure the independence and correct functioning of the General Meeting:

	Yes	No
	X	
Detail of measures		
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E.6. Indicate, if applicable, any amendments introduced in the General Meeting Regulations during the year.

Amendments to Articles 3, 4, 5, 6, 8, 10, 11, 15, 16, 17 and 18 of the General Meeting Regulations, which are to be worded as follows:

Article 3. Ordinary General Shareholders' Meetings.

1. An ordinary general meeting, previously called for this purpose, shall meet within the first six months of each financial year in order to, if applicable, approve the conduct of the company's business and the financial statements for the preceding year, and resolve upon the distribution of profit or allocation of loss.

An Ordinary General Shareholders' Meeting shall be valid even if it is called or held outside this period.

2. Once the required provisions to the legal reserve and any other reserves established in law have been made and the amount relating to the payment of a minimum dividend of one percent for non-voting shares, where appropriate, has been allocated, in accordance with Article 6 of the Company bylaws, the remaining profit for the year may be allocated to voluntary reserves and any other item permitted in law. The rest, where applicable, will be destined to the distribution of dividends in the quantity that the General Shareholders' Meeting agrees between the ordinary shareholders in proportion to the capital value of each share and the statute remuneration due to the Board as set out in the next paragraph, with prior compliance to all legal requisites.
3. In addition to the attendance fees and emoluments agreed on by the General Meeting, with regard to bylaw-stipulated compensation, the Board of Directors will also be entitled to remuneration that does not exceed ten per cent of net profits, which can only be paid once all legal reserves have been attended to and, if applicable, all statutory reserves have been made and the shareholders have been paid a dividend of at least four per cent of paid in capital per share.
4. Remuneration to all or some of the members of the Board of Directors and to management personnel of the Company and the companies that belong to the Group may take the form of company shares or share options or may be tied to the value of these shares in the form, terms, and conditions established by the General Shareholders' Meeting in accordance with established legal requirements.

E. GENERAL SHAREHOLDERS' MEETING

5. The Board of Directors shall decide on the manner in which the remuneration payable under this article, the amounts of which may differ, shall be distributed among its members.
6. In the case where the shareholders at the General Meeting have approved the payment of dividends, the Administrators will set the location, the period and the manner in which payments are made. The distribution of the amounts to dividend accounts may be agreed by the Board of Directors according to legally established conditions. The shareholders at the General Meeting may resolve to pay the dividend in cash in full or in part, provided that the assets and securities to be distributed are homogeneous, admitted to trading on the stock market when the resolution takes effect or when the company can duly guarantee that liquidity can be obtained with less than one year.
7. The non-reclaimed dividends will be prescribed to the Company within a period of five years from the date of issue.
8. A separate vote shall be taken on each item of the agenda. Additionally, a separate vote shall be taken on the appointments or ratifications of directors, which shall be voted on individually, and on proposed amendments to the Company bylaws, which shall be voted on Article by Article or by substantially independent groups of Articles.

Article 4. Extraordinary General Shareholders' Meetings.

All general meetings other than those provided for in the preceding Article shall be deemed to be extraordinary general meetings.

A separate vote shall be taken on each item of the agenda. Additionally, a separate vote shall be taken on the appointments or ratifications of Board Members, which shall be voted on individually, and on proposed amendments to the Company bylaws, which shall be voted on Article by Article or by substantially independent groups of Articles.

Article 5. Call notice of the General Meeting.

Ordinary or Extraordinary General Shareholders' Meetings shall be convened, following resolution by the Board of Directors, by the Chairman of the Board of Directors or in his absence by a Deputy Chairman, or by the Secretary, by means of notice published in the Official Bulletin of the Mercantile Registry, or in one of the major newspapers in Spain, on the CNMV website and on the Company's website, at least one month before the date stipulated for it to be held, or in any other manner and time period laid down under current Spanish legislation. Extraordinary General Shareholders' Meetings may only be called fifteen days in advance in accordance with the requirements envisaged by law.

The announcement shall stipulate the date of the meeting date at first call and all matters to be discussed, in addition to particulars specified in the legislation in force.

Shareholders representing at least five per cent of the share capital may request that a supplement to the notice of the Ordinary General Shareholders' Meeting be published including one or more additional items on the agenda. This right must be exercised through a notice by duly authenticated means to be received at the company's registered office within five days following publication of the call notice. The additional items shall be published at least fifteen days prior to the date set for the general meeting.

Similarly, shareholders that represent at least five per cent of the share capital may, within the period indicated in the paragraph above, submit supported proposals for resolutions on matters already included or that must be included in the agenda of the meeting called. The Company will ensure that these proposals for resolutions and the documentation attached thereto, as the case may be, is continuously published on its website when received.

If shareholders attend the general meeting by telematic means which duly guarantee the identity of the subject, the call notice shall specify the deadlines, forms and methods to exercise the shareholders' rights stipulated by the Board of Directors to enable the ordered process of the meeting. In particular, the Board of Directors may determine that the speeches and motions which, pursuant to the law are to be made by shareholders attending by telematic means, must be sent to the company prior to the convening of the meeting. The responses of the shareholders exercising the right to information during the meeting shall be given in writing within seven days following termination of the meeting.

Article 6. Second call.

1. The call notice mentioned in the previous article may also include, where applicable, the date for holding the general meeting on second call.
2. A period of at least twenty-four hours must elapse between the first and second call.
3. If a duly called general meeting is not held on first call, and the call notice does not stipulate a date for the meeting on second call, notice of the meeting on second call shall be given, subject to the same disclosure requirements as those for the meeting on first call, within fifteen days of the date originally set for the meeting and ten days prior to the date of the new meeting.

Article 8. Right and obligation to call a meeting.

1. The Board Members may call an Extraordinary General Shareholders' Meeting whenever it deems it to be in the Company's interests to do so.
2. It shall also call an Extraordinary General Shareholders' Meeting whenever requested by shareholders holding at least five per cent of the share capital, and the request shall state the business to be transacted thereat. In such case, the meeting shall be called to be held within two months after the date on which the Board Members were requested by notarial means to call it.
3. The Board Members shall prepare the agenda, and must include the requested business.

Article 10. Right to information.

1. Following the date on which the call notice was published and up until seven days prior to the day on which the meeting is to be held, shareholders may seek information from Board Members on points included on the agenda or any other information or clarification they may require, or formulate any questions they deem pertinent in writing. Shareholders may seek information or clarifications or formulate questions in writing regarding any information accessible to the public that shall have been provided by the company to the National Securities Market Commission since the date of the last general meeting. The Board Members shall be obliged to provide the information in writing regarding the auditors' report until the date set for holding the meeting.

E. GENERAL SHAREHOLDERS' MEETING

2. During the general meeting, the company's shareholders may orally request information or clarifications considered appropriate regarding items on the agenda and, in the event that it is not possible to comply with the right of the shareholder at that time, the Board Members shall be obliged to provide this information in writing within the seven days following the conclusion of the meeting.
3. The Board Members shall be obliged to provide the information set forth above unless, in the view of the Chairman, (i) the publication of the information could have an adverse effect on the Company's interests; or (ii) stipulated otherwise according to laws or regulations.

The Board Members shall not be obliged to respond to specific questions posed by the shareholders when, prior to being posed, the information requested is clear and directly available for all shareholders on the company's website under the question-response section.

4. The information shall not be refused when the request is supported by shareholders holding at least one quarter of the share capital.

Article 11. Special instruments of disclosure.

1. The company shall comply with the duty of disclosure by any technical, computer or telematic means, without prejudice to the shareholders' right to request printed information.
2. The company shall have a website in order to satisfy the shareholders' right to information and to disseminate the relevant information required under the securities market law, which must include at least the following:
 - a) The Company bylaws.
 - b) The Regulations of the General Shareholders Meeting.
 - c) The Regulations of the Board of Directors and, where applicable, the Regulations of the its Committees.
 - d) The Annual Report and the internal rules of conduct.
 - e) The Corporate Governance Report.
 - f) The documents relating to the call notices of Ordinary and Extraordinary General Shareholders' Meetings that are required or may be required at any given time, with information on the agenda, proposals made by the Board of Directors, as well as any other relevant information that may be required by the shareholders to cast a vote, all within the period set forth under the law in force.
 - g) Information will be provided on what occurs during the General Meetings, specifically, the composition of the General Meetings when it is convened and the resolutions adopted, with the number of votes cast in favour and against the proposals included in the agenda, within the period stipulated by current legislation.
 - h) The communication channels that exist between the company and the shareholders and, specifically, explanations on how to exercise the shareholder's right to information, indicating the postal and e-mail addresses that may be used.

- i) The means and procedures used to grant representation at the General Shareholders' Meeting, according to the specifications established through current legislation.
 - j) The ways and procedures for the carrying out remote voting according to the rules laid out by this system including, wherever necessary, the forms to accredit the attendance, and the right to vote via telematics means at the General Shareholders' Meetings.
 - k) The significant events, in accordance with the provisions included in the current legislation.
 - l) The composition of the Board of Directors, and the professional profile of each Board Member; the other Board of Directors of which he is a member, whether he is a proprietary Board Member, and the shareholder which he represents; or whether he is an independent or executive Board Member; the date on which he was appointed, and if applicable, re-elected; and the company shares or share options which he holds.
3. For the purposes of facilitating communication prior to general meetings, the company website shall set up an Electronic Forum for Shareholders with duly guaranteed access for individual shareholders and any voluntary associations that may be formed. Any supplementary proposals to the agenda announced in the notice of the general meeting may be posted on the Forum, together with requests for support for such proposals, initiatives to reach the percentage required to exercise statutory non-controlling shareholder rights and any offers or requests to act as a voluntary proxy.

