

SUSTAINABILITY
REPORT

20
18



BUSINESS AS UNUSUAL

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REPORT

20
18



BUSINESS AS UNUSUAL

4

Letter from
the Chairman

8

Company Profile

Triple Bottom Line **13**

ACCIONA around the World **14**

22

ACCIONA's
Commitment

Society **36**

Climate Change **56**

Environment **68**

Corporate Governance **88**

People **108**

Value Chain **136**

Innovation **160**

168

ACCIONA
Energy's
Commitment

188

ACCIONA
Infrastructure's
Commitment

212

Other ACCIONA
Businesses'
Commitment

220

Materiality
Analysis

228

About
this *Report*

230

GRI
Content
Index

246

Independent
Assurance
Report



Letter from the Chairman

**JOSÉ MANUEL
ENTRECANALES**

**CHAIRMAN
OF ACCIONA**

Dear Friends,

I would like to begin this review of the past year in terms of sustainability by highlighting how inspirational the United Nations' Sustainable Development Goals are, not only for our company, but also for a growing number of people, companies and institutions around the world.

Along with the Paris Agreement on climate change, this global agenda designed by the UN has become - despite the fact that just three years have elapsed since it was rolled out - a shared roadmap through which to channel the joint actions of governments, the private sector and citizens.

It is quite likely the strategic plan for one of the last generations able to halt an irreversible environmental degradation.

The magnitude of the challenges proposed requires, in addition to vision, the mobilisation of an unprecedented investment volume, which diverse organisations have already estimated to be equal to two and a half times the GDP of a country like Spain.

In 2018, we've seen the financial markets take sound initial steps in the indicated direction. Stimulated by the enhanced reporting on the financial risks of climate change published last year by the Financial Stability Board, other interesting initiatives by the European Commission, the Chinese government and, most recently, regulators including the governors of the Central Banks have ensued. All of these initiatives focus on bolstering the resilience of the financial system, including improvements in the management of disruptive climate risks and striving to guide flows of capital towards more sustainable development models.

The urgency of the situation in some spheres makes this necessary. In 2018, we have witnessed an exacerbation of the consequences of global warming. Changes in climate patterns and extreme weather events are on the rise. We read with attention and concern, as the United Nations Intergovernmental Panel on Climate Change highlighted last November, about the inevitable nature of the action and the magnitude of the challenge that lies before us.

The acceleration of CO₂ concentrations in the atmosphere was confirmed this year. If we were alarmed in 2010 when we reached 400 parts per million, this figure is expected to reach 412 ppm in 2019. Unfortunately, this brings us dangerously closer to the 420 ppm set by scientists as a red line.

Although the calls to action are unequivocal, the pace of change remains insufficient. And geopolitical tensions do not help. Breaking the inertia of the fossil fuel-based production and consumption model that has been the cornerstone of a flourishing economy for decades is no easy task.

Therefore, further attention must be drawn to the situation. Not only because of the risks entailed in a failure to act, but also because of the new and interesting opportunities that could be brought about by the change.

Under the motto *Invest In The Planet*, we engaged in intense communication activities last year, aimed at raising awareness not only about the risks, but also about the opportunities entailed in investing in the planet. The intention is to spotlight the advantages we perceive in activities that drive clean development and improve people's lives.

This contribution is brought to life by strategically orienting our businesses towards the Sustainable Development Goals. When implementing projects at ACCIONA, we focus specifically on those Goals that enable local prosperity, ranging from access to clean water and sanitation to clean, affordable energy, to the development of resilient infrastructures and mobility.

This *Report* offers insight on the progress we have made through the Sustainability Master Plan 2016-2020. The plan outlines operational objectives that integrate stringent criteria into ACCIONA's practices in order to increasingly maximise the positive impact on the company's business areas. With the Plan just past its halfway mark, I have highlighted below the most relevant strides made in 2018, details of which are found in the body of the *Report*.

In our relationship with **society**, we develop capacities that enable us to strengthen the nature of our business activity as a driving force. This year we have expanded the coverage of our Social Impact Management (SIM) methodology. This is a crucial tool for measuring and improving the environment. We have raised it to the rank of a Corporate Standard, applied in 98 projects in 25 countries. This methodology, as well as the Instruction for Communication and Dialogue with Communities and Stakeholders, represents truly advanced, efficient instruments for measuring and improving the social impact of our activity.

Although we have accomplished the ambitious goal of achieving **carbon neutrality** by offsetting emissions generated that could not be reduced, mitigating climate change continues to be one of the main objectives of our Plan. In this regard, in 2018 we also managed to reduce our emissions by 7 % compared to the previous year, added to which is the contribution stemming from the generation of clean energy, which has prevented the emission of 14.7 million tonnes of CO₂ into the atmosphere.

Intent upon making further progress, we have set specific, increasingly stringent, objectives for **reducing emissions**. In this occasion, we have aligned with science, through the international initiative Science Based Targets (SBT). In this way, our future efforts are verified to be aligned with the 2 °C scenario set out in the Paris Agreement. In 2019, we intend to progress along this demanding path, setting our sights on objectives aimed at preventing an increase of more than 1.5°C.

ACCIONA continues to expand the array of solutions it offers in response to other **global environmental challenges** such as water stress, climate and water risks and opportunities, electric mobility, promotion of the circular economy and conservation of biodiversity. In this sense, it is worth noting that one third of the water treated by the company in 2018 was produced in areas prone to water stress, and that we have reduced water consumption by 39 %. In addition, we have recovered 58 % of the non-hazardous waste we generated this year, and the percentage of renewable resources used by ACCIONA was 29 %, which is well above the global average of 9 %.

In terms of **Corporate Governance**, we have updated the methodology for assessing the ethical and integrity risks to which ACCIONA is exposed, integrating it naturally with the group's risk assessment methodology. Deployment of the compliance model at the international level continues at a good pace.

In reference to **People**, we have made significant progress in active talent management through the identification, retention and development of people within the organisation. As regards occupational health and safety, the "Think Safe" programme was expanded in the Energy business, now covering 93 % of the workforce. The Volunteer Protection Programme (VPP), Behaviour Based Safety For You (BBS4U) and the "Leader" project were consolidated in Infrastructure.

In 2018, we stepped up our collaboration efforts with our partners in the **Value Chain** in relation to sustainability. Although there is still a lot to be done, we have seen a rise in the number of suppliers trained in the code of conduct and sustainability, and in risk assessments conducted, particularly at the international level.

Holding on to a cutting-edge position in the field of **Innovation** is not easy. In 2018, this constant drive to transform ideas into new technological developments once again reached a record high in our company with EUR 225.4 million in investment. This represents an innovation over sales figure of 3 %. More than double the European average (1.4 %).

To sum up, we continue moving forward with steady strides towards the objectives set in our Sustainability Master Plan 2020. This progress has been acknowledged by the main sustainability indexes and rankings around the world. Thus, we have been listed in CDP Water Security A List 2018, CDP Supplier Engagement Leader 2018, FTSE4Good, Ethibel Sustainability Index (ESI) Excellence Europe, MSCI Global Low Carbon Leaders Index, Thomson Reuters 2018 Diversity and Inclusion Index, and the 2019 Global 100 Most Sustainable Corporations in the World index, among others.

We remain enthusiastic from the conviction that we are moving in the right direction, and that the wind is increasingly at our backs. We shall persevere in the drive toward increasingly ambitious improvements within the organisation, but also through active participation in international initiatives that spotlight the private sector's commitment to sustainable development.

There is no doubt that we have a long way to go to build the business model which we aspire to and believe in. Therefore, I would like to thank you in particular for your interest in this *Sustainability Report*, in which we explain our commitment and describe how we endeavour to contribute to overcome the major challenges of our times, to leave behind a better society and planet for generations to come.

IN THIS *SUSTAINABILITY REPORT*
WE DESCRIBE HOW WE ENDEAVOUR
TO **CONTRIBUTE TO OVERCOME**
THE MAJOR CHALLENGES
OF OUR TIMES

Company Profile

VALUE GENERATION

ACCIONA is a global company that invests, develops and operates infrastructures, placing special emphasis on renewable energy. Our strategy focuses on responding to the complexity of the challenges defined in the Sustainable Development Goals with innovative solutions in fields such as the energy transition, water, cities and transport, among others.

ACCIONA, infrastructure oriented to the challenges of a more sustainable future

ACCIONA, one of the leading Spanish companies in the IBEX 35, present in more than 40 countries, carries out its business activities based on the commitment to contribute to the economic, environmental and social development of the communities in which it operates. The company thus offers its expertise in the design of a better planet, providing a response to infrastructure, water and energy needs through innovative, responsible solutions that generate real progress based on an unusual, alternative way of doing business.

The company pursues its *'business as unusual'* activity with nearly forty thousand professionals and sales that reached EUR 7,510 million, generating gross profits (or EBITDA) of EUR 1,245 million in 2018.

ACCIONA's different businesses provide value to the so-called new sustainable economy, defined by the United Nations Environment Programme (UNEP) as one "that results in improved human well-being and social equity, whilst significantly reducing environmental risks and ecological scarcities." In 2018, 38 % of ACCIONA's overall sales and 69 % of its EBITDA came from activities related to renewable energies, water and other environmental activities.

Forward-looking businesses



ENERGY

ACCIONA Energy is a unique global operator in the renewable energies industry, with a distinguished presence in more than 16 countries on five continents. Special focus is on emerging countries needing sustainable solutions to drive their development.

It works exclusively with renewable technologies, and its business activity stands out in five of them: wind, photovoltaic, thermo-solar, hydraulic and biomass. It produces clean, emissions-free energy for the equivalent of 6.3 million households.

	2017	2018
Revenue (€ million)	1,737	2,206
EBITDA (€ million)	726	743
Total capacity (MW)	9,022	9,627
Total output (GWh)	20,431	22,087



INFRASTRUCTURE

CONSTRUCTION

ACCIONA Construction is at the forefront in R&D&I, and it is among a select number of global construction companies using the most advanced construction techniques. This activity encompasses all aspects of construction through its specialised business units (bridges, roads and special structures; railways and tunnels; and ports and other hydraulic works), as well as the engineering area and other businesses.

	2017	2018
Revenue (€ million)	3,131	3,137
EBITDA (€ million)	197	205
Project portfolio (€ million)	6,287	5,328

CONCESSIONS

ACCIONA Concessions is a world leader in private infrastructure development, both in terms of the number of projects delivered and in revenues. The company has a track record of more than 40 concessions throughout its history, based on a globally-minded team that is fully adapted to local needs and peculiarities.

	2017	2018
Revenue (€ million)	140	108
EBITDA (€ million)	56	49
No. concessions	20	24

WATER

ACCIONA Agua leads the field in the water treatment industry. Its activity focuses on serving communities, and ranges from water collection to drinking water purification, including desalination, wastewater treatment and return to the environment.

It also manages integral services covering all the stages of water treatment until it is suitable for human consumption. It supplies water to the population and processes urban and industrial wastewater, directly billing the end users.

	2017	2018
Revenue (€ million)	682	639
EBITDA (€ million)	130	113
Water treated (hm ³)	775	790

SERVICES

ACCIONA Service provides a broad range of integral service solutions to its customers. Thanks to its know-how, acquired through over 50 years' experience in performing and managing services, it has positioned itself as a preferred service partner of major domestic and international companies. ACCIONA Service's flexibility enables it to offer customers a single business model that can handle everything from contracting a single service to the possibility of running entire non-core business Facility Management operations.

	2017	2018
Revenue (€ million)	753	800
EBITDA (€ million)	34	30
No. employees	17,751	20,106

INDUSTRIAL

ACCIONA Industrial, a specialist in industrial projects with high technological content, encompasses three business areas in which it leads the field: thermal generation, oil & gas and hydroelectric generation.

The Industrial business area involves all aspects of industrial processes, from engineering to procuring equipment, building of facilities and their subsequent operation and maintenance.

	2017	2018
Revenue (€ million)	274	411
EBITDA (€ million)	10	23
Project portfolio (€ million)	481	687



OTHER BUSINESSES

These include the business of Bestinver, a financial services firm, including fund management and stock brokerage; ACCIONA Inmobiliaria, with more than 20 years of experience and one of the leading housing development companies; and Grupo Bodegas Palacio 1894, hundred-year-old wineries with processing and growing centres in five of the most prestigious wine regions of Spain.

	2017	2018
Revenue (€ million)	690	392
• Bestinver	106	102
• Inmobiliaria	113	84
• Corporate and others	45	45
• Trasmediterranea*	426	160
EBITDA (€ million)	124	86

* The shipping company Trasmediterranea only contributed to consolidated figures until 31 May 2018, when the sales transaction was completed.

ACCIONA OFFERS
ITS EXPERTISE IN DESIGNING
A BETTER PLANET THROUGH
ITS BUSINESS AS UNUSUAL
MODEL

THE INCREASE
IN THE PROJECT PORTFOLIO
OF ACCIONA INDUSTRIAL
HAS BEEN OF

206

EUR MILLION

Products and services for public- and private-sector customers

Products and Services	Public customers and private business-to-consumer (B2C) and business-to-business (B2B) customers in 2018
ENERGY	
Energía Sale of renewable energy, renewable technology EPC contracts, O&M of renewable technology plants, and PPA.	Solar farms: 2,789 customers. Sale of energy: 701 public-sector customers and 1,629 private-sector B2B customers. O&M: 2 public customers and 13 private B2B customers. PPA: 1 public customer and 7 private B2B customers. EPC: 4 customers.
INFRASTRUCTURE	
Construction Civil engineering, building, infrastructure maintenance, engineering.	Projects awarded in 2018: 112. <ul style="list-style-type: none"> • Public customers: 68 %. • Private B2B customers: 32 %.
Concessions Social infrastructures and transport infrastructures.	Public sector: 11 road concessions, 2 rail and 6 social infrastructures.
Water Management of water services, automation and control, construction and O&M of drinking water, waste water treatment and desalination plants.	Water services management: <ul style="list-style-type: none"> • 356,000 users of the water service in Spain. • 1,234,000 users of the sewerage service. • 12 million users of comprehensive water services in Spain and Peru. Construction: 85 % desalination and 15 % wastewater treatment. Plant O&M: <ul style="list-style-type: none"> • 132 WWTPs, equal to 19 million inhabitants served. • 7 DWTPs, equal to 3 million inhabitants served. • 15 SWROs, 7 in Spain and 8 elsewhere in the world.
Services <i>handling</i> , cleaning, maintenance, forwarding, gardening, waste collection and treatment, events and museology, medical transport, motorbike sharing services, etc.	Public customers: 23 %. Private B2B customers: 77 %. Users: 4.5 million inhabitants served in urban and environmental services and 6 million users of airport ground services.
Industrial EPC projects, industrial plant O&M, construction of electric and HVAC facilities.	Projects: 1 public customer and 13 private B2B customers. Facilities: 3 public customers and 5 private B2B customers.
OTHER BUSINESSES	
Bestinver Financial asset management services through investment funds, pension funds, and SICAVs. This activity is complemented by stock brokerage services.	Private B2C customers: 51,000 investors.
Grupo Bodegas Palacio 1894 Production and marketing of wines.	Public customers: 2 public companies in Canada. Private B2B customers: 55 large surface areas, 229 HORECAs and 60 export. Private B2C customers: more than 3,000 consumers in the direct sales channel.
Inmobiliaria Real estate development, asset lease management.	Private B2B customers: 81 % of turnover comes from residential assets for sale, 11 % from property operations and 1 % from residential assets for rent. Private B2C customers: 7 % of turnover, from 1,092 customers in university residences.