Shareholders may form specific voluntary associations to exercise their rights and to better defend their common interests. The shareholder associations shall be registered in a special register created for this purpose at the National Securities Market Commission.

The rules of operation of the Electronic Forum for Shareholders approved by the Board of Directors shall be made available on the Company's website, and compliance with these rules shall be mandatory for shareholders.

In order to access the Forum and use its applications, such shareholders and voluntary associations of shareholders must log on as a "Registered User" evidencing both their identity and their status as a shareholder of the company, under the terms and conditions described on the Company's website using the corresponding registration form.

Access to the Forum by Registered Users is subject at all times to maintaining status as a shareholder of the Company, or as a voluntary association of shareholders duly established and registered.

4. The Board of Directors shall establish the contents of the information to be provided on the website, in accordance with the indications of the Ministry of Economy and Finance or as expressly authorised by the National Securities Market Commission.

Article 15. Limitations on attendance and voting rights. Representation.

1. Each shareholder is entitled to a number of votes equal to the number of shares owned or represented. Shareholders with attendance rights may be represented at the Meeting by any person. The representation granted to shareholders who only have voting right by grouping themselves together can fall to any of them.

E. GENERAL SHAREHOLDERS' MEETING

2. The proxy must be granted in writing or by any remote means of communication that duly guarantees the identity of the subject to exercise the voting rights. The Company's website includes means and procedures used to grant representation at the General Shareholders' Meeting, according to the specifications established through current legislation. In any case, the proxy must be granted specifically for each Meeting.
3. The restrictions set forth in the previous sections shall not apply where the proxy is the spouse, ascendant or descendant of the person represented or is the holder of a general power of attorney granted in a public document with powers to manage all the assets of the principal in Spain.
4. Proxies may be revoked at any time. The revocation of proxies must be documented and reported to the company through the means described in section 2 above of this article.

Should the represented shareholder have issued voting instructions, the proxy will vote accordingly and shall keep these instructions for one year from the date of the corresponding General Meeting.

The proxy may represent more than one shareholder with no limit on the number of shareholders they may represent. When a proxy represents various shareholders, they may issue different votes according to the instructions received from each shareholder.

In any event, the number of shares represented shall be included in the number required to hold a valid meeting.

Prior to appointment, the proxy must notify the shareholder as to whether he is affected by any conflict of interests. If the conflict is subsequent to the appointment and the represented shareholder has not been notified of its possible existence, they must be informed immediately. In both cases, if new precise voting instructions are not received for each of the issues on which the proxy should vote on behalf of the shareholder, they must abstain from voting. In particular, the proxy may be affected by a conflict of interest when in any of the following situations:

- a) When he is a controlling shareholder of the company or of a company controlled thereby.
- b) When he is a member of the administrative, managing or supervisory bodies of the company, of the controlling shareholder or of a company controlled thereby.
- c) When he is an employee or auditor of the company, of the controlling shareholder or of a company controlled thereby.
- d) When he is an individual related to the aforementioned persons. Related individuals shall be considered as follows: the spouse or the person who had be the spouse in the two previous years, or domestic partner, or the person who had be the domestic partner in the two previous years, as well as ascendants, descendants, siblings and their respective spouses.

Personal attendance at the meeting shall have the effect of revoking the proxy.

Article 16. Remote voting and proxy votes.

1. The vote on items included in the agenda of any type of general meeting may be delegated or exercised by the shareholder through postal or electronic vote or by any other means of remote communication, provided that the identity of the person exercising the right to vote is duly guaranteed. The means and procedures for remote voting, in accordance with the rules relating to this system, including, where applicable, the forms for verifying attendance and voting by telematic means are included in the call notice for the general meeting and on the Company's web page.
2. Shareholders voting remotely shall be deemed present for the purpose of convening the meeting.
3. If proxy voting cards, with or without specific instructions and on which the name of the proxy is left blank, are received at corporate headquarters on the days prior to the General Meeting, it will be understood that the shareholder empowers the Chairman of the Board of Directors to appoint a Board Member as proxy from among those who have requested such duty.
4. In the event that several shareholders have appointed the same financial intermediary as proxy, and when requested by this representative, he shall be allowed to divide his vote for the purpose of abiding by the instructions received from each of the shareholders represented.

Article 17. Public request for representation.

1. Should the Board Members or entities acting as depositories of the certificates or responsible for the book-entry register of public limited liability companies request representation for themselves or for another and, in general, provided that a public request is made, the document that places the power of attorney on record shall contain or attach the agenda, the request for instructions to exercise the right to vote and the indication of how the proxy wishes to vote in the event that specific instructions are not provided.
2. As an exception, the proxy may vote contrary to instructions should circumstances arise that were unknown at the time the instructions were sent and the proxy runs the risk of damaging the interests of the person represented. Should the vote cast be contrary to instructions, the proxy must immediately inform the principal in writing and explain the reasons behind the vote.
3. A public request shall be deemed to have been made when the same person represents more than three shareholders.
4. In the even the members of the Board of Directors or another person acting on behalf of or in the interests of the former, publicly request representation, the Board Member that acts as the representative may not exercise the voting rights carried by the represented shares with respect to items on the agenda that give rise to a conflict of interest, unless he received specific voting instructions from the represented shareholder for each of these items. In any case, the Board Member shall be considered to be in a conflict of interest with regard to the following decisions:

E. GENERAL SHAREHOLDERS' MEETING

- a) His appointment, re-election or ratification as a Board Member.
 - b) His dismissal, termination or removal from the position of Board Member.
 - c) Any corporate liability action against the Board Member in question.
 - d) The approval or, where applicable, ratification of company transactions with the Board Member in question or with companies controlled by the Board Member or represented by him or by persons acting on his behalf.
5. The proxy may also include items that are not included on the agenda established in the notice of the general meeting but which are dealt with, in accordance with the law, in the general meeting. In this case the provisions of the preceding paragraph shall apply.

Article 18. Meeting venue and time.

1. The general meetings shall be held at the place where the Company has its registered office on the day indicated in the call notice, but may be extended for one or more consecutive days. However, general meetings may be held in any location in Spain or abroad if so stipulated by the Board of Directors in the call notice.
2. An extension may be approved at the instance of the Board Members or at the request of a number of members representing one quarter of the share capital attending the meeting.
3. Regardless of the number of sessions held, the meeting shall be treated as one session and a single set of minutes for all of them shall be drawn up.
4. Attendance of the General Shareholders' Meetings must take place either at the place at which the meeting will be held or, where applicable, at other locations stipulated by the company, as indicated in the call notice, which are connected thereto through any valid means that allow the recognition and identification of those attending, permanent communication between those present regardless of their location, and attendees to take the floor and vote in real time. The main location must be located in the municipality indicated in the call notice as the office of the general meeting, whereby additional locations are not necessary. Those attending at any of the locations shall be considered, for all purposes relating to the General Shareholders' Meeting, as attendees of the one and the same meeting. The meeting shall be considered to be held at the main office.

E.7. Indicate the data on attendance at the General Meetings held in the year to which this report refers:

Attendance information

Date of the General Meeting	% attendance in person	% attendance by proxy	% remote voting		Total
			Electronic voting	Others	
31/05/2012	20.050	51.400	0.000	0.00	71.450

E.8. Briefly indicate the resolutions adopted at the General Meetings held in the year to which this report refers and the percentage of votes with which each resolution was adopted.

Ordinary General Shareholders' Meeting of 31 May 2012

The proposals of the Board relating to

Item 1 on the agenda - The following were approved by majority vote: 1) Approval of the financial statements: 224,823,351 votes in favour (representing 99.9959% of the shares present or represented), 8,475 abstentions (representing 0.0038% of the shares present or represented) and 647 votes against (representing 0.0003% of the shares present or represented); and 2) distribution of profits: 224,827,051 votes in favour (representing 99.9976% of the shares present and represented), 4,775 abstentions (representing 0.0021% of the shares present or represented) and 647 against (representing 0.0003% of the shares present or represented).

Item 2 on the agenda - Recognition of the 2011 Corporate Social Responsibility Report and the Report on amendments to the Regulations of the Board of Directors. Since this was a simple acknowledgement, it was not taken to a vote.

Item 3 on the agenda - Annual report on Board Members' remuneration for 2011 which, in applying the provisions of Article 4 of the Regulations of the Board of Directors and Article 61 ter of the Securities Market Law, was subject to a consultative vote at the Ordinary General Shareholders' Meeting and approved by a majority vote with: 215,544,915 votes in favour (representing 95.8691% of the shares present and represented), 5,778 abstentions (representing 0.0026% of the shares present or represented) and 9,281,780 against (representing 4.1283% of the shares present or represented).

Item 4 on the agenda - Approval of the management of the Board of Directors in 2011, was approved by a majority: 224,807,501 votes in favour (representing 99.9889% of the shares present and represented), 9,809 abstentions (representing 0.0044% of the shares present or represented) and 15,163 against (representing 0.0067% of the shares present or represented).

Item 5 on the agenda - Ratification, retirement and appointment, as the case may be, of Board Members. This was not taken to a vote.

Item 6 on the agenda - Appointment of auditors of both the company and the group, was approved by a majority vote with: 224,643,674 votes in favour (representing 99.9160% of the shares present and represented), 30,267 abstentions (representing 0.0135% of the shares present or represented) and 158,532 against (representing 0.0705% of the shares present or represented).

Item 7 on the agenda - Amendment to Articles 7, 12, 16, 22, 24, 25, 26, 28 and 35 of the Company bylaws, was approved by majority vote with: 224,789,139 votes in favour (representing 99.9807% of the shares present or represented), 34,715 abstentions (representing 0.0154% of the shares present or represented) and 8,619 votes against (representing 0.0038% of the shares present or represented).

E. GENERAL SHAREHOLDERS' MEETING

Item 8 on the agenda - Amendment to Articles 3, 4, 5, 6, 8, 10, 11, 15, 16, 17 and 18 of the Regulations of the General Meeting, was approved by majority vote with: 224,787,639 votes in favour (representing 99.9801% of the shares present and represented), 36,215 abstentions (representing 0.0161% of the shares present or represented) and 8,619 against (representing 0.0038% of the shares present or represented).

Item 9 on the agenda - Share capital increase fully charged to reserves and a capital reduction to retire treasury shares, was approved by majority vote with: 224,820,855 votes in favour (representing 99.9948% of the shares present and represented), 11,498 abstentions (representing 0.0051% of the shares present or represented) and 120 against (representing 0.0001% of the shares present or represented).

Item 10 on the agenda - Authorisation for the derivative acquisition of treasury shares and the share capital reduction in order to retire treasury shares, was approved by majority vote with: 224,454,583 votes in favour (representing 99.8319% of the shares present or represented), 9,705 abstentions (representing 0.0043% of the shares present or represented) and 368,185 votes against (representing 0.1638% of the shares present or represented).

Item 11 on the agenda - Delegation of powers for the execution and formalisation of resolutions, was approved by majority vote with: 224,824,268 votes in favour (representing 99.9964% of the shares present or represented), 4,505 abstentions (representing 0.0020% of the shares present or represented) and 3,700 votes against (representing 0.0016% of the shares present or represented).

E.9. Indicate whether the bylaws contain any restrictions with respect to a minimum number of shares required to attend General Meetings.

	Yes	No
	X	
Number of shares required to attend General Meetings		100

E.10. Indicate and provide support for the policies followed by the company with respect to proxy voting at General Meetings.

The company does not pursue any specific policy with regard to proxy voting at General Meeting.

E.11. Indicate whether the company is aware of the policy of institutional investors on participating or not participating in the company's decisions:

	Yes	No
		X

E.12. Indicate the address and the means of accessing corporate governance content on your website.

The address is <http://www.grupoacs.com/index.php/es/c/gobiernocorporativo>

It is very easy to access the website: once at the web page, a page appears with several tabs on the edge, one of which is "CORPORATE GOVERNANCE"; if you click on this tab, the following sub-sections appear: Company bylaws, Regulations of the General Meeting, Annual Corporate Governance Report, Board of Directors, Shareholders' Agreements and Rules of Conduct for Securities Markets; each sub-section contains pertinent information. If you click on "Annual Corporate Governance Report" and following a brief introduction, there are specific instructions to click on it to therefore download all annual reports since 2003 as PDFs.

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the company's degree of compliance with the Recommendations of the Unified Good Governance Code. In the event of non-compliance with any of the Recommendations, explain the recommendations, rules, practices or criteria applied by the company.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

	Complies	Explain
	X	

2. When a parent and a subsidiary are listed companies, both should provide detailed disclosure on:

a) The type of activity they engage in, and any business dealings between them, as well as between the listed subsidiary and other group companies;

b) The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

	Complies	Partially complies	Explain	Not applicable
				X

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Meeting for approval. In particular:

a) The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating company, even though the latter retains full control of the former;

b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;

c) Operations that effectively add up to the company's liquidation.

	Complies	Partially complies	Explain
	X		

4. Detailed proposals of the resolutions to be adopted at the General Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

	Complies	Explain
	X	

5. Separate votes should be taken at the General Meeting on materially separate items, so shareholders can express their preferences in each case. This rule particularly applies to the following:

- a) The appointment or ratification of Board Members, with separate voting on each candidate;
- b) Amendments to the bylaws, with votes taken on all articles or groups of articles that are materially different.

See section: E.8

Complies	Partially complies	Explain
X		

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Complies	Explain
X	

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all shareholders the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the industries and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Complies	Partially complies	Explain
X		

8. The Board should fulfil the core components of its mission of approving the company's strategy and authorising the organisational resources to carry it forward, and of ensuring that management meets the objectives set while pursuing the company's interests and object. As such, the Board in plenary session should reserve the right to approve:

- a) The company's general policies and strategies, and in particular:
 - i) The strategic or business plan, management targets and annual budgets;
 - ii) Investment and financing policy;
 - iii) Design of the structure of the corporate group;
 - iv) Corporate governance policy;
 - v) Corporate social responsibility policy;
 - vi) Remuneration and evaluation of senior executives;
 - vii) Risk control and management, and the periodic monitoring of internal information and control systems.
 - viii) Dividend policy, as well as the policies and limits applying to treasury shares.

See sections: B.1.10, B.1.13, B.1.14 and D.3

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

b) The following decisions:

i) At the proposal of the Company's Chief Executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14

ii) Board Members' remuneration and, in the case of executive Board Members, the additional consideration for their management duties and other contract conditions.

See section: B.1.14

iii) The financial information that all listed companies must periodically disclose.

iv) Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Meeting;

v) The creation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Transactions which the company conducts with Board Members, significant shareholders, shareholders with Board representation or other persons related thereto ("related party transactions").

However, Board authorisation shall not be required for related party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-board basis to a large number of clients;
2. They are performed at market rates, generally set by the person supplying the goods or services;
3. Their amount is no more than 1% of the company's annual revenue.

It is advisable that related party transactions should only be approved on the basis of a favourable report from the Audit Committee or some other committee charged with the same function; and that the Board Members involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

Ideally, the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Executive Committee in urgent cases and later ratified by the Board in plenary session.

See sections: C.1 and C.6

Complies	Partially complies	Explain
X		

9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Complies	Explain
	x

There are currently 17 Board members, which is a number comprised within the 11 to 21 member limit provided in Article 13 of the bylaws, and is in accordance with the Spanish Limited Liability Companies Law. To date, this was considered to be most appropriate number in accordance with the company's needs and characteristics with regard to shareholder structure.

10. External, proprietary and independent Board Members should occupy an ample majority of Board places, while the number of executive Board Members should be the minimum practical, bearing in mind the complexity of the corporate group and the ownership interests held by the executive Board Members.

See sections: A.2, A.3, B.1.3 and B.1.14

Complies	Partially complies	Explain
x		

11. In the event that a external Board Member can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company, its senior executives, or its shareholders.

See section: B.1.3

Complies	Partially complies	Explain
x		

12. Among external Board Members, the relation between proprietary members and independents should match the proportion of the capital represented on the Board by proprietary Board Members to the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary Board Members is greater than would strictly correspond to the total percentage of capital they represent:

1. In large cap companies where few or no ownership interests attain the legal threshold for significant shareholdings, despite the existence of shareholders with considerable investments in absolute terms.

2. In companies with multiple shareholders represented on the Board but not otherwise related.

See sections: B.1.3, A.2 and A.3

Complies	Explain
x	

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

13. The number of independent Board Members should represent at least one third of all Board members.
See section: B.1.3

	Complies	Explain
		X

It is to our understanding that the distribution of the different types of Board Members (executive, proprietary and independent) is appropriate based on the Company's characteristics, i.e., a large cap company with four significant shareholders holding different ownership percentages ranging from 18% to 5%.

14. The nature of each Board Member should be explained by the Board to the General Meeting, which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Appointments Committee. The Report should also disclose the reasons for the appointment of proprietary Board Members at the request of shareholders controlling less than 5% of capital and explain any rejection of a formal request for a Board place from shareholders whose ownership interest is equal to or greater than that of others applying successfully for a proprietary Board Membership.
See sections: B.1.3 and B.1.4

	Complies	Partially complies	Explain
	X		

15. When women Board Members are few or non-existent, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Appointments Committee should take steps to ensure that:

- The process of filling board vacancies has no implicit bias against women candidates;
- The company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: B.1.2, B.1.27 and B.2.3

	Complies	Partially complies	Explain	Not applicable
	X			

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that Board Members are supplied with sufficient information in advance of Board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the company's chief executive, along with the chairmen of the relevant Board committees.
See section: B.1.42

	Complies	Partially complies	Explain
	X		

17. When a company's Chairman is also its chief executive, an independent Board Member should be empowered to request the calling of Board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external Board Members; and to manage the Board's evaluation of the Chairman.

See section: B.1.21

Complies	Partially complies	Explain
X		

18. The Secretary should take care to ensure that the Board's actions:

- a) Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
- b) Comply with the company bylaws and the regulations of the General Meeting, the Board of Directors and others;
- c) Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Appointments Committee and approved by the Board in plenary session; the relevant appointment and removal procedures being stipulated in the Board Regulations.

See section: B.1.34

Complies	Partially complies	Explain
X		

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agenda set at the beginning of the year, to which each Board Member may propose the addition of other items.

See section: B.1.29

Complies	Partially complies	Explain
X		

20. Board Members' absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When Board Members have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 y B.1.30

Complies	Partially complies	Explain
X		

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

21. When Board Members or the Secretary express concerns about a proposal or, in the case of Board Members, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minutes.

Complies	Partially complies	Explain	Not applicable
X			

22. The Board in plenary session should evaluate the following points on a yearly basis:

- a) The quality and efficiency of the Board's operation;
- b) On the basis of a report submitted by the Appointments Committee, the performance of the Chairman of the Board and the company's chief executive;
- c) The performance of its committees on the basis of the reports furnished by them.
See section: B.1.19

Complies	Explain
X	

23. All Board Members should be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the bylaws or Board Regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42

Complies	Explain
X	

24. All Board Members should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Complies	Explain
X	

25. Companies should organise induction programmes for new Board Members to acquaint them rapidly with the workings of the company and its corporate governance rules. Board Members should also be offered refresher programmes when circumstances so advise.