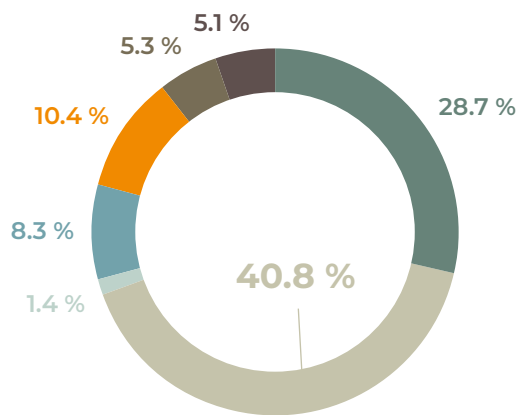
Acronyms: Business-to-Consumer (B2C), Business-to-Business (B2B), Engineering, Procurement and Construction (EPC), Operations and Maintenance (O&M), Power Purchase Agreement (PPA), Waste Water Treatment Plant (WWTP), Drinking Water Treatment Plant (DWTP), Sea Water Reverse Osmosis (SWRO), Investment company with variable capital (SICAV), Heating ventilation and air conditioning (HVAC), Hotels Restaurants and Cafés (HORECA).

Key financial figures

CONTRIBUTION TO REVENUE PER BUSINESS IN 2018

(Percentage of total)

- Energy
- Construction
- Concessions
- Water
- Service
- Industrial
- Other businesses*

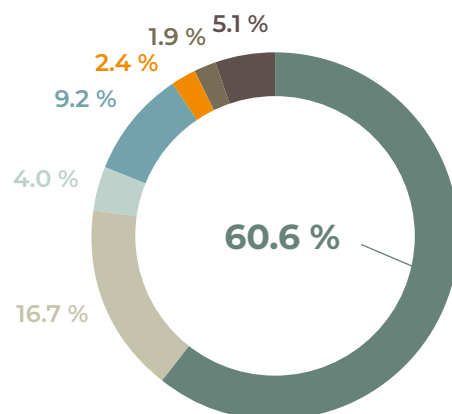


* Includes Bestinver, Bodegas, ACCIONA Inmobiliaria, Trasmediterranea, Corporate and others.

CONTRIBUTION TO EBITDA PER BUSINESS IN 2018

(Percentage of total)

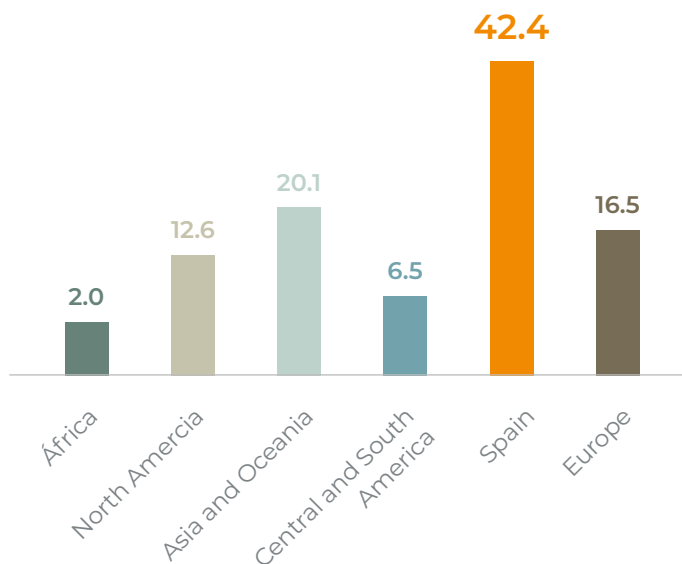
- Energy
- Construction
- Concessions
- Water
- Service
- Industrial
- Other businesses*



* Includes Bestinver, Bodegas, ACCIONA Inmobiliaria, Trasmediterranea, Corporate and others.

REVENUE PER GEOGRAPHIC AREA IN 2018

(Percentage of total)



Triple Bottom Line

In its efforts to measure the impacts of its activity, ACCIONA puts together a triple bottom line, which contains the main indicators of its economic, environmental and social dimensions.

	2016	2017	2018
ECONOMIC PERFORMANCE			
Revenues (€ million)	5,977	7,254	7,510
EBITDA (€ million)	1,192	1,275	1,245
Ordinary profit before tax (€ million)	312	382	509
Tax contribution (€ million)	1,013	1,160	1,154
Total innovation figure (€ million)	193.9	209.4	225.4
Innovation intensity (% total figure R&D&I/Sales)	3.20	2.89	3.0
Local suppliers out of total (%)	86	94	87
Revenue certified with ISO 9001 (%)	90	91	91
Global customer satisfaction index (%)	97	99.8	97
ENVIRONMENTAL PERFORMANCE			
Renewable installed capacity (MW)	8,913	9,022	9,627
Emissions generated (millions of tonnes of CO ₂)*	0.35	0.47	0.44
Emissions avoided (millions of tonnes of CO ₂)	14.8	14.4	14.7
Emissions ratio (tonnes of CO ₂ /sales in € millions)*	58	65	58
Energy consumption ratio (TJ/sales in € millions)**	2.68	2.63	1.36
Water consumption (hm ³)	6.01	7.05	4.29
Water treated (hm ³)	775	772	790
Recycled/reused water compared to water consumed (%)	15	11	17
Revenue certified with ISO 14001 (%)	87	88	90
SOCIAL PERFORMANCE			
Average headcount at year end	32,835	37,403	38,544
Female managers (% of total managers)	12.73	12.80	13.99
Average training hours per year/employee	15.24	15.96	18.47
People with disabilities in the workforce in Spain (%)	3.55	3.60	3.86
No. of fatal accidents (company and contractors employees)	5	5	3
Accidents: global frequency rate (own employees and subcontractors)	3	2.5	2.4
Projects with social impact management (No.)	82	100	98
Social contribution (€ millions)	9	12.3	13.7

* Historic CO₂e data recalculated (as stipulated by the GHG Protocol), due to the fact that Trasmediterranea was deconsolidated from ACCIONA in 2018 and that two centres with significant consumption are no longer attributable to ACCIONA.

** Data records include Trasmediterranea activity, which was deconsolidated from the ACCIONA in 2018, and 2 centres whose significant consumption are no longer attributable to ACCIONA. Not including the Trasmediterranea activity and the 2 centres mentioned above, the figures would be 1.69 for 2016 and 1.69 for 2017.

ACCIONA around the World

PRESENT IN MORE
THAN 40 COUNTRIES
ACROSS FIVE
CONTINENTS
























NORTH AMERICA

- Canada     
- United States   
- Mexico       

CENTRAL AND SOUTH AMERICA

- Brazil     
- Chile     
- Colombia   
- Costa Rica  
- Ecuador  
- Nicaragua 
- Panama  
- Paraguay 
- Peru   

EUROPE

- Germany 
- Andorra 
- Croatia 
- Denmark 
- Spain        
- Hungary 
- Italy   
- Norway 
- Poland    
- Portugal     
- United Kingdom 
- Romania 
- Turkey 
- Ukraine 



ENERGY



CONSTRUCTION



CONCESSIONS



WATER



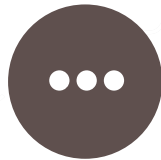
SERVICES



INDUSTRIAL











INMOBILIARIA



OTHER
BUSINESSES

**ASIA
AND OCEANIA**

AFRICA

- Argelia 
- Cape Verde 
- Egypt  
- Kenya 
- Morocco 
- South Africa  

- Saudi Arabia 
- Australia     
- Qatar   
- United Arab Emirates    
- Philippines  
- India 
- New Zealand 
- Oman 
- Singapore 

Performance by region

NORTH AMERICA

Canada     

United States   

Mexico        

 Energy
 Construction
 Concessions
 Water
 Services
 Industrial
 Inmobiliaria
 Other businesses

ACCIONA'S CONTRIBUTION

	2016	2017	2018
PERFORMANCE INDICATORS IN THE REGION			
Revenues (€ million)	740	645	945
Energy produced (total GWh)	4,837	4,538	5,097
Water managed (desalinated, purified, wastewater treated) hm ³	1.3	5.5	0
R&D&i figure (€ million)	12.1	57.0	7.3
Revenue certified with ISO 9001 (%)	78	88	96
Emissions avoided (thousands of tonnes of CO ₂)	3,153	2,884	3,209
Emissions generated (thousands of tonnes of CO ₂)	18.6	55.1	42.7
Revenue certified with ISO 14001 (%)	78	88	96
Average equivalent headcount (no. workers)	2,468	2,651	2,899

CENTRAL AND SOUTH AMERICA



ACCIONA'S CONTRIBUTION

	2016	2017	2018
PERFORMANCE INDICATORS IN THE REGION			
Revenues (€ million)	673	1,035	488
Energy produced (total GWh)	388	615	817
Water managed (desalinated, purified, wastewater treated) hm ³	14.4	14.0	7.9
R&D&i figure (€ million)	34.3	49.6	76.0
Revenue certified with ISO 9001 (%)	83	88	87
Emissions avoided (thousands of tonnes of CO ₂)	246	452	611
Emissions generated (thousands of tonnes of CO ₂)	27.6	55.3	30.2
Revenue certified with ISO 14001 (%)	83	88	84
Average equivalent headcount (no. workers)	5,141	6,886	6,569

SPAIN

Spain 



-  Energy
-  Construction
-  Concessions
-  Water
-  Services
-  Industrial
-  Inmobiliaria
-  Other businesses

ACCIONA'S CONTRIBUTION

	2016	2017	2018
PERFORMANCE INDICATORS IN THE REGION			
Revenues (€ million)	3,087	3,172	3,181
Energy produced (total GWh)	12,861	12,529	13,242
Water managed (desalinated, purified, wastewater treated) hm ³	535.2	463.4	323.9
R&D&i figure (€ million)	55.2	43.6	40.7
Revenue certified with ISO 9001 (%)	99	100	100
Emissions avoided (thousands of tonnes of CO ₂)	9,048	8,682	8,440
Emissions generated (thousands of tonnes of CO ₂)	123.0	169.5	139
Revenue certified with ISO 14001 (%)	96	98	98
Average equivalent headcount (no. workers)	19,908	20,873	21,740

* CO₂e figures for 2016 and 2017 recalculated as a result of the sale of Trasmediterranea, in accordance with the GHG Protocol.

EUROPE (EXCLUDING SPAIN)

- Germany 
- Andorra 
- Croatia 
- Denmark 
- Hungary 
- Italy   
- Norway 
- Poland     
- Portugal      
- United Kingdom 
- Romania 
- Turkey 
- Ukraine 




















-  Energy
-  Construction
-  Concessions
-  Water
-  Services
-  Industrial
-  Inmobiliaria
-  Other businesses

ACCIONA'S CONTRIBUTION

	2016	2017	2018
PERFORMANCE INDICATORS IN THE REGION			
Revenues (€ million)	705	853	1,238
Energy produced (total GWh)	1,042	979	917
Water managed (desalinated, purified, wastewater treated) hm ³	145.2	132.4	151.7
R&D&i figure (€ million)	35.9	31.4	0.4
Revenue certified with ISO 9001 (%)	82	69	38
Emissions avoided (thousands of tonnes of CO ₂)	738	663	606
Emissions generated (thousands of tonnes of CO ₂)	31.7	32.5	33.1
Revenue certified with ISO 14001 (%)	69	49	38
Average equivalent headcount (no. workers)	4,223	4,952	4,765

* CO₂e figures for 2016 and 2017 recalculated as a result of the sale of Trasmediterranea, in accordance with the GHG Protocol.

ASIA
AND OCEANIA

- Saudi Arabia 
- Australia     
- Qatar   
- United Arab Emirates    
- Philippines  
- India 
- New Zealand 
- Oman 
- Singapore 









-  Energy
-  Construction
-  Concessions
-  Water
-  Services
-  Industrial
-  Inmobiliaria
-  Other businesses

ACCIONA'S CONTRIBUTION

	2016	2017	2018
PERFORMANCE INDICATORS IN THE REGION			
Revenues (€ million)	590	1,303	1,510
Energy produced (total GWh)	1,190	1,193	1,464
Water managed (desalinated, purified, wastewater treated) hm ³	55.7	138.9	195.7
R&D&i figure (€ million)	30.6	27.8	48.0
Revenue certified with ISO 9001 (%)	68	82	92
Emissions avoided (thousands of tonnes of CO ₂)	1,058	1,063	1,307
Emissions generated (thousands of tonnes of CO ₂)	115.5	335.3	146.6
Revenue certified with ISO 14001 (%)	68	82	88
Average equivalent headcount (no. workers)	480	1,718	2,372

* Past CO₂e figures recalculated (in accordance with the GHG Protocol) due to the fact that 2 representative consumption centres ceased to be attributable to ACCIONA.

AFRICA

- Argelia 
- Cape Verde 
- Egypt  
- Kenya 
- Morocco 
- South Africa  



ACCIONA'S CONTRIBUTION

	2016	2017	2018
PERFORMANCE INDICATORS IN THE REGION			
Revenues (€ million)	182	246	147
Energy produced (total GWh)	526	577	550
Water managed (desalinated, purified, wastewater treated) hm ³	20.6	20.7	110.7
R&D&i figure (€ million)	25.8	0	53.0
Revenue certified with ISO 9001 (%)	28	83	87
Emissions avoided (thousands of tonnes of CO ₂)	571	616	575
Emissions generated (thousands of tonnes of CO ₂)	47	50	46.1
Revenue certified with ISO 14001 (%)	28	83	87
Average equivalent headcount (no. workers)	266	211	199

ACCIONA's Commitment

REAL SOLUTIONS
TO GLOBAL
CHALLENGES

The Sustainable Development Goals are a global challenge to which ACCIONA is strongly committed. Its business model focuses on developing infrastructure that significantly contribute to the joint efforts to achieve these goals by 2030.

Challenges and opportunities: contribution to the SDGs

In 2015, the United Nations defined 17 Sustainable Development Goals (SDGs) broken down into 169 targets to be achieved by 2030. This common framework addresses the major challenges faced by humanity in global and transversal terms, in which active involvement by companies and many other stakeholders is required.

The problems facing the planet and the solutions to these problems are intertwined. Therefore, the main challenges in the 2030 Agenda require responses that directly impact

the lives of local communities and transform society. With this outlook, ACCIONA contributes to each SDG through the impacts generated by its projects in countries in which improvements are needed in relation to that SDG.