Complies	Partially complies	Explain
X		

26. Companies should require their Board Members to devote sufficient time and effort to perform their duties effectively, and, as such:

- a) Board Members should apprise the Appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;
- b) Companies should lay down rules about the number of Board Memberships their board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Complies	Partially complies	Explain
X		

27. The proposal for the appointment or re-election of Board Members which the Board submits to the General Meeting, as well as provisional appointments by the method of co-optation, should be approved by the Board:

- a) On the proposal of the Appointments Committee, in the case of independent Board Members.
- b) Subject to a report from the Appointments Committee in all other cases.

See section: B.1.2

Complies	Partially complies	Explain
X		

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

28. Companies should post the following Board Member particulars on their websites and keep them permanently updated:

- a) Professional experience and background;
- b) Board Memberships held at other companies, listed or otherwise;
- c) An indication of the Board Member's classification as executive, proprietary or independent; in the case of proprietary Board Members, stating the shareholder they represent or have links with;
- d) The date of their first and subsequent appointments as a company Board Member, and;
- e) Shares held in the company and any options thereon.

Complies	Partially complies	Explain
X		

29. Independent Board Members should not hold office as such for a continuous period of more than twelve years.

See section: B.1.2

Complies	Partially complies	Explain
		X

It is to our understanding that holding office for over a period of 12 years does not comprise the Board Member's independence in any manner, and since there is no limit (legal, statutory or regulatory) regarding age or permanence on the Board, it is not appropriate to specifically lay down a rule for independent Board Members.

30. Proprietary Board Members should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary Board Members, the latter's number should be reduced accordingly.

See sections: A.2, A.3 y B.1.2

Complies	Partially complies	Explain
X		

31. The Board of Directors should not propose the removal of independent Board Members before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause will be presumed when a Board Member is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

	Complies	Explain
	X	

32. Companies should establish rules obliging Board Members to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

When a Board Member is sued or tried for any of the offences stated in Article 124 of the Companies Law the Board should examine the matter and, in view of the particular circumstances, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

	Complies	Partially complies	Explain
	X		

33. All Board Members should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other Board Members unaffected by the conflict of interest should challenge any decision that could go against the interests of shareholders lacking Board representation.

When the Board makes material or reiterated decisions about which a Board Member has expressed serious reservations, then he or she must draw the pertinent conclusions. Board Members resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the Secretary of the Board; Board Member or otherwise.

	Complies	Partially complies	Explain	Not applicable
	X			

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

34. Board Members who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the motive for it must be explained in the Annual Corporate Governance Report.

See section: B.1.5

Complies	Partially complies	Explain	Not applicable
			X

35. The company's remuneration policy, as approved by its Board of Board Members, should specify at least the following points:

- a) The company's remuneration policy, as approved by its Board of Board Members, should specify at least the following points;
- b) Variable components, in particular:
 - i) The types of Board Members they apply to, with an explanation of the relative weight of variable to fixed remuneration items.
 - ii) Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
 - iii) The main parameters and grounds for any system of annual bonuses or other, non-cash benefits; and
 - iv) An estimate of the sum total of variable payments arising from the remuneration policy proposed, on the basis of the degree of compliance with pre-set targets or benchmarks.
- c) The main characteristics of welfare systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
- d) The conditions to apply to the contracts of executive Board Members exercising senior management functions, including the following:
 - i) Duration;
 - ii) Notice periods; and
 - iii) Any other clauses covering joining bonuses, termination benefits or golden parachutes in the event of early termination of the contractual relationship between the company and the executive Board Member.

See section: B.1.15

Complies	Partially complies	Explain
		X

36. Remuneration comprising the delivery of shares in the company or in other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of welfare schemes should be confined to executive Board Members.

The delivery of shares is excluded from this limitation when Board Members are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Complies	Explain
X	

37. External Board Members' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their Independence.

	Complies	Explain
	X	

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditors' report.

	Complies	Explain	Not applicable
	X		

39. In the case of variable remuneration, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the recipients and not simply the general progress of the markets or the company's industry or circumstances of this kind.

	Complies	Explain	Not applicable
	X		

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the General Meeting, as a separate point on the agenda. This report can be supplied to shareholders separately or in the manner each company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year, with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant changes in remuneration policy with respect to the previous year referred to the General Shareholders' Meeting. It shall also provide a general summary of how remuneration policy was implemented in the prior year.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisers engaged.

See section: B.1.16

	Complies	Explain	Not applicable
	X		

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

41. The notes to the financial statements should list individual Board Members' remuneration in the year, including:

- a) A breakdown of the remuneration earned by each Board Member, to include where appropriate:
- i) Attendance fees and other fixed Board Member payments;
 - ii) Additional remuneration for acting as chairman or member of a Board committee;
 - iii) Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - iv) Contributions on the Board Member's behalf to defined-contribution pension plans or any increase in the Board Member's vested rights in the case of contributions to defined-benefit schemes;
 - v) Any termination benefits agreed or paid;
 - vi) Any remuneration they receive as Board Members of other companies in the group;
 - vii) The remuneration Executive Board Members receive in respect of their senior management posts;
 - viii) Any kind of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it may be deemed a related party transaction or when its omission would detract from the fair presentation of the total remuneration received by the Board Member.
- b) An individual breakdown of deliveries to Board Members of shares, share options or other share-based instruments, itemised by:
- i) Number of shares or options granted in the year, and the exercise terms;
 - ii) Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - iii) Number of share options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - iv) Any change in the year in the exercise terms of previously granted options.
- c) Information on the relation in the year between the remuneration obtained by executive Board Members and the company's profits, or some other measure of company performance.

	Complies	Partially complies	Explain
	X		

42. When the company has an Executive or Delegated Committee ("Executive Committee"), the breakdown of its members by Board Member category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Executive Committee.

See sections: B.2.1 and B.2.6

	Complies	Partially complies	Explain	Not applicable
	X			

43. The Board should be kept fully informed of the business transacted and the resolutions adopted by the Executive Committee. To this end, all Board members should receive a copy of the Committee's minutes.

	Complies	Partially complies	Explain
	X		

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Appointments and Remuneration.

The rules governing the composition and operation of the Audit Committee and the Appointments and Remuneration committee or committees should be set forth in the Board Regulations, and include the following:

- a) The Board of Directors should appoint the members of such Committees having regard to the knowledge, aptitudes and experience of its Board Members and the remit of each Committee and shall discuss their proposals and reports. The Committees should report the business transacted and account for the work performed at the first plenary session of the Board following each Committee meeting;
- b) These Committees should be formed exclusively of external Board Members and have a minimum of three members. Executive Board Members or senior executives may also attend meetings at the Committee's invitation.
- c) Committees should be chaired by an independent Board Member.
- d) They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e) Meetings should be recorded in minutes and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

	Complies	Partially complies	Explain
	X		

45. The job of overseeing compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance Committees.

	Complies	Explain
	X	

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

	Complies	Explain
	X	

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of reporting and internal control systems.

	Complies	Explain
	X	

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

	Complies	Partially complies	Explain
	X		

49. The control and risk management policy should specify at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
- b) The determination of the risk level the company sees as acceptable;
- c) Measures in place to mitigate the impact of identified risks, should they occur;
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance sheet risks.

See sections: D

	Complies	Partially complies	Explain
	X		

50. The Audit Committee's role should be:

1° With respect to internal control and reporting systems:

- a) Oversee the preparation and integrity of the financial information of the Company and, if applicable, of the group, and check compliance with legal provisions, the accurate demarcation of the scope of consolidation and the correct application of accounting standards.
- b) Review internal control and risk management systems on a regular basis, so that the main risks are properly identified, managed and disclosed.
- c) Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the internal audit department's budget; receive regular reports on its activities; and verify that senior management acts on the findings and recommendations of its reports.
- d) Establish and monitor a mechanism whereby employees can report, in a confidential or, if appropriate, anonymous manner, any potentially significant irregularities within the Company, particularly of a financial and accounting nature.

2° With respect to the external auditors:

- a) Propose to the Board the selection, appointment, re-election and replacement of the external auditors, as well as the terms and conditions of the engagement.
- b) Receive regular information from the external auditors on the progress and findings of the audit plan, and check that senior management is acting on its recommendations.
- c) Monitor the independence of the external auditors, to which end:
 - i) The company should notify any change of auditors to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditors and the reasons for the same.
 - ii) The Committee should ensure that the company and the auditors adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditors' business and, in general, other requirements designed to safeguard auditors' independence;
 - iii) The Committee should investigate the issues giving rise to the resignation of any external auditors.
- d) In the case of groups, the Committee should prevail on the group auditors to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

	Complies	Partially complies	Explain
	X		

51. The Audit Committee may call on any company employee or manager to be present at its meeting, even ordering their presence without another manager.

	Complies	Explain
	X	

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:

- a) The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditors to conduct a limited review.

F. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

b) The creation or acquisition of ownership interests in special purpose vehicles or entities resident in jurisdictions considered to be tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

	Complies	Partially complies	Explain
	X		

53. The Board of Directors should seek to present the financial statements to the General Meeting without reservations or qualifications for any matters in the auditors' report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to the shareholders of the related matters and scope limitations.

See section: B.1.38

	Complies	Partially complies	Explain
	X		

54. The majority of Appointments Committee members - or Appointments and Remuneration Committee members as the case may be - should be independent Board Members.

See section: B.2.1

	Complies	Partially complies	Explain
			X

In view of the death of the former Chairman of the Appointments and Remuneration Committee, Mr. José María Aguirre González, it was decided that the most suitable Board Member to replace him was Mr. Julio Sacristán Fidalgo, who is the proprietary Board Member, and the Chairman was the independent Board Member, Mr. José María Loizaga Viguri, whereby this Committee had a majority of proprietary Board Members, three out of a total of five.

55. The Appointments Committee should have the following functions in addition to those stated in earlier Recommendations:

a) Evaluate the skills, knowledge and experience required of the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) Examine or organise as the Committee deems fit the succession of the Chairman and the chief executive and, if applicable, submit proposals to the Board in order to ensure a smooth and well-planned handover.

c) Report on the senior executive appointments and removals which the chief executive proposes to the Board.

d) Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.
See section: B.2.3

Complies	Partially complies	Explain	Not applicable
X			

56. The Appointments Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Board Members.

Any Board member may suggest Board Membership candidates to the Appointments Committee for its consideration.

Complies	Partially complies	Explain
X		

57. The Remuneration Committee should have the following functions in addition to those stated in earlier Recommendations:

- a) Make proposals to the Board of Directors regarding the following:
- i) The remuneration policy for Board Members and senior executives;
 - ii) The individual remuneration and other contractual conditions of executive Board Members.
 - iii) The standard conditions for senior executive employment contracts.

b) Oversee compliance with the remuneration policy set by the company.
See sections: B.1.14 and B.2.3

Complies	Partially complies	Explain	Not applicable
X			

58. The Remuneration Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive Board Members and senior executives.

Complies	Partially complies	Explain
X		

G. OTHER INFORMATION OF INTEREST

If you consider that there is any material aspect or principle relating to the Corporate Governance practices followed by your company that has not been addressed in this Report, indicate and explain below.

B.1.11 and B.1.12. The obligations assumed in relation to pension plans are the same as the amounts contributed in this connection, since these obligations have been externalised and transferred to an insurance company. Accordingly, the Group has not assumed any outstanding obligation other than the contribution of the annual premium.

In addition to those mentioned in the above sections, the Board Members with executive functions and the Group's senior management has been granted share options. The cost recognised in relation to these share options granted to executive Board Members, based on the number of options granted in 2012, amounted to EUR 1,808 thousand.

This amount relates to the proportion of the value of the plan at the date on which it was granted.

The cost relating to options granted to senior executives in 2012 amounted to EUR 6,091 thousand. This amount relates to the proportion of the value of the plan at the date on which it was granted.

B.1.21 (2). In accordance with the Board Regulations amended on 25 February 2010, an independent Board Member shall have this power, and for these purposes, Mr. Miguel Roca Junyent has been appointed.

B.1.30. The percentage of absent votes in the Board are not calculated by the number of meetings at which all the Board Members were not present with respect to the total number held, but rather by the number of votes (fourteen) with respect to the total theoretical number (nine meetings by 19 Board Members).

C.2. and C.3. In relation to this section, list any relevant transactions entailing a transfer of funds or obligations between the company or group companies and companies related to the significant shareholders of the company: In relation to this section, the only transactions between executives and Board Members related to the remunerations already detailed in the various sections of the ACGR, and specifically sections B.1.11 and B.1.12.:

Management or collaboration agreements:	Terratest Técnicas Especiales, S.A., amounting to EUR 3,221 thousand
Leases:	Fidalsar, S.L., amounting to EUR 182 thousand
Services received:	Fidalsar, S.L., amounting to EUR 66 thousand Terratest Técnicas Especiales, S.A., amounting to EUR 1,092 thousand Indra, amounting to EUR 2,756 thousand Zardoya Otis, S.A., amounting to EUR 1,113 thousand
Other expenses:	March Unipsa, JLT, S.A., amounting to EUR 41,806 thousands
Services rendered:	Rosán Inversiones, S.L., amounting to EUR 276 thousand Grupo Iberostar, amounting to EUR 538 thousand Indra, amounting to EUR 2,130 thousand Zardoya Otis, S.A., amounting to EUR 5 thousand
Financing agreements: loans and capital contributions:	Banca March, amounting to EUR 52,120 thousand Banco Sabadell, amounting to EUR 859,603 thousand
Guarantees given:	Banca March, amounting to EUR 42,120 thousand
Dividends and other distributed profit:	Fidwei Inversiones, S.L., amounting to EUR 554 thousand Lynx Capital, S.A., amounting to EUR 674 thousand Fidalsar, S.L., amounting to EUR 1,059 thousand
Other transactions:	Banca March, amounting to EUR 30,645 thousand

Banca March is considered to be a significant shareholder given that it is a shareholder of Corporacion Financiera Alba, S.A., the main direct shareholder of ACS, Actividades de Construcción y Servicios, S.A. Banca March has performed typical transactions relating to its ordinary course of business such as granting loans, providing guarantees for bid offers and/or the execution of works, reverse factoring and non-recourse factoring to several ACS Group companies.

The Iberostar Group is listed because it is a direct shareholder of ACS, Actividades de Construcción y Servicios, S.A. which has provided tourism and travel agency services to the ACS Group companies as part of its normal business operation. The ACS Group has mainly providing air-conditioning services in hotels owned by Iberostar.

Rosan Inversiones, S.L. is listed due to its relationship with the Chairman and CEO of the Company which holds a significant ownership interest through Inversiones Vesan, S.A., since it has received services by part of certain Group companies in relation to its construction contract, of which the Board was informed at the time it was contracted and subsequently amended.

The transactions with other related parties are listed due to the relationship of certain Board Members of ACS, Actividades de Construcción y Servicios, S.A. with companies in which they are either shareholders or hold a senior management position. In this regard, the transactions with Fidalser, S.L., Terratest Tecnicas Especiales, S.A., Fidwei Inversiones, S.L. and Lynx Capital, S.A. are listed due to the relationship of the Board Member, Pedro Lopez Jimenez, with these companies. Transactions with Indra are listed due to its relationship with the Board Member Javier Monzon. The transactions performed with the Zardoya Otis, S.A. are indicated due to its relationship with the Board Member José María Loizaga. The transactions with Banco Sabadell are listed due to the bank's relationship with the Board Member Javier Echenique. The transactions with Unipa, JLT, S.A. are listed due to the company's relationship with Banca March, although in this case the figures listed are intermediate premiums paid by ACS Group companies, rather than considerations for insurance brokerage services.

Other transactions relate exclusively to Banca March. Banca March, as a financial institution, provides various financial services to ACS Group companies in the ordinary course of business amounting to a total EUR 30,645 thousand, which in this case relate in full to the reverse factoring lines of credit for suppliers.

In 2012 transactions of senior management with Group companies amounted to EUR 453 thousand for the purchase of assets.

All these commercial transactions were carried out on an arm's length basis in the ordinary course of business, and related to ordinary Group company transactions.

The transactions performed between ACS consolidated Group companies were eliminated in the consolidation process and form part of the normal business activities of the companies in terms of their company object and conditions. The transactions were carried out on an arm's length basis and they do not have to be disclosed to present fairly the equity, financial position and results of the operations of the Group.

G. OTHER INFORMATION OF INTEREST

F. Degree of compliance with corporate governance recommendations

With regard to Recommendation 42 of Section F, the following structure of ownership interest of the various categories of Board Members on the Board of Directors and Executive Committee is noteworthy:

Executive Board Members on the Board of Directors	23.53%
Executive Board Members on the Executive Committee	28.57%
Proprietary and External Board Members on the Board of Directors	47.05%
Proprietary and External Board Members on the Executive Committee	42.86%
External independent Board Members on the Board of Directors	23.53%
External independent Board Members on the Executive Committee	14.29%
Other external Board Members on the Board of Directors	5.88%
Other external Board Members on the Executive Committee	14.29%

This section can include any other information, clarification or qualification relating to the previous sections of the report, provided that it is material and not repetitive.

In particular, indicate whether the company is subject to any legislation other than the Spanish legislation on corporate governance and, if so, include the information that it is required to furnish, where such information differs from that required in this report.

Binding definition of independent Board Member:

Indicate whether any of the independent Board Members has, or has had, any relationship with the company, its significant shareholders or its executives that, had it been sufficiently significant or material, would have determined that the Board Member concerned could not be considered independent in conformity with the definition set forth in section 5 of the Unified Good Governance Code:

	Yes	No
	X	

Name of Board Member	Type of relationship	Explanation
Mr. José María Loizaga Viguri	Board Member of Zardoya Otis, S.A.	Zardoya Otis, S.A. is a normal supplier to the construction companies of the ACS Group, without the volume of operations being significant.
Mr. Miguel Roca Junyent	Lawyer	Mr. Roca has served as a lawyer in relation to certain matters which are individually of significance, but not when taken into consideration as a whole.

Date and signature:

This Annual Corporate Governance Report was approved by the Company's Board of Directors at its meeting held on

21/03/2013

Indicate whether any Board Members voted against or abstained in relation to the approval of this Report.

	Yes	No
		X

SUPPLEMENTARY REPORT

SUPPLEMENTARY REPORT TO THE 2012 ANNUAL CORPORATE GOVERNANCE REPORT ADMITTED BY THE BOARD OF DIRECTORS OF ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A. PURSUANT TO THE PROVISIONS OF ARTICLE 61 BIS 4, H OF THE SECURITIES MARKET LAW.

Securities that are not admitted to trading on a regulated market in a Member State, indicating the different classes of shares, if any, and the rights and obligations conferred for each class of shares.

No securities have been issued by the Company which are traded on a market other than the EU market.

Any restrictions on the transfer of securities and any restrictions on voting rights.

In accordance with Article 8 of the Company's bylaws, shares are represented by means of book entries under the conditions and requirements established by law. There are no statutory restrictions on the transferability of shares representing the company's share capital.