The company offers solutions to present and future challenges such as water shortage and sanitation, the decarbonisation of the energy system, resilient infrastructures and innovation, the new and growing needs of populations concentrated in cities, and mitigating climate change.



ACCESS TO WATER AND SANITATION

More than 844 million people around the world live without access to basic drinking water services, and 2.3 billion have no access to basic sanitation¹, resulting in avoidable death, chronic disease, lost hours of schooling, and reduced productivity. In turn, water demand for agriculture, industry and domestic use is rising quickly (by 2030, the water deficit will be an estimated 40 %²) while at the same time water pollution and ecosystem deterioration are becoming exacerbated due to the growing amount of untreated wastewater

ACCIONA SOLUTIONS SDG 6

Availability and sustainable management of water and sanitation using advanced technologies.

¹ Source: Sustainable Development Goal 6. United Nations Synthesis Report 2018 on Water and Sanitation

² Source: United Nations world water development report 2015. UN Water



TRANSITION TOWARDS A **DECARBONISED ECONOMY**

One out of every eight people on the planet continues to lack access to electricity³. Within an energy setting that guarantees access to affordable, reliable, sustainable and modern energy for everyone, the use of renewable energy must increase from the present 25 % to 38 % by 2025. This would entail an annual investment of 441 billion dollars in renewable electricity generation⁴. Renewable technology has become highly competitive with conventional types of energy, not only in terms of costs, but also in technical capacity, reliability and quality.

ACCIONA SOLUTIONS SDG 7

Access to affordable, reliable, sustainable and efficient energy.



RESILIENT INFRASTRUCTURES AND INNOVATION

Economic growth, social progress and the fight against climate change depend to a great extent on investments in infrastructure, sustainable industrial development, and technological progress. There are currently⁵ 1 billion people living more than two kilometres from an all-season road and 4 billion without access to the internet, 940 million live without electricity, and 663 million lack improved sources of drinking water, etc. This situation prompts the need for an investment of 49.1 trillion⁶ dollars in infrastructures by 2030.

ACCIONA SOLUTIONS SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



OVERPOPULATION AND URBANISATION

Cities currently represent 3 %⁷ of the surface of the planet, but more than 50 % of the population is concentrated there, and this figure is estimated to reach 70 % by 2050. Not only does the population gather in cities, but cities also generate more than 80 % of the world's gross domestic product (GDP)⁸. Therefore, cities are facing new challenges such as reducing traffic congestion through mobility solutions that protect the environment, improving air quality, creating new infrastructures and services to respond to the needs of an ageing population, resource management, etc.

ACCIONA SOLUTIONS SDG 11

Services that aid in the development of inclusive, safe, resilient and sustainable cities

³ Source: World Energy Outlook 2018 Executive Summary by the International Energy Agency

⁴ Source: World Energy Outlook 2018 by the International Energy Agency

⁵ Source: Beyond the Gap: How Countries Can Afford the Infrastructure They Need while Protecting the Planet

⁶ Source: McKinsey Global Institute. 2016. Bridging global infrastructure gaps

⁷ Source: United Nations <https://www.un.org/sustainabledevelopment/es/cities/>

⁸ Source: World Bank <https://www.bancomundial.org/es/topic/urbandevelopment/overview>



CLIMATE CHANGE MITIGATION

The generation and use of energy is responsible for 74 % of total greenhouse gas emissions worldwide⁹ and is the main contributor towards global warming. Therefore, investment in renewable energies, energy efficiency and other low-carbon technologies at ACCIONA is essential to continue responding to the population's new needs and to minimise the negative impact on the environment. The commitment to decarbonisation of the economy, from both the public and private perspectives, will be crucial to reaching the goal set at the Paris climate conference to limit global warming.

ACCIONA SOLUTIONS SDG 13
 Development of comprehensive solutions to combat climate change and its impacts

Measuring the contribution to the sustainable development goals

ACCIONA has analysed the indicators that, in view of its activity, are most relevant and have the greatest impact on the targets included in each SDG. Furthermore, each country's needs in terms of the SDGs have also been

assessed based on the information contained in the *SDG Index and Dashboards Report 2018*¹⁰.

ACCIONA's contribution is shown below, divided into five regions in which there are still significant or considerable challenges to achieving the SDGs.

FOCUSED ON REAL NEEDS

- SDG achieved
- Significant challenges remain
- Challenges remain
- Major challenges remain

Country	SDG 6	SDG 7	SDG 9	SDG 11	SDG 13	ACCIONA's Contribution
North America	●	●	●	●	●	<ul style="list-style-type: none"> Contribution to water service access through complete management of the water service in Boca del Río (Mexico) and construction of the North Shore wastewater treatment plant (Canada) (SDG 6). Contribution to decarbonisation and improving air quality (SDG 11) and to reducing GHG emissions with 5,125 GWh of renewable energy (SDG 7), thus avoiding 3.2 million t CO₂e (SDG 13). Contribution to improving the technological capacity of industry in Mexico with an innovation figure of EUR 33.3 million (SDG 9).

Continues >

⁹ Source: CO₂ emissions from fuel combustion 2018 highlights by the International Energy Agency.
¹⁰ Prepared by Sustainable Development Solutions Network (SDSN) and Bertelsmann Stiftung.

Country	SDG 6	SDG 7	SDG 9	SDG 11	SDG 13	ACCIONA's Contribution
South America						<ul style="list-style-type: none"> Contribution to improving infrastructure quality by executing the Rodoanel highway (Brazil), Bello and Cañaveralejo wastewater treatment plants (Colombia), and the Quito Metro (Ecuador) (SDG 9). Contribution to improving the technological capacity of industry with an innovation figure of EUR 41.6 million (SDG 9). Contribution to improving air quality by generating emissions-free renewable energy, avoiding 0.4 million t CO₂e per year (SDG 13).
Europe						<ul style="list-style-type: none"> Contribution to improving the technological capacity of industrial sectors with an innovation figure of EUR 41.1 million (SDG 9). Contribution to new transportation needs in cities through the ACCIONA Mobility electric motorbikes mobility service (SDG 11). Contribution to reducing emissions, avoiding 9 million t CO₂e through renewable energy generation (SDG 13).
The Middle East and North Africa						<ul style="list-style-type: none"> Contribution to available water resources through desalination of 204 hm³ (SDG 6). Contribution to improving the technological capacity of industry with an innovation figure of EUR 17.3 million (SDG 9).
Australia						<ul style="list-style-type: none"> Contribution to decarbonising the electricity mix with 1,077 GWh of renewable energy (SDG 7) and to reducing per capita emissions, avoiding 1 million t CO₂e (SDG 13).

Source of the SDG assessment per region: country assessment in the 2018 SDG Index and Dashboards Report weighted by ACCIONA revenues per country.

ACCIONA's response: the Sustainability Master Plan 2020

ACCIONA's sustainability strategy is outlined in the Sustainability Master Plan (SMP) drawn up in 2016 as an extension of the plan for the 2010-2015 period, with a time horizon through to 2020.

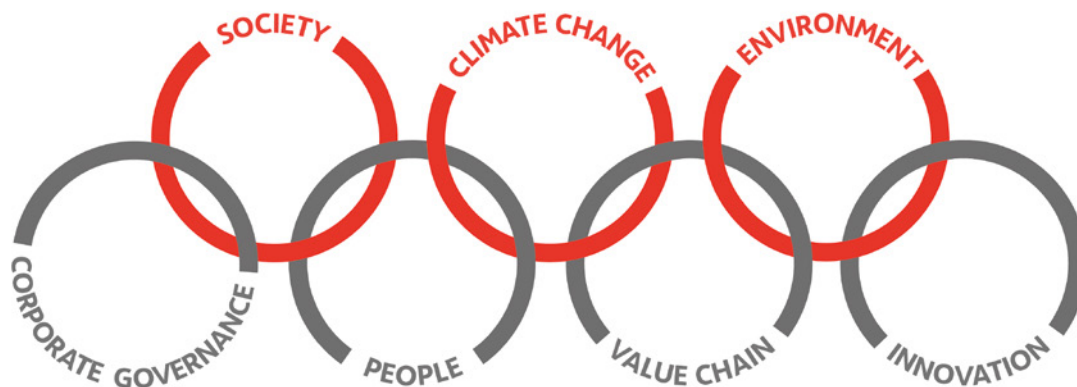
The current Sustainability Master Plan 2020 (<http://pds2020.accionna.com>) is structured around strategic and operational objectives applicable to the entire organisation with specifications for the different business lines, within the following areas:


- In **Society**, the aim is to collaborate in improving the quality of people's lives. To this end, work is being carried out in the areas of social impact management, dialogue and leadership, social action and volunteering.
- In terms of **Climate Change**, ACCIONA, a carbon neutral company since 2016, takes on the mitigation of climate change as one of its key strategic objectives.
- As regards the **Environment**, the company's aim is to offer environmental solutions to challenges like water stress, as well as promoting the efficient use of natural resources in its operations.
- In **Corporate Governance**, objectives are established in the field of human rights, ethics, corporate governance, risk management and transparency.

- In the area of **People**, targets have been set related to occupational health and safety, development and incentives, diversity and inclusion, and training.
- In **Value Chain**, the company seeks to reinforce mitigation of environmental risks, social values and corporate governance in its supply chain, and among shareholders and customers.
- In the area of **Innovation**, besides maintaining an innovation over sales figure that is higher than the European average, ACCIONA aims to progress in the fields of collaborative and operational innovation.



The SMP 2020 established objectives and commitments, which will be achieved through continuous work throughout 2016-2020. These objectives, the degree of achievement, and the progress made towards achieving them during the year are shown below. The degree of achievement is categorised as "achieved", "on track" and "pending".

- **Achieved:** the progress is in accordance with the objective.
- **On track:** progress is being made as scheduled to achieve the objective by 2020. If there are quantitative targets for 2020 objectives that have already been achieved, "on track" is indicated because efforts must be ongoing to remain compliant in 2020.
- **Pending:** progress is moving slower than scheduled.





SMP Area	2020 Targets and commitments	Degree of achievement 2020	Progress in 2018
 <p>SOCIETY</p>	<p>Enhance the Social Impact Management of the company's business activity</p>	<p>On track</p>	<ul style="list-style-type: none"> • Implementation of the Social Impact Management (SIM) methodology across 98 projects in 25 countries. • The Social Impact Management procedure was raised to the rank of corporate standard, and corporate instructions for communication and dialogue with communities and stakeholders were approved. • Measurement of the socioeconomic impact of the entire portfolio of renewable assets in 2017, as well as 20 projects by Energy and 2 by Infrastructure.
	<p>Enhance the company's Social Action Plan</p>	<p>On track</p>	<ul style="list-style-type: none"> • Social contribution: more than EUR 13.7 million, and nearly 5 million beneficiaries. • ACCIONA Microenergía becomes acciona.org Foundation, with the aim of providing not only energy, but also basic water and sanitation services.
	<p>Continue playing a leading role in international initiatives and to keep on developing the company's relationship with its stakeholders</p>	<p>Achieved</p>	<p>Participation in international forums and initiatives such as the climate summit in Katowice (COP24), the United Nations' Global Compact, the World Economic Forum, World Bank, Corporate Leaders Group and WBCSD, to name a few.</p>
	<p>Volunteering</p> <p>To foster employees' commitment to sustainable development</p>	<p>On track</p>	<p>Participation in diverse initiatives in 20 countries by 1,536 ACCIONA volunteers (Volunteer Day, Integra Foundation, Princesa de Girona Foundation, Inspiring Girls and acciona.org Foundation, among others).</p>



Continues >

SMP Area	2020 Targets and commitments	Degree of achievement 2020	Progress in 2018
 <p>CLIMATE CHANGE</p>	<p>Carbon neutrality Reduce and offset emissions</p>	<p>Achieved</p>	<ul style="list-style-type: none"> • Achievement of carbon neutrality by offsetting emissions that could not be reduced.
	<p>Design and prepare the climate change risk maps</p>	<p>Achieved</p>	<ul style="list-style-type: none"> • Approval of the objective of reducing emissions according to Science Based Targets. • Use of the internal price of carbon in the analysis of possible new investments.
	<p>Prepare and implement climate change risk management and adaptation plans in the business strategy</p>	<p>On track</p>	<ul style="list-style-type: none"> • Development of an analysis of scenarios, risks and opportunities associated with climate change. • 2018 risk business maps completed.
	<p>Provide training to the company on climate change risks and how to manage them</p>	<p>On track</p>	<p>Plans for adaptation to climate change prepared per business.</p> <p>The advanced climate change course for company employees was designed.</p>
 <p>ENVIRONMENT</p>	<p>Eco-efficiency in operations: Progress with a circular economy programme</p>	<p>On track</p>	<ul style="list-style-type: none"> • Recovery of 58 % of the waste generated. • The amount of waste generated was reduced by 21 % compared to 2017. • 5 new LCAs added to the company's portfolio.


[Continues >](#)

SMP Area	2020 Targets and commitments	Degree of achievement 2020	Progress in 2018
 <p>ENVIRONMENT</p>	<p>Improve water consumption efficiency</p>	<p>On track</p>	<ul style="list-style-type: none"> • 17 % of the water consumed is recycled, tertiary or rainwater. • Water for consumption at ACCIONA reduced by 39 %. • Completion of the 2018 Analysis of scenarios, risks and opportunities associated with water resources at ACCIONA, in addition to assessments and management of water risk and environmental responsibility at the business level.
	<p>Neutral biodiversity footprint</p>	<p>On track</p>	<p>Biodiversity footprint methodology completed and 12 biodiversity action plans developed.</p>
 <p>CORPORATE GOVERNANCE</p>	<p>Ethics:</p> <ul style="list-style-type: none"> • Adapt the Code of Conduct to the most advanced practices • Provide an international Crime Prevention and Anti-Corruption Model for 100 % of business activities 	<p>On track</p>	<ul style="list-style-type: none"> • Training of 9,143 employees on the Code of Conduct and 1,840 managers and directors on anti-corruption. • Update of the assessment methodology for the criminal risks that the group faces. • ACCIONA S.A. has received dual certification in the Criminal Compliance and Anti-Bribery Management Systems.
	<p>Implement a programme of respect, protection and remediation of human rights in all activities and markets</p>	<p>Pending</p>	<ul style="list-style-type: none"> • The migrant worker welfare standard was prepared and approved by ACCIONA Infrastructure in the Gulf Cooperation Council countries. • The procedure for prevention and mitigation of violations of human rights in the workplace and another guide for claims and remediation of human rights violations were prepared.



Continues >

SMP Area	2020 Targets and commitments	Degree of achievement 2020	Progress in 2018
 <p>CORPORATE GOVERNANCE</p>	<p>Adopt the most advanced good corporate governance practices</p> <p>Include management of non-financial risks (human rights, climate change, anti-corruption and environmental risks, among others) as part of business management</p> <p>Transparency:</p> <ul style="list-style-type: none"> • Progress in the company's non-financial reporting at global and local levels • Adopt policies that enhance fiscal transparency 	<p>On track</p> <p>On track</p> <p>On track</p>	<ul style="list-style-type: none"> • Approval of the Audit Committee Regulations, following the recommendations in the CNMV's Technical Guide on Audit Committees. • Adaptation of the director selection policy, including new diversity, origin and nationality criteria. <p>Environmental, social and good governance (ESG) risk maps updated for Energy, Construction, Water and Service; ESG maps prepared for the first time for the Industrial, ACCIONA Inmobiliaria and Winery businesses.</p> <ul style="list-style-type: none"> • Non-financial information bolstered in the Non-Financial Statements for both the 2017 and the 2018 Management Reports, in compliance with legislation. • Annual publication of total tax information by country.
 <p>PEOPLE</p>	<p>Safety: to bring the frequency rate down by 15 % to below the figure for the base year (2015)</p>	<p>On track</p>	<ul style="list-style-type: none"> • Reduction of the global frequency rate of employees and contractors, going from 2.51 to 2.40 in 2018. This figure was 2.9 in 2015 (17 % reduction). • Consolidation of programmes like the Voluntary Protection Programme Project, BBS4U or the LEADER project in Infrastructure, and THINK SAFE in Energy.


Continues >

SMP Area	2020 Targets and commitments	Degree of achievement 2020	Progress in 2018
 <p>PEOPLE</p>	<p>Healthy ACCIONA: provide employees access to health programmes and healthy habits</p>	<p>On track</p>	<ul style="list-style-type: none"> • Implementation of online doctor consultations for employees working in Spain. • Diagnosis and early detection of blindness performed on 1,541 employees.
	<p>Development and incentives: Establish specific programmes to attract, recognise and retain talent in all countries with more than 300 own employees</p>	<p>On track</p>	<ul style="list-style-type: none"> • Consolidation of the Performance Management Model based on the pillars of identifying, developing and recognising the talent of ACCIONA professionals. • Focus on internal mobility, starting with the creation of a working group to analyse the baseline situation and define the courses of action to be taken.
	<p>Diversity and inclusion: Establish diversity plans in all countries with more than 300 own employees, with specific objectives depending on the country's circumstances</p>	<p>On track</p>	<ul style="list-style-type: none"> • Development of a scorecard per business line and country to monitor and actively manage the salary gap (the wage gap in 2018 was 5.3 %). • The percentage of women holding managerial positions rose to 14 % (12.8 % in 2017) and to 20.4 % for deputy managerial positions (19.8 % in 2017).
	<p>Training: provide employees with knowledge about and skills related to sustainability in order to perform their jobs in harmony with the company's strategy</p>	<p>On track</p>	<p>Launch of the second "ACCIONA Sustainability Course" campaign and preparation of two advanced courses on climate change and human rights to be launched in 2019.</p>

Continues >

SMP Area	2020 Targets and commitments	Degree of achievement 2020	Progress in 2018
 <p>VALUE CHAIN</p>	<p>Mitigate environmental, social and corporate governance risks in the supply chain and to create new sustainable solutions</p> <p>Mitigate environmental, social and corporate governance risks in relationships with partners: consortia, joint ventures and temporary joint ventures</p> <p>Clients:</p> <ul style="list-style-type: none"> • Generate long-term loyalty and trust among clients through ACCIONA's commitment to sustainability • Define No Go Policies with sustainability criteria (third party due diligence) 	<p>On track</p> <p>On track</p> <p>On track</p>	<ul style="list-style-type: none"> • The number of suppliers with a risk map at the international level grew by 56 %. • Increase in the number of suppliers that have completed training on the Code of Conduct and sustainability. • The number of high-risk suppliers dropped from 7 % to 5 % as a result of training, audits and the creation of improvement plans. • ESG assessment process designed for partners. • Evaluation of 151 parties through the PROCUR-e 3P tool, thereby mitigating the project risks and complying with due diligence requirements. • Meetings with clients to present ACCIONA's sustainability strategy and consult with clients on areas for improvement. • Pilot tests of the ESG analysis have been conducted with 3 ACCIONA Energy clients and 3 ACCIONA Infrastructure clients.
 <p>INNOVATION</p>	<p>Maintain an innovation over sales figure that exceeds the European average, to preserve ACCIONA's innovative leadership</p>	<p>On track</p>	<p>Verification of an innovation figure of EUR 225.4 million in 2018, which represents an innovation intensity ratio of 3.0 %, higher than the European average of 1.4 %.</p>

Continues >

SMP Area	2020 Targets and commitments	Degree of achievement 2020	Progress in 2018
 INNOVATION	Collaborative innovation: cooperate with third parties to develop innovative technologies that guarantee the company's business sustainability	On track	<ul style="list-style-type: none"> • Launch of the intrapreneurship programme, in which 23 people from 9 ACCIONA businesses have taken part. • Launch of two new editions of the Open Innovation, l'MNOVATION #Startups programme, in which 11 <i>start-ups</i> were selected to develop 12 pilot projects.
	Operational innovation: create and improve efficient processes that generate savings of at least EUR 75 million (EUR 15 million per year)	Achieved	Savings of EUR 26.6 million thanks to enhancements in operational innovation processes.

Governance in matters of sustainability

Since 2009, ACCIONA has had a Sustainability Committee in the Board of Directors, as the body responsible for leading sustainability-related actions.

FUNCTIONS OF THE SUSTAINABILITY COMMITTEE

- Identify and guide the group's policies, objectives, good practices, and sustainability and corporate social responsibility programmes.
- Evaluate, monitor and review the plans for executing these policies formulated by the group's executives.
- Periodically review the internal control and management systems and the degree of compliance with these policies.
- Draft the annual *Sustainability Report*, which is submitted for approval by the Board of Directors.
- Submit the sustainability and corporate social responsibility programmes, objectives and policies to the Board of Directors along with the corresponding expenditure budgets for the execution of such programmes.

The issues covered at the meetings held in 2018 were as follows:

- Monitoring, approval and analysis of the progress made in the Sustainability Master Plan in 2017.
- Approval of the *Sustainability Report 2017*.
- Approval of the annual objectives for 2018.
- Presentation and analysis of the results of the Dow Jones Sustainability Index 2018.

Since 2012, the content of the *Sustainability Report* that is published annually by ACCIONA has been submitted for review and approval by the General Shareholders' Meeting. Accordingly, all topics relating to sustainability were brought to the attention of the General Shareholders' Meeting. Shareholders have the chance to comment on the initiatives and the company's social, environmental and good governance performance, described in the *Sustainability Report*, thus sharing their opinions with the Board of Directors. In May 2018, the General Shareholders' Meeting approved ACCIONA's *Sustainability Report 2017* with the favourable vote of 99.23 % of the share capital in attendance.

The corporate Sustainability area coordinates and promotes the initiatives and commitments contained in the SMP 2020, defined as specific targets for each of

ACCIONA's business lines. This area reports directly to the Sustainability Committee of the Board of Directors and to one of the members of the Management Committee, who is the corporate representative responsible for sustainability.

In addition, every division has appointed individuals who are responsible for driving and monitoring the specific initiatives they each have within the framework of the SMP 2020.

There are also sustainability representatives in strategic markets for the company, such as Australia, Chile, and Mexico. This affords direct insight into the social and environmental context in different international markets.

Presence in sustainability indexes, rankings and ratings

The different stakeholders assess the sustainability performance and continually demand non-financial information on the company's various activities.

Below is a summary of the most significant indexes, rankings and ratings in which ACCIONA has been assessed for its sustainability performance.

PRESENCE IN INDEXES, RANKINGS AND RATINGS AT THE DATE OF THIS REPORT



ACCIONA has revalidated its presence in the FTSE4Good index, which includes companies that comply with strict social and environmental criteria, and also stand out for their good practices in sustainability.



ACCIONA S.A. has once again been chosen as a member of the Ethibel Sustainability Index (ESI) Excellence Europe index, since 21/09/2018.

Continues >



ACCIONA is the only company in Spain to achieve the highest grade, “A”, in the CDP Water Security 2018 index for its sustainable water management. The company remains at the forefront as a leader against climate change, earning a score of A-.



ACCIONA has been recognised as a Supplier Engagement Leader 2019 for its activities aimed at reducing emissions and decreasing the risks related to climate change in its supply chain.

MSCI Global Low Carbon Leaders Index

ACCIONA has been included on the MSCI Low Carbon Leaders Index, which lists companies with low carbon exposure in terms of greenhouse gas emissions and potential emissions deriving from their fossil fuel reserves.

The 2018 EU Industrial R&D Investment Scoreboard European Commission

The company is ranked as the sixth leading Spanish company and 150th in Europe in R&D&I investment efforts.

2019 Global 100 Most Sustainable Corporations Corporate Knights

ACCIONA holds 68th place in the annual Corporate Knights '2019 Global 100 Most Sustainable Corporations in the World' ranking.

Thomson Reuters 2018 Diversity and Inclusion Index

ACCIONA is listed among the top ten leading companies in the world in diversity and social inclusion in the workplace, according to the Thomson Reuters 2018 Diversity and Inclusion Index. The group is the only representative of the renewable energy or infrastructure sectors at the top of the ranking, and also the only Spanish company.

New Energy Top 100 Green Utilities Energy Intelligence

For the fourth year in a row, ACCIONA has been ranked as the “greenest” electricity generation company in the world, according to the “New Energy Top 100 Green Utilities” ranking by Energy Intelligence.



ACCIONA has been classified as a “Prime” company by ISS-oekom. “ISS-oekom Prime” status is granted to companies that, according to the ISS-oekom corporate rating system, are sector leaders in terms of environmental and social performance and pass the criteria established for each sector.

IBEX 35 Sustainability Reporting Status EcoACT

According to EcoACT (formerly Carbon Clear), ACCIONA ranks second in terms of sustainability among the IBEX 35 companies.

Society

ACCIONA accepts the need to collaborate with society to improve people's quality of life through dialogue and support for the communities where it is present.

SOCIAL IMPACT
MANAGEMENT,
COMMITMENT
AND DIALOGUE



HIGHLIGHTS IN 2018

- › The implementation of the Social Impact Management methodology covers **98 projects of the company in 25 countries**.
- › The Social Impact Management procedure was **established as a corporate standard**, and corporate instruction for communication and dialogue with communities and stakeholders was approved.
- › Completion of **8 external audits in 2 Energy projects and 6 Infrastructure projects**, to evaluate the degree of application of our Social Impact Management.
- › Measurement of the **socioeconomic impact of the entire 2017 portfolio of renewable assets**, as well as 20 Energy projects and 2 Infrastructure projects.
- › **Various volunteer initiatives** carried out in 20 countries with a total of 1,536 volunteers.
- › **Participation in world-renowned sustainability forums** such as the World Economic Forum, the COP24, and others.



MAIN CHALLENGES 2019

- › Continuing to monitor implementation and bolstering the **Social Impact Management methodology**.
- › Consolidating the Social Impact Management methodology in the **community dialogue and communication phase**.
- › **Conducting internal audits of our Social Impact Management**, including flagship projects.
- › Designing a **model for measuring ACCIONA's annual socioeconomic impact** on its main markets.
- › Reformulating the **corporate volunteering model for the entire company**, with a stronger focus on strategic markets.
- › **Participating in the leading organisations** that foster the inclusion of SDGs and sustainability practices into business strategies.

ACCIONA Social Impact Management

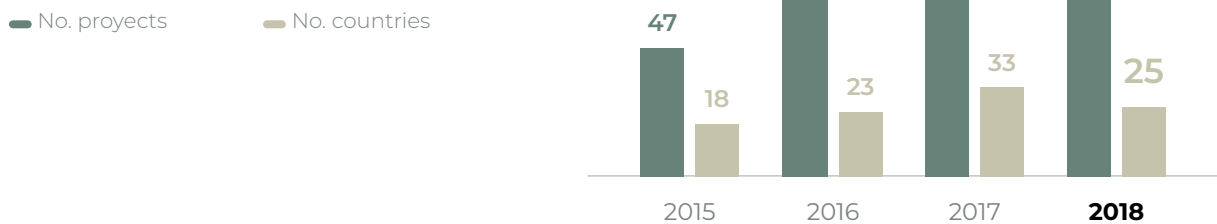
ACCIONA believes that managing the social impact (SIM) of its projects and services is one of the strategic aspects of its sustainable business model. For this reason, it has been working for more than 8 years now on the management of the positive and negative impacts of its activities, beyond mere legal and contractual requirements.

The development of projects generates numerous positive impacts such as the hiring of local staff, purchases of goods and services from within the project's area of influence,

training of workers, increasing employees' income and improving access to roads, to name but a few. But the work done by the company can also lead to disruptions in utilities reaching communities, temporary road blockages, road safety issues in urban settings, hindrances in access to health and educational centres, and fluctuations in local prices, for example.

ACCIONA has its own methodology for identifying, assessing and managing all these impacts, based on international standards¹ and adapted to the company's diverse businesses (construction, operation or service provision projects of ACCIONA Infrastructure and ACCIONA Energy) across the globe² wherever it engages in business.

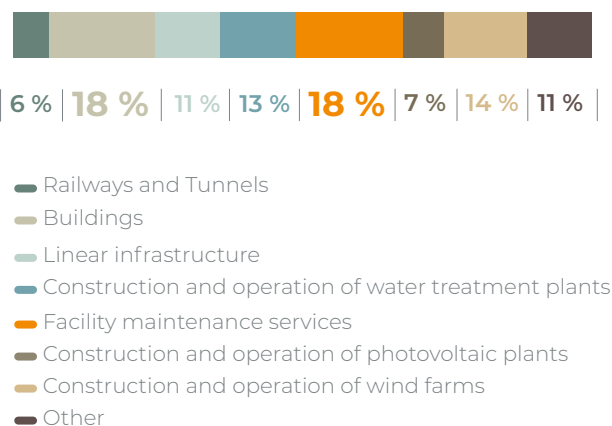
EVOLUTION OF IMPLEMENTATION OF THE SOCIAL IMPACT MANAGEMENT METHODOLOGY IN ACCIONA



COUNTRIES IN WHICH SIM WAS IMPLEMENTED IN 2018



TYPES OF PROJECTS IN WHICH THE SIM METHODOLOGY WAS IMPLEMENTED IN 2018



¹ IFC performance standards on environmental and social sustainability, Guidelines for Environmental & Social Impact Assessment (ESIA) WBCSD, Guidance for assessing and managing the social impacts of projects (International Association for Impact Assessment), The Equator Principles, World Bank Environmental and Social Framework.

² The countries in which the methodology was implemented in 2018 are Chile, Ecuador, Mexico, Spain, Canada, Panama, Norway, Australia, UAE, New Zealand, the Philippines, Brazil, Paraguay, Colombia, Qatar, Kazakhstan, Oman, Egypt, Morocco, South Africa, Ukraine, USA, Costa Rica, Poland and India.

**SIM METHODOLOGY PHASES
AND IMPLEMENTATION RATE**

(Percentage of total projects with SIM)

DESIGN

CONSTRUCTION / OPERATION



70 %
PHASE
IMPLEMENTED

Social risk characterisation

Study of the **degree of social risk of the project** by means of the characterisation of social risk from the design and offer phase.