As a listed company, the acquisition of a percentage of ownership of 30% or more of the Company's share capital or voting rights requires that a takeover bid be launched, in the terms provided for in Article 60 of Securities Market Law 24/1988 and Royal Decree 1066/2007, of 27 June.

There are no specific restrictions on voting rights, although, in relation to attendance rights, Article 23 of the bylaws provides that *"The General Meeting comprises all those that hold at least one-hundred shares, either present or represented. The owners or holders of less than one hundred shares may pool their shares in order to reach such number and may be represented either by one of them or by another shareholder who alone possesses the number of shares required to form part of the General Meeting"*.

Rules for amending the Company's bylaws.

The procedure for amending the bylaws is governed by Article 29 and generally, Articles 285 et seq. of the Consolidated Spanish Companies Law, approved by Legislative Royal Decree 1/2010, of 2 July, which require approval by the General Shareholders' Meeting, with the attendance quorums and, if applicable, majorities provided in Articles 194 and 201 of the aforementioned Law.

Such resolutions will be adopted by simple majority, except where under section 2 of the aforementioned Article 201 of the Consolidated Spanish Companies Law, such resolutions must be adopted by the vote in favour of two thirds of the share capital present or represented when the meeting is attended by shareholders representing less than fifty per cent of the subscribed share capital with voting rights. The simple majority required to adopt a resolution shall consist of the vote in favour of the shareholders owning one-half plus one of the shares with voting rights present or represented at the meeting.

Significant agreements entered into by the Company that will come into force, be modified or terminate in the event of a change in control over the Company resulting from a takeover bid, and the effects thereof.

There are no significant contracts giving rise to the aforementioned circumstance.

Agreements between the Company and its directors, management personnel or employees which provide for termination benefits when the latter resign or are dismissed without justification or if the employment relationship ends as a result of a takeover bid.

As indicated in sections B.1.13 of the 2012 Annual Corporate Governance Report, 6 senior executives of the various ACS Group companies, including executive directors, have contracts providing for cases such as those envisaged in this connection, with termination benefits of up to five years' annual salary.

A description of the main characteristics of the internal control and risk management systems with regard to statutory financial reporting.

1. COMPANY'S CONTROL ENVIRONMENT

1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective ICFRS, (ii) its implementation, and (iii) its supervision.

The Internal Control over Financial Reporting System (hereinafter, ICFRS) is part of the ACS Group's overall internal control system and is set up to provide reasonable assurance regarding the reliability of the financial information published. As stipulated in the Board Regulations of the ACS Group, the Board of Directors is responsible for this system and has delegated the supervisory function thereof to the Audit Committee in accordance with its regulations.

In accordance with Article 4 of its Regulations, the Board of Directors has the power, among other functions, to approve, *"the financial information to be periodically made public by the Company given that it is listed on the stock exchange"*. In accordance with this article, the functions of the Board that cannot be delegated include *"preparing the individual and consolidated financial statements and directors' reports and submitting them for approval at the General Shareholders' Meeting"* and approving *"the risk management and control policy and the periodic monitoring of the internal reporting and control systems"*.

General Corporate Management of the ACS Group is responsible for the Group's ICFRS. This entails defining, updating and monitoring the system to ensure that it operates correctly.

The head of each business area is responsible for designing, reviewing and updating the system in accordance with its own needs and characteristics. General Corporate Management validates these designs and their operation to guarantee compliance with the objectives set to assure the reliability of the financial information reported.

In relation to the above, Article 23 of the Regulations of the Board of Directors establishes that the Audit Committee is responsible, inter alia, for the following functions:

- *"Monitor the effectiveness of the Company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms"*.
- *"Oversee the preparation and presentation of the regulated financial information"*.

SUPPLEMENTARY REPORT

Accordingly, HOCHTIEF, which has formed part of the ACS Group as an investee since June 2011, lists its shares on the German stock market and, in turn, has majority ownership interest in Leighton, which in turn lists its shares on the Australian stock market. Both companies have implemented their own risk management and internal control over financial reporting systems in accordance with applicable legislation. Additional information on these systems can be found in their 2012 annual reports and is available at www.hochtief.com and www.leighton.com.au.

1.2. The existence or otherwise of the following components, especially in connection with the financial reporting process: departments and/or mechanisms in charge of (i) the design and review of the organisational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) implementing procedures so this structure is communicated effectively throughout the company, with particular regard to the financial reporting process.

In accordance with the Regulations of the Board of Directors, the Appointments and Remuneration Committee under this Board is responsible, inter alia, for nominating senior executives, in particular those who are to be a member of the Group's Management Committee, and proposing the basic conditions of their contract.

Corporate General Management, in the case of ACS, Actividades de Construcción y Servicios, S.A., and the CEO or Chairman, in the case of the various business areas, are responsible for determining the organisational structure.

In 2012 the organisational chart of the various business areas was updated and sent to the interested parties.

- **Code of conduct, approving body, dissemination and instruction, principles and values covered (stating whether specific reference is made to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary action.**

The ACS Group has a General Code of Conduct which was approved by the Board of Directors on 15 March 2007, which was last updated by agreement of the Executive Committee of the Board of Directors on 30 August 2011. This Code has been disseminated and is accessible to all employees via the Group's web page.

In this regard, paragraph 4.2.5 of the General Code of Conduct emphasises the principle of transparency. The Code stipulates that "specifically, it will ensure the reliability and completeness of the financial information which, in accordance with applicable law, is publicly supplied to the market. In particular, the accounting policies, control systems and monitoring mechanisms defined by the ACS Group in order to identify relevant information shall be identified, prepared and communicated in due time and form".

"Additionally, the Board of Directors and other governing bodies shall periodically ensure the effectiveness of the internal control system over financial information reported to the markets".

To ensure compliance with the General Code of Conduct, resolve incidents or concerns about its interpretation and take the measures required to ensure the best compliance, the above Code provides for the creation of a General Code of Conduct Monitoring Committee to be composed of three members appointed by the Board of Directors of the ACS Group following their nomination by the Appointments and Remuneration Committee.

This Monitoring Committee has been assigned the following functions:

- Promote the dissemination, knowledge of and compliance with the Code in each and every one of the Group companies.
- Establish the appropriate communication channels so that each employee may obtain or provide information regarding compliance of this Code, guaranteeing the confidentiality of the complaints processed at all times.
- Interpret the regulations stemming from the Code and supervise their implementation.
- Ensure the truthfulness and impartiality of any proceedings initiated, as well as the rights of the persons allegedly involved in possible breaches.
- Define the cases in which the scope of application of the Code should be extended to third parties which are to have commercial or business relationships with the ACS Group.
- Prepare information including the level of compliance with the Code and disclose the specific related indicators.
- Prepare an annual report on its actions and make the recommendations it deems appropriate to the Board of Directors through the Audit Committee.

The Annual Report on Actions and Recommendations of the General Code of Conduct Monitoring Committee for 2012 will be submitted by the Audit Committee in March 2013.

- **Whistle-blowing channel, for reporting to the Audit and Control Committee any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organisation, stating whether reports made through this channel are confidential.**

In accordance with the foregoing, the General Code of Conduct has established an Ethics Channel allowing any person to report irregularities observed in any of the ACS Group companies, or behaviour that fails to comply with the rules provided in the General Code of Conduct.

For this purpose, there are two channels of communication:

- E-mail: canaletico@grupoacs.com
- Postal address: Ethics Channel
Grupo ACS
Avenida de Pío XII, 102
28036 Madrid, Spain

In any case, the General Code of Conduct ensures the confidentiality of all complaints received by the Monitoring Committee through these channels.

In 2012 ten files were processed as a result of complaints already closed during this year as well as one query which was answered during the year.

SUPPLEMENTARY REPORT

- **Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating the ICFRS, which address, at least, accounting rules, auditing, internal control and risk management.**

In regard to training and refresher courses, the ACS Group believes that continuous training for its employees and managers both at the corporate level and at the Group company level is important. Relevant and up-to-date training on regulations that affect financial reporting and internal control is considered to be necessary to ensure that the information reported to the markets is reliable and in accordance with the law in force.

Therefore within the Group's scope of consolidation, a group of approximately 900 employees working in the economic-financial area have received approximately 29,750 hours of training in finance, accounting, consolidation, auditing, internal control and risk management in 2012.

2. RISK ASSESSMENT IN FINANCIAL REPORTING

2.1. The main characteristics of the risk identification process, including risks of error or fraud, stating whether:

- The process exists and is documented.
- The process covers all financial reporting objectives, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), if it is updated and how often.
- A specific process is in place for identifying the scope of consolidation, taking into account the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.
- The process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.
- Which of the company's governing bodies monitors the process.

The ACS Group has established a risk management system that supports a range of actions in order to comply with the objectives established by the Board of Directors. The Corporate Risk Map is updated annually and summarises the Group's situation in relation to its main risks, except for those with regard to HOCHTIEF since it has its own risk control systems.

The Risk Map includes the identification, assessment, classification, valuation, management and monitoring of risks at both the Group level and that of the operating units. In light of the above, the risks identified are as follows:

- Corporate risks: which affect the Group as a whole and, in particular, the listed Company.
- Business risks: which specifically affect each of the business areas and change based on the unique characteristics of each business area.

These risks were basically measured qualitatively in order to establish both their importance and probability of occurrence, however an objective or quantitative risk indicator was established as much as possible.

Accordingly, the risks are classified as follows:

- Operational risks.
- Non-operational risks.

This system is explained in section D of the ACGR in the description of the general risk policy of the ACS Group.

In addition to financial risks (liquidity, exchange rate, interest rate, credit and equity), non-operating risks also includes those risks relating to the reliability of the financial information.