91 %
PHASE
IMPLEMENTED

Social evaluation of the project

Analysis of the **socio-demographic characteristics** of the populations in the project's area of influence, **identification and assessment** of the positive or negative social impacts and creation of a proposal of social measures.

The development of projects generates numerous positive impacts such as the hiring of local staff, purchases of goods and services from within the project's area of influence, training of workers, increasing employees' income and improving access to roads, to name but a few. But it can also lead to disruptions in utilities reaching communities, temporary road blockages, road safety issues in urban settings, hindrances in access to health and educational centres, and fluctuations in local prices, etc.



65 %
PHASE
IMPLEMENTED

Communication and dialogue with communities

Depending on the type of project, **lines of communication or dialogue** are established with the local communities and other stakeholders in order to inform them about the project, its main impacts and the social measures to be implemented.



83 %
PHASE
IMPLEMENTED

Implementation and monitoring of measures

Implementation of the measures identified to avoid and mitigate negative social impacts, as well as reinforce positive ones.

Main measures implemented in 2018

Professional training for workers, wage increases, preventive actions to minimise issues caused by construction activities in the project vicinity, environmental and social awareness actions, education and health campaigns in schools, informational campaigns about the project, collaboration agreements to stimulate the local economy, and more.

EXTERNAL AUDITS

Audits of 8 projects in 2018. The methodology is being implemented correctly in all the tasks. Areas for improvement were detected in relation to stakeholder prioritisation and monitoring social measures.

The methodology is constantly evolving and being updated, as a result of which the former Social Impact Management Procedure was established as a Standard in 2018, which includes the company's minimum social impact management requirements and expands the scope of implementation of the methodology. In addition, a corporate instruction for Communication and Dialogue with Communities and other Stakeholders was approved, which provides a tool for employees to use at their discretion to manage these relationships. Furthermore, a Social Impact Management Course was launched, and more than 850 employees who are directly or indirectly responsible for applying the Social Impact Management Corporate Standard have now completed it.

The responsibility for implementing this methodology is shared throughout the organisation and, depending on each of the stages, involves the departments of business development and studies, the project or service managers, and the quality, environment, prevention and sustainability departments of the businesses. Moreover, at corporate level, the Global Sustainability Area periodically monitors the implementation of the projects and updates the methodology.



Further information in the "Social Impact Management" section of the chapters "ACCIONA Energy's Commitment" and "ACCIONA Infrastructure's Commitment"

Socioeconomic and environmental impact

In order to understand the impact of the company's projects on markets, in terms of job creation and contribution to the country's GDP in a direct, indirect, or induced manner, ACCIONA continues to prepare annual or life cycle studies of the different projects and countries. To this end, it uses a tool based on the analysis of relationships between different industries, taken from the Leontief model.

Besides the contributions to national wealth and employment, it also measures other positive effects that ACCIONA's projects have on the environment and local communities.

In 2018, efforts focused on measuring the socioeconomic and environmental impact of 22 projects (20 photovoltaic and wind power projects by ACCIONA Energy and 2 ACCIONA Infrastructure projects- a stretch of road and a desalination plant).



Further information in the "Socioeconomic impact" section of the chapters "ACCIONA Energy's Commitment" and "ACCIONA Infrastructure's Commitment"

ACCIONA's social commitment

The company understands that it must play a key role in the development of the communities in the countries in which it operates, and contribute to improving people's quality of life. In the framework of the Sustainability Master Plan 2020, ACCIONA aims to align 100 % of the social contribution with its Social Action Plan. The following figures from 2018 can be highlighted:

- More than EUR 13.7 million in social contribution to the community, equal to 7.16 % of the dividend for 2018³.
- 24.4 % of social investments were made in ACCIONA's priority SDGs: access to water (no. 6), energy (no. 7), infrastructure (no. 9), sustainable cities (no. 11) and climate change mitigation (no. 13).
- Nearly 5 million people benefited.

The Social Action Plan is based on five key concepts:

- Access to basic energy, water and infrastructure services through acciona.org.
- Investment associated with projects.
- Sponsorship and patronage in the fields of health, culture and education.
- Promotion of sustainability.
- Corporate volunteering.

³ See data published in point 29 of the Proposal for the distribution of profit in the Consolidated Financial Statements.

Access to basic services: energy, water and infrastructure - acciona.org

- 50,110 people benefited in Peru, Mexico and Panama.
- 660 rural and indigenous communities served in Peru, Mexico and Panama.
- 19 “Luz en Casa” Centres run by local micro-franchisees.
- 2 public-private alliances: the Public-Private Alliance for Development with the Government of the State of Oaxaca, and the Spanish and Mexican Agencies for Cooperation (AECID and AMEXCID); and Alianza Shire, the first multisectoral Spanish alliance for humanitarian action, in conjunction with the Polytechnic University of Madrid, AECID and other Spanish companies.

Ten years ago, ACCIONA created the ACCIONA Microenergía Foundation to channel its social action in the field of access to basic services. Throughout the years, it has furnished basic access to electricity via solar home systems in isolated rural communities in developing countries.

In 2018, the company stepped up its efforts to bring water, sanitation and other energy services, such as safe cookers, to communities with difficult access, having consolidated its position as a leader in rural electrification in Peru and Mexico.

For its tenth anniversary, the Foundation was converted into acciona.org under the motto of “The Energy & Water Foundation”. The aim of this new commitment to universal access to comprehensive basic services is to expand its activities internationally to new territories, to become an indispensable symbol of the contribution to human development.

Peru

More than 17,000 Peruvians benefited from electricity services through the solar home systems offered by acciona.org in Cajamarca and the Napo River basin in 2018. These beneficiaries also had technical services at their disposal through the “Luz en Casa” Centres run by local entrepreneurs. During the year, 13 such businesses were operational in Peru.

Among these beneficiaries, we could highlight 350 families in the “Luz en Casa Napo 2017” project, which was completed in 2018. The project was developed in cooperation with the Polytechnic University of Madrid, the ICAI Engineering Foundation for Development, and

Comillas Pontifical University, co-financed by the Spanish Agency for International Development Cooperation (AECID).

Furthermore, acciona.org played a key role in ensuring that, starting in 2018, electricity service via prepaid third-generation solar home systems (like the one offered in the Napo basin) is regulated in Peru. Thus, the service can be included in the cross-subsidising system, guaranteeing safe access to electricity for consumers with very limited resources in extremely remote locations. In addition, the long-term sustainability of the activities carried out with this technology was strengthened.

Mexico

In early 2018, a new alliance was formed between acciona.org, the Government of the State of Oaxaca, and the Spanish and Mexican Agencies for International Development Cooperation (AECID and AMEXCID) to prolong the “Luz en Casa” Oaxaca Programme, which currently benefits some 30,000 people.

The agreement entails execution of the “EncASa Oaxaca 2018” Project, which aims to bring electricity to 1,000 households and execute a pilot programme to provide access to safe cookers, drinking water and appropriate sanitation systems for at least 50 families.

Therefore, these households will join the over 7,500 that were given access to basic electricity service under the “Luz en Casa” Oaxaca Programme, which can rely on the “Luz en Casa” Centres for advice, equipment repair and purchases of compatible electric appliances.

Panama

In late 2018, acciona.org completed its first project in Panama. The “Luz en Casa” Ngäbe-Buglé Pilot Programme provides an electricity service to 400 families from indigenous communities in the Ngäbe-Buglé district, the poorest area in the country, with the most limited access to services.

Throughout the year, the Foundation worked closely with authorities, indigenous representatives and the population itself to present its off-grid sustainable rural electrification proposal, in addition to gathering data for the adaptation of its electricity service provision model. As a result, third-generation solar home systems were installed, offering basic electricity service to more than 2,250 people.

Ethiopia

Last year, a new project was launched to offer energy solutions to refugee camps and host communities in Shire (Ethiopia), co-financed by the European Union. In this initiative driven by a multisectoral Spanish alliance, acciona.org provides its know-how in off-grid electricity service provision models in rural settings for the supply of solar home systems and promotion of micro-businesses

that offer related technical services. The Polytechnic University of Madrid is coordinating the project, in which the AECID and other Spanish companies.

Furthermore, through the projects developed, the acciona.org Foundation contributed to the achievement of Sustainable Development Goals in 2018, particularly its contribution towards goal no. 7: ensuring access to affordable, reliable, sustainable and modern energy for all.

MOST SIGNIFICANT IMPACTS OF THE LUZ EN CASA⁴ PROGRAMMES DURING 2018, BROKEN DOWN BY SDG



acciona.org, The Energy & Water Foundation, continued and expanded its activity in 2018, providing access to electricity and other basic services to populations with very limited resources.

This work, which has an impact on three dimensions of development - economic, social and environmental - is therefore **aligned with the United Nations 2030 Agenda for Sustainable Development and the achievement of its 17 Goals.**



The acciona.org programmes for the provision of basic electricity service, using **second and third generation solar home systems (SHS and 3G-SHS), made it possible for more than 12,100 low-income households (some 50,100 people) to gain access to electricity at an affordable price in isolated rural communities.**



These 50,100 users, in situations of poverty and extreme poverty, **saved around EUR 900,000 in alternative energy systems and were able to use some 7,360,000 extra hours to perform their daily activities.**



Furthermore, the households that benefited from the programmes gained **more than 19,500,000 hours of electric lighting, thus minimising the use of hazardous alternative lighting methods** (candles, kerosene, pine wood) and also lung and eye diseases caused by smoke and low-intensity light.



Nearly 15,200 school children used more than **740,000 extra hours to do their homework**, enabling them to extend their primary schooling by 0.4 years and raising enrolment in secondary school by 11 %.



At least **625 women participated as members of the Photovoltaic Electrification Committees and 3 were in charge of running "Luz en Casa" Centres.** They are some of the 18,270 beneficiaries whose work at home (paid or unpaid) has been facilitated. In addition, nearly 8,000 girls were able to do their homework with adequate lighting.



The **19 "Luz en Casa" Centres run by local micro-franchisees and the electricity supplied to users with small businesses in their homes**, contributed to job creation and economic growth in the communities served.

⁴ Note: impacts of the "Luz en Casa" Peru, "Luz en Casa" Mexico, and "Luz en Casa" Panama projects.



The acciona.org service provision models are highly innovative in technological, economic and management aspects. In this regard, the **introduction of 3G-SHS with prepaid systems** in the Peruvian Amazon and in Panama and the **drive to include this type of electricity service in Peruvian regulations are of particular note. In turn, the company's participation in the consultations prior to publication of the official rate in 2018 was also relevant.**



acciona.org **began offering a basic electricity service to rural indigenous communities in Panama.** Thus, it continued to close the gap between rural and urban areas by reducing the number of people in rural and indigenous communities who did not have access to electricity.



Overall, the solar home systems it managed to install **avoided the emission of more than 2,710 t of CO₂, as well as the use and uncontrolled disposal of 16.2 t of batteries** resulting from the use of lights and electric devices connected to these systems.



acciona.org collaborated with the Spanish Agency for International Development Cooperation and local, regional and state authorities in Peru, Mexico and Panama, and worked together with **other public and private entities and organisations sharing the same goals**, such as those associated with the Universal Energy Access Board, the Latin American Platform for Sustainable Energy and Equity (PLESE) and the Alliance for Rural Electrification (ARE).

Social investment associated to projects

ACCIONA actively contributes to improving the socioeconomic system in the communities in which it works. Its initiatives foster human well-being, expand access to education, promote the conservation of heritage, and care for the environment, biodiversity, sport and healthy habits. In addition, its projects are focused on employee development through training for workers and support in the creation of local businesses, as well as improving community infrastructures.

- 850,158 people benefited.
- 584 initiatives carried out.
- Initiatives carried out in 22 countries.
- 15 partner organisations in social initiatives.



Further information in the chapters "ACCIONA Energy's Commitment" and "ACCIONA Infrastructure's Commitment"

Sponsorship and patronage: health, culture and education

The company collaborates with a number of institutions in the assignment of resources to help serve the needs of surrounding communities. In this way, it fosters initiatives that have the greatest repercussions on society and are considered priorities within the fields of health, education and culture.

- 246,590 people benefited.
- 148 initiatives.

In 2018, the Corporate Donations and Non-Commercial Sponsorships Standard was approved, which must be followed by all ACCIONA companies and employees, as well as third parties acting on its behalf.

It is important to note the sponsorship provided for the following initiatives in the area of health:

- Pro CNIC Foundation: joining forces and coordinating the commitment for research on heart disease at the National Cardiovascular Research Centre (CNIC).
- BEST Foundation (Mexico): offering medical care to disadvantaged people.

- Water Aid Foundation (Australia): helping change the lives of the poorest people through access to personal hygiene programmes, bathroom facilities and clean water.

Other highlights in the area of education and culture were:

- ACCIONA Cathedra, in collaboration with SUR, School of Artistic Professions: training professionals working in the arts. ACCIONA awarded 10 grants in 2018.
- 21st PHotoESPAÑA, the international photography festival held in Madrid each year. More than 1,000,000 people visited the exhibition last year.
- The Cristina Heeren Foundation of Flamenco Art: promoting the teaching and conservation of flamenco in Andalusia and Spain, as well as internationally.

HOMeward BOUND PROGRAMME

The aim of the programme is to promote the role of women in solving and decision-making in global issues such as climate change and sustainable development through long-term strategies. A total of **83 female scientists** have joined the programme thanks to ACCIONA's support.

Homeward Bound aspires to create an international network of 1,000 women interested in the fight against climate change within a ten-year period to cooperate on projects in diverse fields.

Promotion of sustainability

For ACCIONA, it is essential to promote and spread sustainable culture in order to create a more responsible, charitable society.

- 6,500 girls/boys participated in the Sustainability Workshop in Mexico (22 workshops at schools).
- 3,745,381 registered users in *Sustainability for All*.
- More than 4.6 million visits to *Sustainability for All*. 71 % came from key countries for ACCIONA.

- *Sustainability for All* represents 40 % of the traffic on ACCIONA sites as a whole.

- 74 initiatives.

Sustainability workshop

The goal of the Sustainability Workshop educational programme, aimed at children and young people aged from 10 to 16, is to raise awareness among young people about sustainability problems and their influence on sustainability development.

The Workshop was held in primary and secondary schools in the Tamaulipas and Oaxaca provinces in Mexico, in the vicinity of ACCIONA's wind farms, benefiting more than 6,500 students.

Sustainability for all: sustainable development reporting space

Sustainability for all is the online community created by ACCIONA to raise awareness among users about the importance of sustainable development. Through accurate but enjoyable contents in the form of articles, videos and infographics, solutions are offered to the main challenges set out in the Sustainable Development Goals, such as overpopulation, social progress, climate change, water shortage, etc.

In 2018, the website received more than 4.6 million visits, which represents an 86 % increase over the previous year, making it a benchmark for disseminating and reporting on sustainable development.

Corporate volunteering

- 1,536 volunteers in 20 countries.
- Volunteers devoted 11,433 hours to community work.
- 44 volunteering initiatives.

The purpose of the ACCIONA Volunteer Programme is to channel the volunteering concerns of employees and to generate within the workforce a culture of collaboration and solidarity with other social groups who are most in need.

Some of the most significant initiatives in 2018 were:

ACCIONA Volunteer Day

In its seventh edition, 865 ACCIONA volunteers (31.4 % more than in the previous year) led workshops on sustainability for more than 14,000 students between the ages of 6 and 10. The workshops were held at over a hundred schools in Spain, Brazil, Mexico, Ecuador, Chile, Panama, India, Poland, Australia, South Africa, Portugal, Costa Rica, Colombia, Canada, Qatar, Peru, United Arab Emirates and the Philippines.

Let's donate! Campaign

For the seventh year running, 54 volunteers helped collect food donated by employees to be taken to the Food Bank. The campaign benefited 30 disadvantaged people for one year.

acciona.org Foundation

16 ACCIONA volunteers travelled to Peru and Mexico in 2018. These company employees invested more than 1,500 hours in inspecting installations in 750 homes (3,000 people), and also helped supply 350 photovoltaic systems in the Napo River region. In addition, 35 "virtual" volunteers took part in the "Water and Sanitation Observatory", a collaboration group on water technology, sanitation technology and service provision models in which innovative solutions are shared for acciona.org projects.

Princesa de Girona Foundation

Within the framework of the "Rescatadores de Talento" (Rescuers of Talent) programme, 40 managers and directors acted as mentors for university graduates with disadvantaged backgrounds. ACCIONA also made T-MAX online training resources available to these young people, with 70 students benefiting from this activity.

Exit Foundation

9 ACCIONA volunteers took part in the latest edition of the Coach Project, aimed at improving the employability of young people at risk of social exclusion.

Integra Foundation

40 volunteers helped women at risk of social exclusion to improve their curricula vitae as part of a specific initiative focusing on job insertion for individuals in situations of social exclusion and with disabilities. In 2018, the company was awarded by the Foundation for its contribution to the volunteering programmes.

Inspiring Girls Foundation

5 female ACCIONA volunteers explained their professions to 38 female primary school students with the aim of promoting gender equality. The Foundation also gave the company its Inspiring Company award.

In addition, numerous volunteering initiatives were driven by ACCIONA employees in countries such as Australia, Mexico, Qatar, Peru, Canada, Norway, United Arab Emirates and Spain, among others.

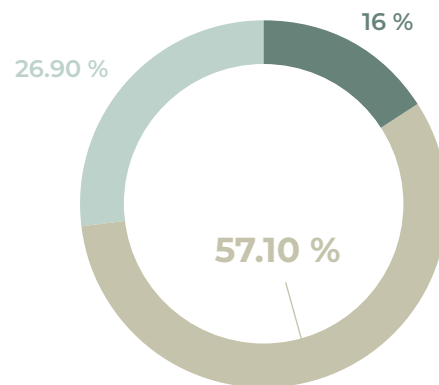
Measuring social action

ACCIONA measures and evaluates its social action and the degree to which it contributes to the 17 Sustainable Development Goals, applying the international LBG (London Benchmarking Group) methodology, which affords an overview of and comparison with the results of other companies.

MOTIVATION FOR THE INITIATIVES

(According to the LBG methodology)

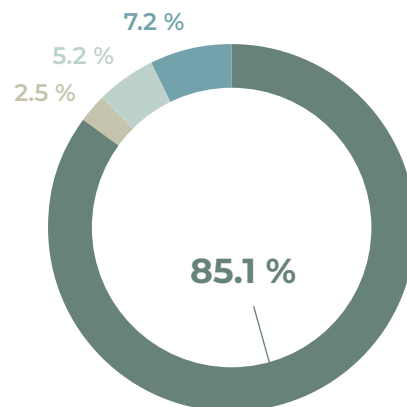
- **Charitable gifts**
Occasional support for social causes.
- **Social investment**
Strategic long-term commitment to cooperate with the community.
- **Initiatives aligned with the business**
Social initiatives aimed directly at driving the company's business.



TYPE OF CONTRIBUTION

(According to the LBG methodology)

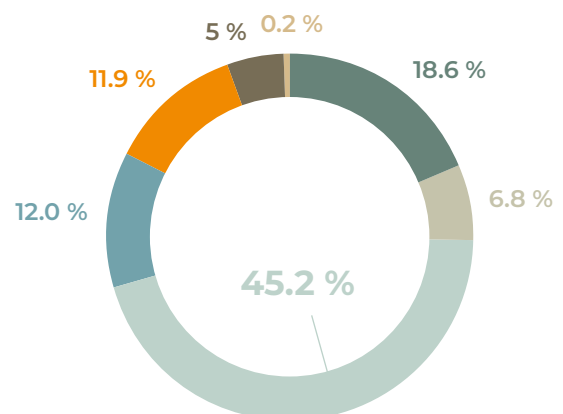
- Cash
- Time
- In kind
- Management costs



CONTRIBUTION BY AREA OF ACTION

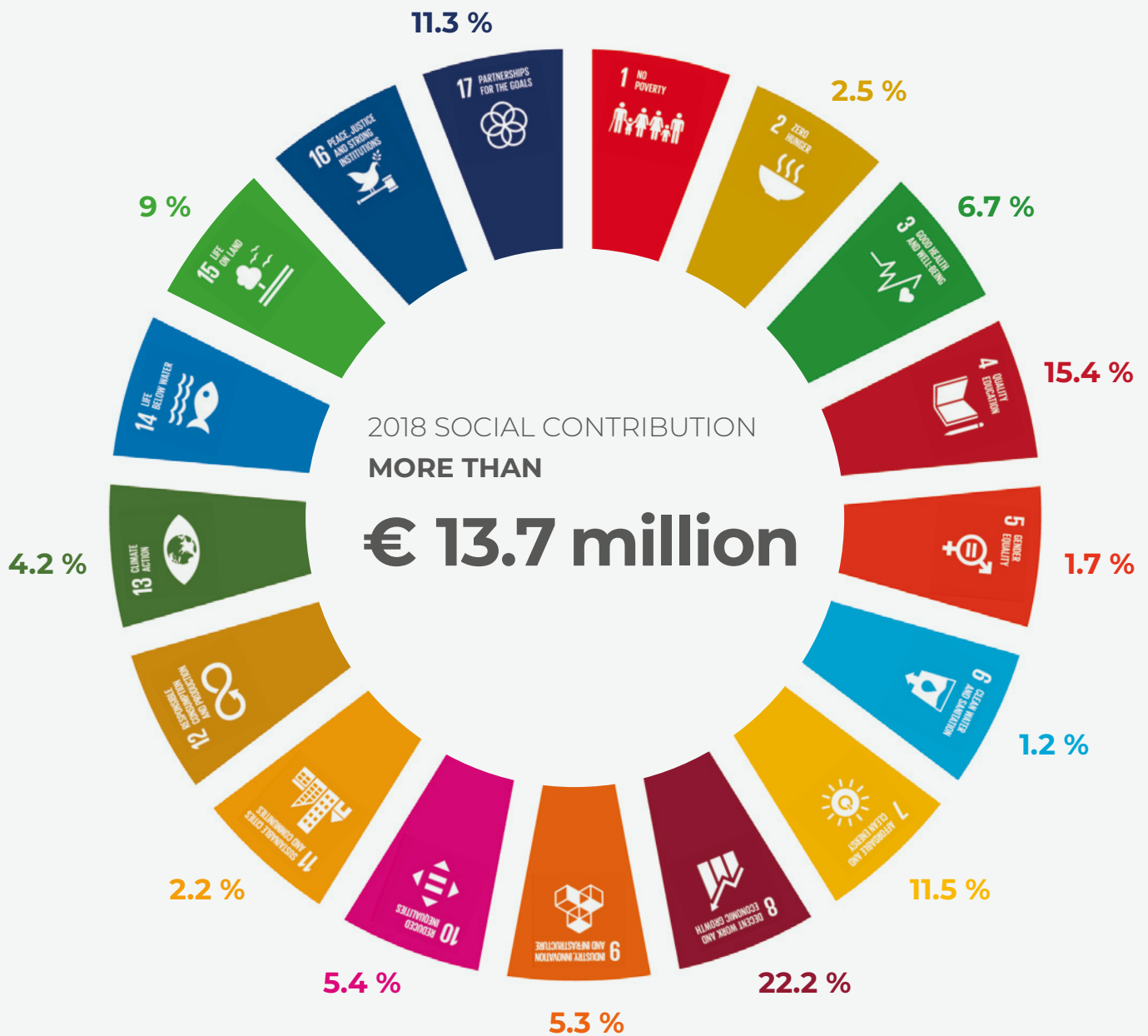
(According to the LBG methodology)

- Education
- Health
- Socioeconomic Development
- Environment
- Arts and Culture
- Social Welfare
- Humanitarian Aid



**CONTRIBUTION TO THE SDGS THROUGH
THE SOCIAL ACTION PLAN**

(LBG methodology, disaggregated by Sustainable Development Goals)



Dialogue and leadership

ACCIONA actively participates in international initiatives that reinforce its commitment to sustainable development, the fight against climate change and disseminating related information.

Presence in organisations and initiatives

ACCIONA at COP24

The company took part in several events at the climate summit held in Katowice (COP24), along with organisations such as the World Economic Forum, UN Global Compact, and the Corporate Leaders Group. It also backed certain declarations that were published during the summit.

Furthermore, through the Alliance of CEO Climate Leaders, to which the Chair of ACCIONA belongs, it supported the three main demands from the private sector for COP24⁵: implementation of carbon pricing mechanisms that function across the globe; channelling financing and investment in low carbon-emissions activities; and developing policy tools that foster education and citizen awareness about low carbon solutions.

Likewise, ACCIONA supported the *Katowice Declaration on Sound Carbon Accounting: Avoiding Double Counting in Carbon Markets*, by the International Emissions Trading Association, to show that the private sector and civil society are in favour of strong, transparent, carbon markets.

ACCIONA joined the “call for action”⁶ of the Talanoa Dialogue, led by the United Nations Framework Convention on Climate Change (UNFCCC), with the aim of redoubling the efforts of all social partners in pursuing the Paris Agreement goals.

United Nations Global Compact

Since 2005, ACCIONA has been an active member of the United Nations Global Compact, reaffirming each year its commitment to the Ten Principles of the Global Compact based on respect for human rights, labour

rights, environmental protection and anti-corruption, while focusing on achieving the Sustainable Development Goals (SDGs).

In 2018, the company joined the Pathways to Low-Carbon & Resilient Development platform, which aims to mobilise the private sector to become a catalyst for the commitments of the Paris Agreement and the Sustainable Development Goals.

ACCIONA also participated in the *Ambition Loop* paper, which explains how businesses and governments can jointly progress towards a low carbon economy.

Finally, the company also actively participates in the Spanish Global Compact Network. In 2018, ACCIONA Chile joined the local United Nations Global Compact network.

The Prince of Wales’s Corporate Leaders Group

ACCIONA joined the Corporate Leaders Group (CLG) in 2009. This is a group of European business leaders convinced of the urgent need to develop new policies with long-term approaches to fight climate change.

In 2018, the company attended several meetings, collaborated in writing papers and supported numerous statements. The ones urging governments⁷, stakeholders in the European Union⁸ and the business sector⁹ to reduce emissions to zero by 2050 are particularly noteworthy.

World Business Council for Sustainable Development (WBCSD)

In 2018, ACCIONA took part in the REscale project within the Low Carbon Technology Partnerships Initiative (LCTPI), to promote the development of long-term corporate renewable power purchase agreements (PPAs). This goal is aligned with the business interests of ACCIONA Energy and its commitment to sustainability.

⁵ More information at: <https://www.weforum.org/agenda/2018/11/alliance-ceos-open-letter-climate-change-action>

⁶ More information at: <https://unfccc.int/sites/default/files/resource/Talanoa%20Call%20for%20Action.pdf>

⁷ More information at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/aiming-for-zero-clg-position-statement.pdf>

⁸ More information at: <https://www.stepupnow.eu>

⁹ More information at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/aiming-for-zero-a-growing-business-movement.pdf>

World Economic Forum

Through the publication of the report entitled *Two Degrees of Transformation*, ACCIONA was able to highlight the role of the private sector in the transition to a low carbon economy, taking the history of its transformation as a company and its business model as an example.

World Bank

ACCIONA belongs to the Carbon Pricing Leadership Coalition (CPLC), which unites political leaders, businesses and civil society in the need to implement effective price-setting systems for carbon emissions, thus reducing them and curbing climate change.

ACCIONA's experience in implementing carbon prices was documented last year in the first report in a series created by the working group, entitled *Construction Value Chain: How Companies Are Using Carbon Pricing to Address Climate Risk and Find New Opportunities*.

Spanish Green Growth Group

In an effort to spotlight the urgency of undertaking an ambitious energy transition process in Spain, ACCIONA, and some thirty other Spanish companies in the Spanish Green Growth Group (Grupo Español de Crecimiento Verde), signed a declaration entitled *Empresas españolas por las oportunidades de la Transición Energética y la lucha contra el Cambio Climático (Spanish Businesses, in Pursuit of Opportunities in the Energy Transition and the Fight against Climate Change)*.

European Union High-Level Conference on Sustainable Finance

The Chairman of ACCIONA, José Manuel Entrecanales, participated in the European Union High-Level Conference on Sustainable Finance, highlighting the role of direct investment in business projects as the key to the success of the energy transition.

Internal and external dissemination of the sustainability principles

During 2018, ACCIONA was present in forums, debates and meetings with different organisations, and also collaborated on many publications, which, as a whole, consolidated the company's position and encouraged the debate on sustainability practices.

The most relevant of these actions are as follows:

- Interviews and articles in different media outlets: written press and blogs.
- Participation in various domestic and international publications, as well as those mentioned above. These include the *Global Compact International Yearbook 2018*, by Global Compact, the *V Report on the Social Impact of Companies*, by the Seres Foundation and Deloitte, and *SDG, year 3. A Global Partnership for the 2030 Agenda*, by the Spanish Global Compact Network.
- Participation in the Earth Hour organised by the WWF.
- Participation in the #PorElClima (#ForTheClimate) community initiative, aimed at taking the commitments in the Paris Agreement to the next stage and achieving the thirteenth Sustainable Development Goal.

INTERNAL DISSEMINATION CAMPAIGN ON THE SUSTAINABLE DEVELOPMENT GOALS

ACCIONA, in conjunction with #COMPANIES4SDGs, began a dissemination and awareness-raising campaign for ACCIONA employees in 2018 about the Sustainable Development Goals. On a monthly basis, the company informs employees about each of the 17 global goals through dynamic contents in the form of videos, infographics and articles. The campaign was launched for 12,242 employees in 40 countries.