As part of ICFRS management, the ACS Group has a procedure that allows its scope to be identified and maintained by identifying all relevant subgroups and divisions, as well as the significant operating and support processes of each of the subgroups or divisions. This identification was carried out based on the materiality and risks factors that are inherent to each business.

The materiality criteria are established, on one hand, from the quantitative point of view in accordance with the most recent consolidated financial statements based on the various parameters, such as revenue, volume of assets or profit before tax and, on the other hand, from the qualitative point of view in accordance with various criteria, such as the complexity of the information systems, the risk of fraud or accounting based on estimates or bases that may have a subjective component. In practice, this means being able to determine which of the accounting headings of the financial statements are material, as well as other relevant financial information. In addition, the processes or business cycles in which this information is generated are identified.

This assessment is performed on an annual basis and based on which companies are included in or excluded from the Group's scope of consolidation. This scope is reviewed quarterly.

Corporate General Management of the ACS Group is responsible for updating the scope of the Internal Control over Financial Reporting System, and informing the various business areas and the auditor.

For each process or business cycle included within the scope, the Group has identified the risks that can specifically affect financial reporting taking into account all of the financial reporting objectives (existence and occurrence; integrity; valuation; rights and obligations; and presentation and disclosure), and taking into account the different risk categories contained in section D of the ACGR to the extent that they affect financial reporting.

The Board of Directors has the power to approve the risk management and control policy and the periodic monitoring of the information and control systems, while the Audit Committee has the power to oversee the risk management systems.

SUPPLEMENTARY REPORT

3. CONTROL ACTIVITIES

3.1. Procedures for reviewing and authorising the financial information and description of the ICFRS to be disclosed to the markets, indicating who is responsible in each case; and documentation and flow charts of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

Prior to their approval by the Board of Directors and to their publication, General Corporate Management must submit both the annual and half-yearly condensed financial statements as well as any other periodic public information supplied to the markets to the Audit Committee, taking into consideration the most relevant effects and those matters whose contents or components are based more on accounting opinions or assumptions for the purpose of calculating estimates and provisions.

Prior to the publication of the financial statements, those responsible for each line of business are required to review the information reported for the purposes of consolidation in their respective areas of responsibility.

This report with the description of the ICFRS is prepared by Corporate General Management based on the information supplied by all affected departments and business areas, and is submitted for review and approval by the Audit Committee.

All business areas which are relevant for the purpose of financial reporting have different controls to ensure the reliability of the financial information. These controls are documented for the significant business cycles based on the internal procedures used, as well as the reporting systems which are used as the basis for preparing the financial information of each business area.

The Group documents in a systematic and homogeneous manner the significant processes, risks and control activities implemented in the business areas. This documentation is based on the following:

- Identification of the companies and processes or business cycles that may significantly affect the financial information. Each significant process has a flow chart and a narrative description of key activities.
- Identification of the risks and controls established to mitigate the financial reporting risks and those responsible for this control, under a common methodology.

The processes considered within the scope include the operating business cycles and the accounting close, reporting and consolidation. The possible risks of fraud and the specific review of relevant judgements, estimates, evaluations and projections are taken into account in each of the business cycles.

3.2. Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key company processes regarding the preparation and publication of financial information.

Following a policy of decentralisation and independence of each of its lines of business, the ACS Group does centrally manage its information systems, but rather each of business areas manages these resources based on the particular features of each line of business. This is not an obstacle that prevents each of the business areas from defining their internal control policies, standards and procedures regarding information systems and security management. In this regard, the Information Systems Coordinator was created in 2012 to provide support to the ACS Group's General Corporate Management to implement the application of the information systems policies approved in each of the Group's divisions.

Access to the information systems is managed in accordance with tasks assigned to each job position, and each company defines its users' profiles for accessing, modifying, validating or consulting information following a criterion of segregation of duties. Management of access, changes in the applications and the flows of approval are defined in the procedures of each business area, as well as the responsibilities of those responsible for monitoring and control.

The control mechanisms for the recovery of information and information systems are defined in the corresponding continuity plans. Each of the business areas has storage and backup processes at different locations that provide for contingencies if necessary. Each Group company also establishes the required security measures against leakage or loss of physical and logical information depending on the level of confidentiality.

The main information systems have protection against viruses and trojans, and elements that are periodically updated to prevent intrusion in the information systems.

3.3. Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.

The ACS Group does not usually subcontract work to third parties that could materially affect the financial statements.

In any case, when the ACS Group outsources work to third parties it ensures the technical training, independence and skills of the subcontractor. In the case independent experts are used, the person responsible for contracting these experts must validate the conclusions reached from their work.

In the specific case of valuations made by independent experts, the criteria and results thereof are revised by Group management or by management of the business areas that are affected, requesting comparison valuations when necessary.

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4. INFORMATION AND COMMUNICATION

4.1. A specific function in charge of defining and updating accounting policies (accounting policies area or department) and resolving any doubts or disputes that may arise over their interpretation, which is in regular communication with the team in charge of operations; and a manual of accounting policies regularly updated and communicated to all the company's operating units.

Corporate General Management, through the Corporate Administration Department, is responsible for defining and updating the accounting policies and responding to queries and doubts arising from the implementation of the applicable accounting regulations. This can be done in writing and replies to queries are made as quickly as possible depending on their complexity.

The Group has an accounting policies manual that is in line with the International Financial Reporting Standards (IFRS) as adopted by the European Union. This manual is applicable to all companies included in the Group's scope of consolidation and to its joint ventures and associates.

In cases where the ACS Group does not have control but does have a significant influence, the required adjustments and reclassifications are made to the associate's financial statements in order to assure that the accounting criteria is uniform with that of the rest of the Group.

Group companies may have their own manual as long as it does not contradict that indicated in the Group's manual so as to be able to ensure the uniformity of the accounting policies of ACS.

4.2. Mechanisms in standard format for the capture and preparation of financial information, which are applied and used in all units within the entity or group, and support its main financial statements and accompanying notes as well as disclosures concerning the ICFRS.

Reporting to Corporate General Management of the ACS Group is carried out in accordance with the following guidelines:

1) *Reporting frequency*

Once the meeting schedule of the Executive Committee and the Board of Directors is set, the reporting dates and type of information to be reported are sent to the various heads of the divisions or Group companies on an annual basis.

2) *Type of reporting*

The information to be reported varies and is detailed based on the reporting period (monthly / quarterly / half-yearly / annually).

3) *Format for reporting financial information*

The information to be sent to the Administration Department (Corporate General Management) by the various business areas is reported using the Cognos Consolidator consolidation program (mainly for the balance sheet and income statement), and various Excel templates parameterized and automated for the aggregation and elaboration of various information, usually of an off-balance sheet and management nature

For the preparation of the consolidated financial statements, all business areas must report any changes in the scope of consolidation of their business area prior to the end of the month. As this information is sent from the 3rd to the 6th of each month, the reporting file includes the parameterisation of the consolidation system, which specifically includes the scope of consolidation affecting the entire ACS Group.

4) *Internal control reporting model*

The ACS Group has defined a reporting system for the most significant controls included within the framework of the Internal Control over Financial Reporting System, in which each person responsible for its implementation and monitoring must send the Group's General Corporate Management a report detailing its operations during the period.

This reporting was carried out in 2012 and is expected to be implemented with the publication of the half-yearly financial statements of the ACS Group.

5. SUPERVISION OF THE OPERATION OF THE SYSTEM

5.1. The ICFRS monitoring activities performed by the Audit Committee, including an indication of whether the entity has an internal audit function whose competencies include supporting the audit committee in its role of monitoring the internal control system, including the ICFRS during the period and the procedure by which the area responsible for performing the assessment reports its results, if the entity has an action plan detailing possible corrective measures and whether their impact on the financial statements has been taken into consideration.

The ACS Group's Internal Audit Department is set up as an independent service, the function of which is to provide support to the Group's Board of Directors and senior management in the examination, evaluation and supervision of the internal control and risk management systems both of the Parent and the other companies forming part of the Group.

The ACS Group's Internal Audit Department carries out its functions through the Internal Corporate Audit department and the auditors of the Group's various business areas.

The Corporate Internal Audit Department is included in the organisational structure as a body hierarchically subordinated to the Corporate General Management and functionally subordinated to the Audit Committee of the Board of Directors. It has no hierarchal or functional link to the business areas. Therefore, the appointment/dismissal of the person responsible is at the suggestion of the Audit Committee.

In turn, the internal audit departments of the Parents of the Group's business areas hierarchically depend on the Chairman and/or CEO of these areas and functionally on the Corporate Internal Audit Department.

The functions assigned to the Internal Audit Department are as follows:

- Review the implementation of policies, procedures and standards established in the Group, as well as the operations and transactions performed.
- Identify faults or errors in the systems and procedures, indicating their causes, issuing suggestions for improvement in the internal controls established and monitoring recommendations adopted by the management of the various business areas.
- Review and assess the reliability of the internal control systems over economic and financial reporting.
- Report any anomalies or irregularities identified, recommending the best corrective actions and following up on the measures taken by the management of the different business areas.

SUPPLEMENTARY REPORT

The Corporate Internal Audit Department submits the Annual Audit Plan each year for approval by the Audit Committee. This Audit Plan is consolidated and prepared by the internal audit departments of the Group companies, except, as indicated in point 1.1, for HOCHTIEF and Leighton, which have their own audit committees.

The Corporate Internal Audit Manager periodically submits to the Audit Committee a summary of the reports already drafted and the status of the internal audits of the various business areas in which they are acting.

The Corporate Internal Audit Department submitted the 2012 Activities Report and the 2013 Audit Plan to the Audit Committee in February 2013.