ACCIONA in social media

The company has moved to the forefront of the IBEX 35 in corporate social media thanks to its leadership in interactions and followers, according to the IBEX 35 Icarus Panel prepared by Epsilon Technologies. This milestone was accompanied by the launch of the "Business as Unusual" brand campaign, which was awarded first prize in the LinkedIn Marketing Awards 2018, in the "Best B2B Video" category.

In addition to these acknowledgements, there is a growing community (1,335,395 users) that is increasingly committed to ACCIONA's values, as reflected in the 6,254,420 interactions logged across all its platforms and the outstanding growth of the three most influential channels: LinkedIn (309,381 followers, 56.6 % more than the previous year), Instagram (72,891 followers, 479.8 % more) and YouTube (37,983 subscribers, a 230.3 % increase).



Further information on the website:
<https://www.accionacom.com/pressroom/social-networks>

ACCIONA'S PRESENCE IN SOCIAL MEDIA INCLUDES



TWITTER

To keep up to date with the company's latest news: [@ACCIONA](#) (in Spain) and [@ACCIONA_EN](#) (in english)

To find out more about the ACCIONA I'mnovation platform: [@Imnovation](#)

To find out about the latest employment opportunities in any of its divisions: [@Accionajobs](#)

By countries:

- Australia: [@ACCIONA_AU](#)
- Brazil: [@ACCIONA_BR](#)
- Canada: [@ACCIONA_CA](#)
- Chile: [@ACCIONA_CL](#)
- United States: [@ACCIONA_US](#)
- Mexico: [@ACCIONA_MX](#)



FACEBOOK

Official page: [ACCIONA](#) (in Spain) and [ACCIONA English](#) (in english)

By countries:

- Australia: [ACCIONA Australia](#)
- Chile: [ACCIONA Chile](#)
- United States: [ACCIONA US](#)
- Mexico: [ACCIONA México](#)

Employment: [ACCIONA First Job](#)



GOOGLE +

In Spanish and English.



LINKEDIN

Corporate page (ACCIONA) and subpages by business line:

ACCIONA Construction, ACCIONA Energy, ACCIONA Agua, ACCIONA Service and ACCIONA Industrial.

'Agua', 'Infrastructure' and 'Renewable and sustainable Energies': Groups created to share news about these topics, sparking debates and publishing the latest offers.

ACCIONA: Exclusive group for company employees and former employees.

ACCIONA I'mnovation: Group created to learn about the latest trends in innovation.



PINTEREST

Includes the company's flagship projects and infographics.
pinterest.es/accionacom



FLICKR

Offers an image gallery.
flickr.com/photos/accionacom



YOUTUBE

The channel features videos of the company and the most important projects.
youtube.com/accionacomcorp



INSTAGRAM

ACCIONA corporate account with the company's most noteworthy photos and videos.
instagram.com/accionacom



PERISCOPE

Visitors can follow live broadcasts of the company's events, fairs and other interesting milestones via the ACCIONA account.
periscope.tv/accionacom



SLIDESHARE

Offers corporate leaflets, presentations of results and other relevant information.
slideshare.net/accionacom

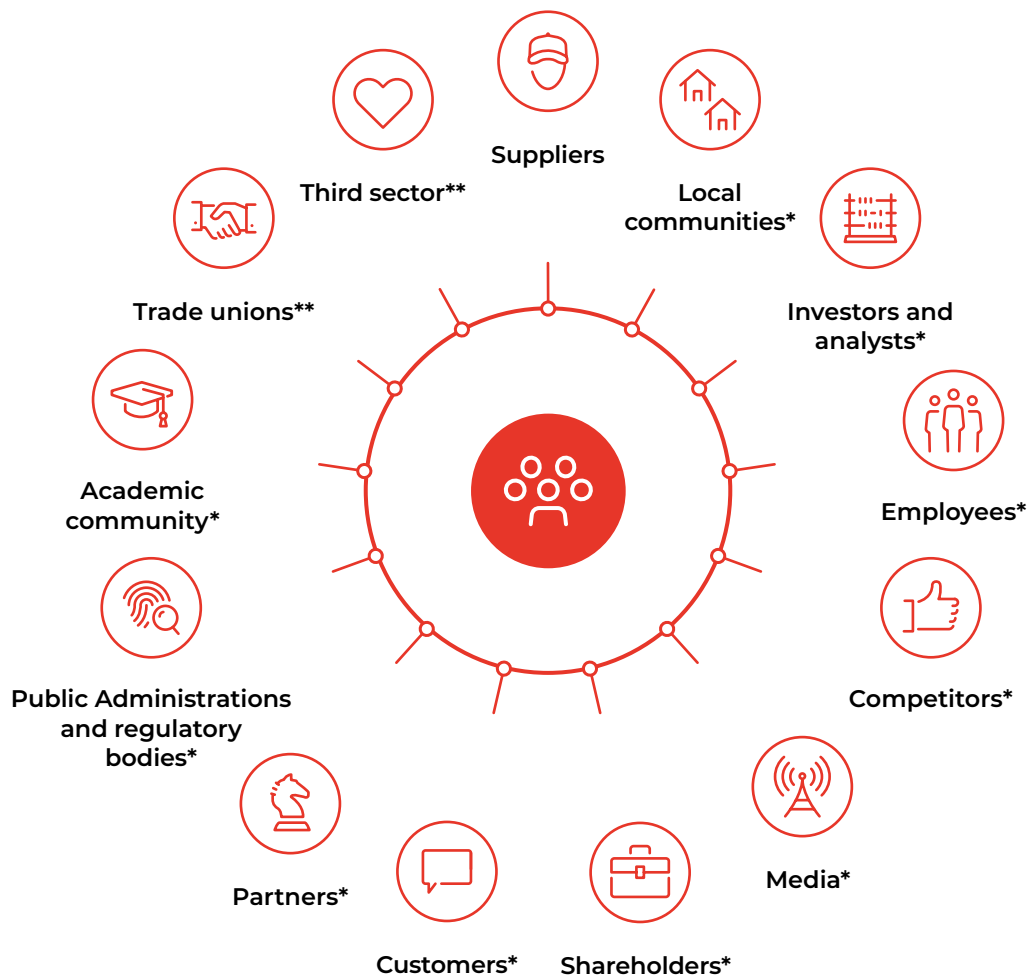
Relationship with stakeholders

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44)

Communication and constant dialogue are the cornerstones of ACCIONA's relationship with its stakeholders, namely the individuals and organisations that are directly or indirectly involved in the activity of the company. In sum: employees, customers, local communities, partners, suppliers and subcontractors, public administrations and regulatory bodies, investors and analysts, and the media.

The Sustainability Committee of the ACCIONA Board of Directors drafted and approved a Stakeholder Relations Policy in 2018. This policy outlines the company's principles for learning about the needs and expectations of its stakeholders, in addition to facilitating the generation of shared value and establishing long-term relationships.

ACCIONA'S STAKEHOLDERS



* Stakeholders also consulted via the Materiality Analysis 2018 (see chapter "Materiality Analysis").

** Information on dialogue with Trade Unions in the section "Workers' Coverage" of the "People" chapter and with the Third Sector in the section "Social Action Plan" of this chapter.

Public administrations and regulatory bodies

ACCIONA is responsibly engaged in the decision-making of public institutions, and offers its perspective in a transparent fashion on matters that affect its business areas and the sectors in which it operates. Likewise, ACCIONA cooperates with a wide range of associations that participate in regulatory processes and in defining the policies developed by the different government departments.

As stipulated in its Code of Conduct, ACCIONA does not make any financial contributions that infringe the law for political purposes or to obtain favourable treatment. Nor does the company use sponsorships or donations as a means of obtaining it.

Within the European Union, ACCIONA has been on the EU Transparency Register¹⁰ since 2013, where the interests it pursues, who defends them and the related budget are published in a transparent manner.

In 2018, the dialogue between ACCIONA and the institutions and business associations with which it partners focused mainly on contributing to public consultation processes and supporting the development of regulations in the following fields.

On energy

The regulation of the energy sector has been constantly evolving in recent years. ACCIONA's stance towards administrations and regulatory bodies revolves around the

need to take the transition to an economy based on clean, emissions-free energy to the next level, in which care for the environment plays a role that is just as important as guaranteeing the supply of energy. Supporting renewable technologies and eliminating the obstacles that put them at a disadvantage compared to conventional energy helps achieve climate goals and economic growth, and reduces energy dependence.

In Spain, ACCIONA participated in public consultations on a number of regulatory projects related to the energy sector in 2018: the remuneration for renewable energies, electricity tolls, power interruptibility service, electrical system operating procedures, energy planning and renewable origin guarantees.

Similarly, ACCIONA was very actively engaged in creating the draft version of the Climate Change and Energy Transition Act through its vision and remarks on the future regulation, and also through the Spanish Green Growth Group, in which ACCIONA chairs the Energy Transition working group.

At European Union level, ACCIONA continued to participate in public consultations (such as the EU roadmap for decarbonisation by 2050) and in the dialogue and exchange of ideas with EU institutions (particularly through European associations), in relation to the "Clean Energy for all Europeans package".

Also significant within the EU is ACCIONA's communication and collaboration with the European Commission Directorate-General for Competition in the analysis of measures constituting State Aid (primarily in the Spanish electricity sector).

SUMMARY OF THE BASIC LINES OF ACTION IN TERMS OF ENERGY

Development of an energy model based on greater penetration of renewable energies.	<p>Examples:</p> <ul style="list-style-type: none"> • Stable regulatory framework for promotion of renewable technologies. • Greater integration of renewable energies in the grid and in the market.
Electrification as a fundamental tool for the transition to a decarbonised economy.	<p>Examples:</p> <ul style="list-style-type: none"> • Sustainable mobility. • Electric vehicles using renewable energies.
Favourable treatment and incentives for non-polluting conduct and activities.	<p>Examples:</p> <ul style="list-style-type: none"> • Enhancing procedures for assigning remuneration. • Heavier environmental taxation on more polluting activities. • More restrictive state aid regime for conventional technologies.

¹⁰ More information at:

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=451019811573-55&indexation=true&locale=es#es>

To develop these policies, ACCIONA participates in regional and national associations in the sector (such as AEE, APPA, UNEF and AEDIVE) as well as European (as WindEurope, ESTELA and EUFORES) and international ones (GWEC). The company actively takes part in their activities and holds positions of responsibility in their governing bodies.

On infrastructure, water and services

ACCIONA collaborates in public consultations regarding legislative projects and also in preparing and reporting to regulators on proposals that foster growth and value creation, while never shifting the focus from consumer protection and responsible use of resources.

In the water sector, ACCIONA worked with the consulting group PwC to prepare an analysis of urban water management in Spain, its challenges and areas for improvement, in order to drive the necessary political debate in this regard. The report outlines several proposals and the socioeconomic benefits that implementation

would generate: it would promote consumer protection, have a highly positive impact on the environment, generate adequate incentives to offset the existing lack of investment, and help stimulate domestic business.

In the rail transport sector, the company continues to make the case for adapting the regulatory framework in Spain to liberalise passenger transport in order to meet regional demands. In this vein, ACCIONA offered the regulator proposals for improving the design of the liberalisation model through measures that ensure competition, increase transparency and accountability, and provide higher quality service and greater consumer protection. The company took part in several public consultations related to the creation and interpretation of domestic and EU regulations. The rules of access to rail facilities and services are one recent example.

SUMMARY OF THE BASIC LINES OF ACTION IN TERMS OF INFRASTRUCTURE, WATER AND SERVICES

Supporting the development of regulatory frameworks that favour ecological public contracting.

Examples:

- Legislation aimed at placing greater emphasis on sustainability criteria in public contracting.

Water policies focused on ensuring the sustainability of the urban water cycle management sector.

Examples:

- Proposed measures to guarantee market unity and improve consumer protection.
- Proposed measures aimed at development and use of new technologies for more responsible resource use.

Regulatory framework for the rail sector in line with regional demands.

Examples:

- Improvement in the liberalisation model for passenger transport.
- Enhanced transparency, service quality and consumer protection.

To bolster its positions in these areas, ACCIONA collaborates with associations such as SEOPAN, in the field of infrastructure; the Private Railway Companies Association (AEFP), in the field of railway transport; and AGA and AEAS, to promote and defend the common interests of the service companies related to the complete water cycle.

Investors and analysts

Throughout 2018, ACCIONA continued its ongoing transparent communication with the financial community, increasing the knowledge that investors and analysts have of the company, its strategy and potential sources of value creation. Constant dialogue with the market helps analysts and investors make better-informed decisions.

These contacts strictly abide by applicable legislation and special emphasis is placed on the policy for informing and communicating with shareholders, markets and the public, including, where appropriate, the contents of the information offered on the website.

Within this context, more than 700 contacts took place with institutional investors and analysts during the year, among which, participation in and/or organisation of the following events stand out:

- Participation in 12 investors' conferences (Spain, Portugal, France, the United Kingdom, United States), where meetings were held with an average of 13 investors at each event.
- Organisation of 10 roadshows (Spain, the United Kingdom, France, Germany, Switzerland, Italy, Austria, Norway, Denmark, Sweden, Finland, United States) to meet with investors.
- Participation in 5 reverse roadshows, in which investors are hosted in Madrid.
- Organisation of other events to facilitate access by the community of analysts and investors to the ACCIONA management team, and to address specific topics such as ACCIONA Agua in greater detail.
- Presentations of the quarterly and annual results.

The market has displayed special interest in the following issues:

- In the Energy business: review of the regulatory parameters starting in 2020 in Spain – specifically, the reasonable rate of return – and the medium- and long-term energy policy. Queries on subjects such as the degree of competition in energy tenders, the evolution of generation costs and the return on new projects, investment rates and participation in Nordex were also common.
- In the Infrastructure business: the evolution of margins, portfolio and working capital. The investor community also displayed interest in certain projects such as the Sydney light rail project or Aigües Ter Llobregat (ATLL).
- ACCIONA Inmobiliaria: prospects for real estate development activity and the sale of holdings in Testa Residencial.
- Regarding the financial structure: the leverage ratio, potential refinancing transactions and average cost reduction, as well as diversification of sources of

financing. In addition, investors and analysts have been alert to the possibility of the company contemplating a public credit rating.

- Due to the intense divestment activity in 2017 and 2018, the details of transactions concluded, and the new options for corporate transactions, have also captured the market's attention.
- Change in the company's main financial indicators.
- Share buyback programme.

In 2018, sell-side analysts published a total of 80 reports on ACCIONA, updating or reiterating recommendations, objective prices and estimates. 81 % maintained the value and 19 % lowered it. At year-end, 44 % of the experts recommended "holding" the stock, 50 % recommended "buying" and 6 % "selling".

Within this context, ACCIONA's listing rose by 8.6 % during the year, in contrast to the IBEX 35, which accumulated losses of 14.97 %.

Media

ACCIONA now has a complete network of communication professionals in its priority markets, affording it a closer link to the media and, therefore, to its stakeholders. The company thus has direct contacts in the media in Australia, Canada, Chile, Spain, the United States, Mexico and the Middle East.