The audits carried out are as follows:

- Audits of specific projects.
- Audits of branches or geographic areas within a company.
- Audits of processes or specific areas.
- Audits of companies or groups of companies.

In 2012 the various internal audit departments of the business areas carried out the following work:

- 23 complete audits of Spanish and foreign subsidiaries, offices, unincorporated temporary joint ventures and contracts.
- 90 audit procedures on the various areas and processes.
- Support in preparing internal procedures and documenting the internal control over financial reporting system in the Environment Area.

5.2. A discussion procedure whereby the auditor (pursuant to TAS), the Internal Audit Department and other experts can report any significant internal control weaknesses encountered during their review of the financial statements or other assignments, to the company's senior management and its Audit Committee or Board of Directors. Also report any action plan in place to correct or mitigate weaknesses observed.

In accordance with the Regulations of the Board of Directors, the Audit Committee has the following functions:

- *Monitor the effectiveness of the company's internal control, internal audit, and if applicable, risk management systems, and discuss any significant weaknesses in the internal control system identified during the performance of the audit with the auditors or audit firms.*
- *Establish the appropriate relationships with auditors or audit firms for the purpose of receiving information on any matter which may compromise their independence and any other matter relating to the process of auditing the accounts, in addition to any other communication laid down in Spanish legislation regarding auditing accounts and technical auditing standards.*

As a result of this work, the internal audit departments of the Group companies issue a written report which summarises the work carried out, the situations identified, the action plan including, where applicable, the timetable and persons responsible for correcting the situations identified, and opportunities for improvement. These reports are sent to the head of the business area and to Corporate General Management.

As mentioned above, the Corporate Internal Audit Manager submits an Activities Report to the Audit Committee which contains a summary of the activities carried out and the reports drawn up during the year, as well as the main significant aspects and recommendations contained in the various reports.

The Audit Committee holds meetings with the external auditor on a regular basis and, in any case, whenever there is a review of the interim financial statements for the first and second half of the year prior to their approval, and prior to the meeting held by the Board of Directors to prepare the annual individual financial statements of the parent, and the consolidated statements of the ACS Group. Additionally, it holds formal meetings to plan the work of external auditors for the current year as well and to report the results that have been obtained in the preliminary review prior to the end of the financial year.

In 2012, the external auditor attended seven Audit Committee meetings.

6. WHETHER THE ICFRS INFORMATION SUPPLIED TO THE MARKET HAS BEEN REVIEWED BY THE EXTERNAL AUDITOR, IN WHICH CASE THE CORRESPONDING REPORT SHOULD BE INCLUDED. OTHERWISE, EXPLAIN THE REASONS FOR THE ABSENCE OF THIS REVIEW.

The information relating to the ICFRS issued to the markets for 2012 was reviewed by the external auditor. The review was carried out in accordance with the Action Guide Draft dated 28 October 2011 and its related auditors' report model that was published by the corporations representing the auditors.

SUPPLEMENTARY REPORT

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REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. FOR 2012

To the Shareholders of
ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A.:

As requested by the Board of Directors of ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. ("the Entity") and in accordance with our proposal-letter of 30 January 2013, we have applied certain procedures to the accompanying "Information relating to the ICFR" of ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A. for 2012, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying Information relating to the system of ICFR.

It should be noted in this regard, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

Securities Market Law 24/1988, of 28 July, as amended by Sustainable Economy Law 2/2011, of 4 March, stipulates that for the annual reporting periods beginning on or after 1 January 2011, the Annual Corporate Governance Report ("ACGR") must include a description of the main features of internal control and risk management systems with regard to the statutory financial reporting process. In this connection, on 26 October 2011 the Spanish National Securities Market Commission (CNMV) published a draft Circular, modifying the Annual Corporate Governance Report form to be published, which included the approach to be taken by entities with respect to the description of the main features of their system of ICFR. A CNMV letter dated 28 December 2011 contains a reminder of the legal amendments to be taken into consideration when preparing the "Information relating to ICFR" up until the final publication of the CNMV Circular defining a new ACGR model.

Pursuant to subparagraph no. 7 of the content of the system of ICFR contained in the annual corporate governance report form included in the draft CNMV Circular, whereby entities are required to indicate whether the description of the system of ICFR has been reviewed by an external auditor and, if so, to include the relevant report, the financial auditors' representative bodies published Draft Guidelines on 28 October 2011 and the corresponding illustrative auditors' report ("the Draft Guidelines"). In addition, on 25 January 2012, the Spanish Institute of Certified Public Accountants established certain additional considerations in this connection in its Circular E01/2012.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Draft Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2012 described in the accompanying Information on the system of ICFR. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the accompanying report on the information relating to the system of ICFR and assessment of whether this information addresses all the information required in accordance with the minimum content described in the annual corporate governance report form included in the draft CNMV Circular.
2. Questioning of personnel responsible for the drawing up of the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning at the Company.
3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the system of ICFR. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.

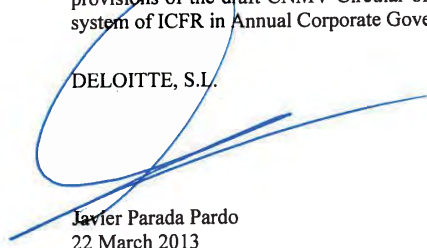
SUPPLEMENTARY REPORT

5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and of other committees of the Entity in order to assess the consistency between the ICFR issues addressed therein and the information detailed in point 1 above.
6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the Information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the Information.

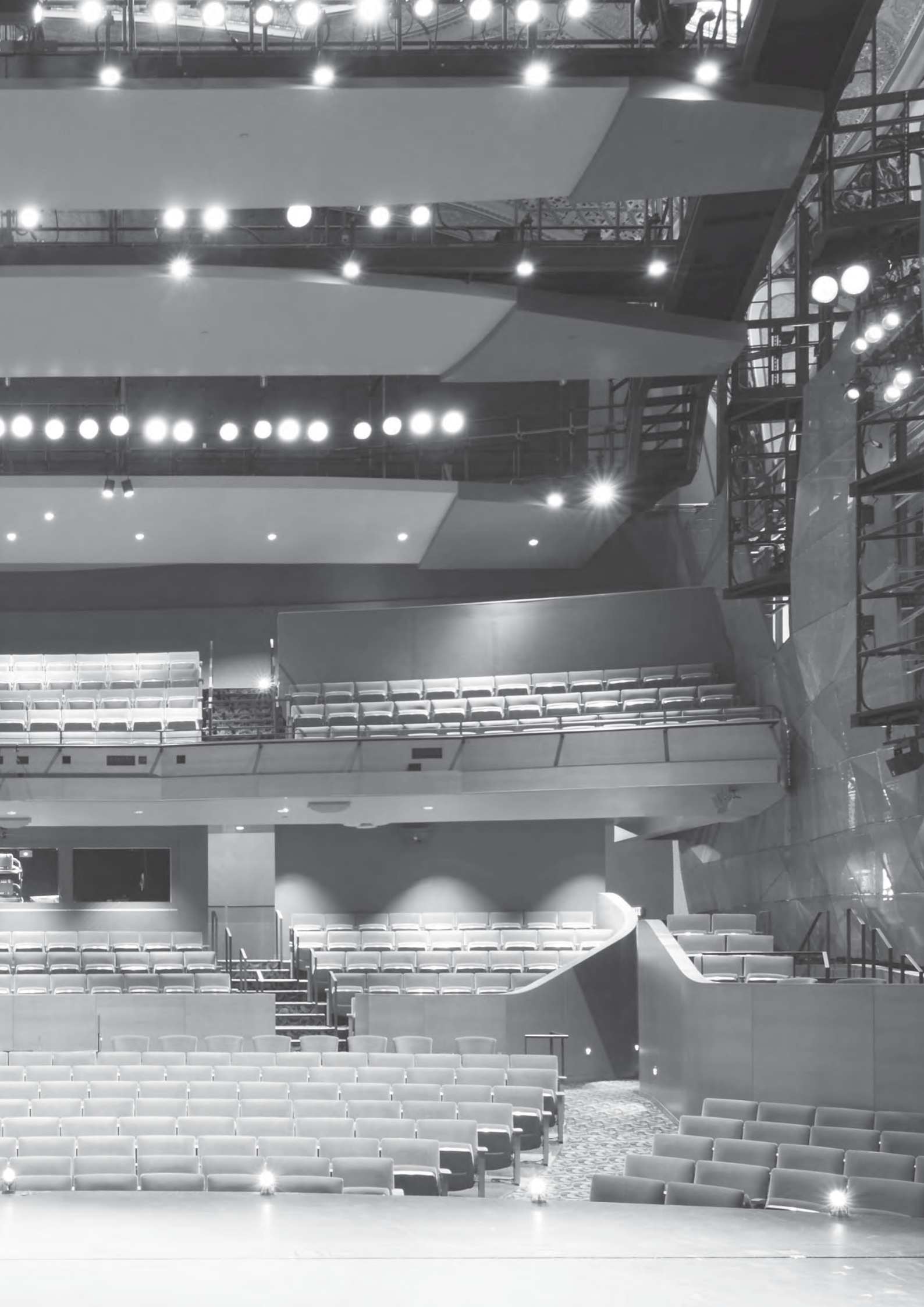
This report has been prepared exclusively in the framework of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the draft CNMV Circular of 26 October 2011 for the purposes of the description of the system of ICFR in Annual Corporate Governance Reports.

DELOITTE, S.L.



Javier Parada Pardo
22 March 2013







Project Director and Editor
ACS Group

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IMAGIA*oficina*.es

Photos
ACS Group Archives