This close relationship between the company and the media in the vast geographic areas in which ACCIONA is present has helped it more easily address the communication challenges inherent to each setting and project. Greater agility means greater visibility for the company and leads to a better impact in the media and transparency in the company's relationship with society.

From a strategic perspective, ACCIONA has managed to bolster its presence as a social partner in the countries in which it operates, while at the same time strengthening the influence of its distinctive features of progress, sustainability and innovation.

The drive to create relationships with the media in the field has enriched the company's discourse. On the one hand, it has enabled the company to discern more communication elements of interest to society in the communities in which it works. On the other, it has compelled the company to strive to combine global and local information, and to accurately reflect its magnitude as a company and its commitment to the region.

Progress and sustainability continue to stand out in the information about ACCIONA that is depicted in the media. This is primarily a result of the fact that sustainability is one of the company's intrinsic values. Its business activities – contract awards, project commencement and completion, etc. – are always linked to elements with a social and environmental impact.

Specific milestones like ACCIONA's inclusion in the 2018 Global 100 Most Sustainable Corporations ranking, or its repositioning in terms of sustainability through the "Business as Unusual" campaign, help strengthen the company's distinguishing features.

Employees

The company manages information, collaborative dynamics and dialogue with employees through an internal communication area, which has developed and enhanced the strategic and operational dissemination of information internally with a multi-channel, recurring, segmented and multi-directional approach. The work of the internal communication area is based on:

- Planning and methodology for message creation, audience segmenting and multi-channel dissemination of information, service launches, dialogue and collaboration through action plans, content management and graphic design.
- Measuring quantitative and qualitative data, satisfaction, evaluations, bonding, commitment and impacts.
- An increasingly technological and digital approach.

The goal is to achieve strategic impacts on the information, in terms of employee perception and knowledge, as well as operational impacts, to facilitate and improve the efficiency and effectiveness of processes and work areas.

In 2018, communication over the digital channels rose significantly, and information consumption and the use of the functionalities and solutions developed for the intranet in 2017 also increased.

Over the past year, 22 different surveys were launched, generating 13,462 contributions to processes, technologies, the code of conduct, health and well-being issues, and even the perception of the intranet itself. In most cases, the results of the surveys were shared over the internal communications channels.

During the year, Interacciona logged access by more than 12,000 people who visited 4.5 million pages and conducted nearly 20,000 searches. Among the 1,175 news items published, the ones about the new brand positioning campaign and the survey about Interacciona received the most views. All these data were measured with the new Cardilog analytics and metrics tool. There are three primary reasons for logging on to Interacciona: to stay up to date on the latest news at the company, to access all the company's work and service tools, and to find information needed to perform work.

In addition to Interacciona, below you will find other channels and tools that facilitate communication with employees:

- Interacciona TV: the company's video channel embedded into the intranet. New technology introduced in 2018. It is space used to store and view videos. In 2018, 131 videos were published and 12,660 views were logged.
- Meeting points: these are meetings held with live participation by certain groups of employees or in different countries via video streaming in Interacciona. In 2018, broadcasts via streaming (19) and live viewings (24,777) doubled in number. The sessions with the greatest internal repercussions were the one hosted by Dr Mario Alonso Puig on Health and Well-being, and the ones by the BIM Community, the Construction Process Map, and the Technical Leaders Forums.
- Internal Communication email box: questions from employees are received and answered on a regular basis (883 messages directly handled in 2018).
- Emailing platform: in 2018, 716 emails were sent from Internal Communication. These email campaigns have a unique opener-to-recipient rate of 64 %. The highest visibility campaigns were the invitation to the internal mobility survey and the new "Business as Unusual" brand positioning campaign. Other widely accepted communications were related to Information and Communication Technologies, and two courses: Effective Communication, and Sustainability.
- Main newsletters: the weekly Flash (Spanish edition) has a consolidated average of 16,776 opens and 5,935 openers, while Enews (English version) continues its upward trend with an average of 2,883 opens and 905 unique openers.

Customers

As part of the Sustainability Master Plan, dialogue sessions on ACCIONA's sustainability performance are arranged each year, aimed at generating long-term trust among customers. In 2018, meetings were held with two ACCIONA Energy customers: the Thyssen-Bornemisza Museum and Canal de Isabel II. ACCIONA Infrastructure met with two Service customers: the León City Council and Mantenimiento de Zonas Verdes de León (León green areas maintenance). At all these meetings, ACCIONA's sustainability strategy was presented and the customers were asked about areas for improvement.

Furthermore, the company carried out diverse activities to identify the needs and expectations of customers in relation to the product or service provided, and their satisfaction with them.



Further information in the "ACCIONA's commitment to its customers" section of the chapter "Value Chain"

Suppliers

ACCIONA reports different matters of interest on health and safety via its Supplier Bulletin. The Bulletin has been sent to more than 65,495 supplier email addresses. ACCIONA continues its efforts to spread good practices.

For the second year in a row, ACCIONA sent its suppliers the "Supplier Satisfaction Survey" and received 2,721 responses. One of the purposes of the survey is to discern how important sustainability is in the supply chain. 98 % of the suppliers consider that ACCIONA's commitment to sustainability is very good or good, and 94 % feel the company conveys a sense of trust and would recommend it to other companies. 44 % of the suppliers also claimed to be familiar with the United Nations Sustainable Development Goals, and of this number, 81 % felt they contributed a lot or somewhat to achieving these goals in their companies. All the survey respondents were invited to participate in a draw for a sustainability consultation.

The group also participated in a number of meetings with suppliers. Last year, meetings were held in Chile and Mexico with suppliers that were going to participate in bids and needed advice on how to register on ACCIONA's systems, as well as informing them of the risk factors that would be monitored and assessed at the end of the projects.



Further information in the "Supplier training and communication" section of the chapter "Value Chain"

Local communities

Engagement with local communities makes it possible to find out and manage the concerns and expectations that arise from ACCIONA's activities. In this way, the company not only integrates its projects into the social setting and the environment, but it also identifies opportunities for sustainable development.

The company has numerous communications channels, such as online forms, email addresses, phone numbers, suggestions boxes and community assistance offices, through which all the stakeholders affected by a project can send their queries, complaints or suggestions.

In order to bolster these relationships, within the framework of the Social Impact Management Corporate Standard, ACCIONA has approved a specific corporate instruction that provides employees with tools for managing communication and dialogue with communities and other stakeholders.



Further information in the "Contribution to society" section of the chapters "ACCIONA Energy's Commitment" and "ACCIONA Infrastructure's Commitment"

Climate Change

CARBON
NEUTRAL

ACCIONA is a carbon-neutral company. It directs its investments towards projects that contribute positively to meeting the reduction targets set out in the Paris Agreement. It carries out its operations while striving for energy efficiency and incorporating the consumption of renewable energy. Offsetting emissions that cannot be reduced is carried out by purchasing CO₂ credits from renewable facilities in developing countries.



HIGHLIGHTS IN 2018

- › **Achievement of carbon neutrality** by offsetting 100 % of emissions that could not be reduced.
- › **Setting** science-based emission **reduction targets** (SBT).
- › **Reducing GHG emissions** by **7 %** compared to 2017.
- › **Internal price of carbon** used in the analysis of new investments or projects.
- › Updated the dossier of **global measures for the company's adaptation** to climate change.
- › **Analysis** and publication of **climate risks and opportunities**, following the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).



MAIN CHALLENGES 2019

- › **Maintaining carbon neutrality** in 2019.
- › Methodology **review** of the **inventories** and pathways to reduce emissions according to **science-based targets**.
- › **Reducing GHG emissions** in line with the science-based target, compared to the 2017 figure.
- › Using the internal price of carbon in the **analysis of possible new investments or projects**.
- › **Consolidating climate change adaptation** plans for each of the company's businesses.
- › **Progress on the analysis and reporting of risks and opportunities** associated with climate change, following the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).

Risks and opportunities associated with climate change

Protagonists of the transition

ACCIONA's business model is designed with the purpose of being the reference operator in connecting capital markets with the development and operation of infrastructure that enables people's prosperity.

The company is organized to operate in the competence areas of infrastructure, water and energy, striving to provide innovative solutions that drive real progress. The activities it carries out contribute to generating or mitigating greenhouse gas (GHG) emissions, primarily in terms of the following:

- ACCIONA produces and sells renewable energy, helping with the displacement of fossil fuels in electricity production.

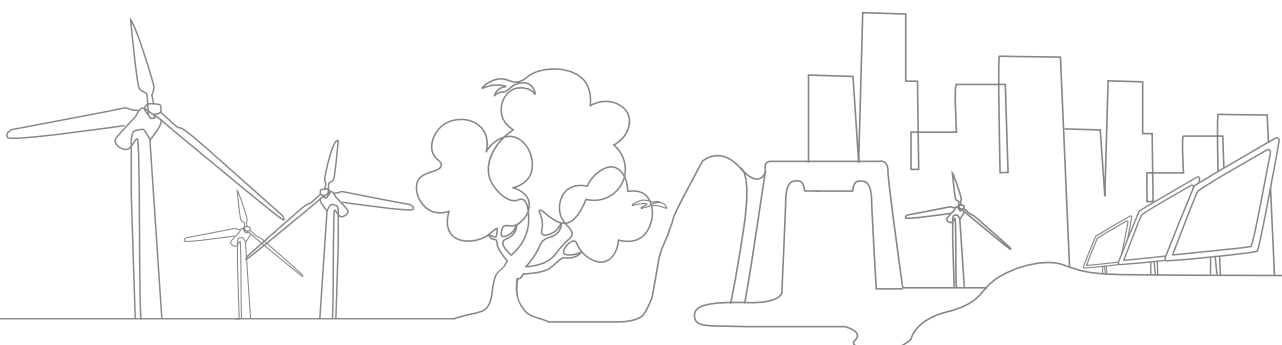
- The company carries out infrastructure projects with energy-intensive project phases due to the use of heavy machinery.
- In recent years, the number of energy-intensive desalination projects has risen, although they use only the most efficient technology on the market: reverse osmosis.

The business model also significantly contributes to help local communities adapt to climate challenges:

- ACCIONA constructs, operates and maintains new purification, wastewater treatment and desalination plants, yielding a higher level of access to water. Many regions will see a swell in water needs, according to all of the physical climate scenarios.

MITIGATING CLIMATE CHANGE THROUGH EXCLUSIVELY RENEWABLE ENERGY GENERATION

Thanks to its technical and economic competitiveness, investment in renewable energies has become the best long-term sustainable energy solution. In the transition, ACCIONA contributes to the displacement of current fossil fuels in the national electricity mixes. The accelerated global rollout of renewable energy sources is one of the main keys to complying with the commitment set out in the Paris Agreement.



BALANCE BETWEEN MITIGATION AND ADAPTATION TO CLIMATE CHANGE THROUGH EFFICIENT WATER DESALINATION

ACCIONA's most carbon-intensive activity is water desalination. This activity is seeing a sharp increase in MENA (the Middle East and North Africa). It is estimated that the production of desalinated water in this region will be 13 times greater in 2040 than in 2014, due to climate change and a rising population. As such, desalination is a solution for adapting to climate change and a potential hindrance for mitigation.

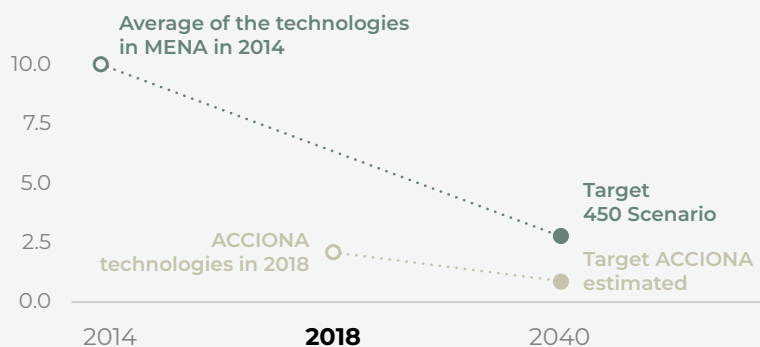
ACCIONA only desalinates water using reverse osmosis technology. The use of this technology involves around 6.5 times less greenhouse gas emissions than existing thermal desalination technologies in this region, and around 4.5 times less than the average of all the technologies. The emissions ratio is even less than the estimate for the region in a 2°C scenario (450 Scenario of the IEA) by 2040.

This year, the company has desalinated 204 hm³ in MENA, thus contributing to adaptation in balance with the need for mitigation. ACCIONA will continue to contribute by increasing its production in the coming years.

DESALINATION SCENARIO IN THE MIDDLE EAST AND NORTH AFRICA

(Emissions ratio kgCO₂e/m³)

- MENA region
- ACCIONA in MENA



Source: IEA World Energy Outlook (2016) and own analysis

In line with the overall economy decarbonisation targets

The company is in line with the full decarbonisation targets for the economy through public commitments, policies, specific procedures, public targets and an incentive model for the management of the company.

ACCIONA's climate change policy is approved by its Board of Directors and makes leading the transition towards low-carbon business models a priority. This guideline manifests itself through the following aims and principles:

- To be a carbon neutral company. Since 2016, all of the greenhouse gas emissions released into the atmosphere that could not be reduced have been offset through the cancellation of certified carbon credits.
- To reduce own emissions and those of its supply chain by 16 % between 2017 and 2030, aligning itself with the requirements established by science to maintain the global temperature rise below 2°C.

- To develop projects, products and services that contribute to decreasing greenhouse gases, thereby facilitating access to renewable energy.
- To promote the adaptation to climate change, facilitating access to water and resilient infrastructure.

ACCIONA promotes setting a carbon price that helps redirect government and business investment towards cleaner production and consumption models. This activity is conveyed through active public participation in international initiatives such as the Alliance of CEO Climate Leaders or the Carbon Pricing Leadership Coalition.

Climate action

During 2018, 69 % of the company's EBITDA actively contributed to mitigating and adapting to climate change, having generated in 2018 a total of 22,087 GWh of renewable electricity that avoid 14.7 million t CO₂e. In addition, it provided access to water and sanitation to communities through the treatment of 790 hm³.

ACCIONA has met its emission reduction targets, lowering the CO₂e of its scopes 1 and 2 by 7 % compared to 2017, and reducing its suppliers' scope 3 emissions¹ by 41 %. This progress has been achieved through the consumption of renewable energy and by implementing energy efficiency measures, such as:

- Using B20 biodiesel for all of the existing static equipment in the Dubai Metro Red Line project;
- Reducing energy consumption by implementing standard ISO 50001 in its water treatment centres; and
- Reducing waste transport emissions due to a drop in their generation.

ACCIONA's climate action is also reflected in how it manages climate risks. In 2018, each business of the company prepared a *Climate Change Adaptation and Risk Management Plan*, which serves as a framework for carrying out and monitoring adaptation activities.

2018 DOSSIER OF GLOBAL MEASURES FOR ADAPTATION TO CLIMATE CHANGE

In support of climate risk management, the 2018 *Dossier of global measures for adaptation to climate change* was drafted. Through the analysis of 89 climate vulnerabilities, the document proposes 71 solutions for adaptation, of which at least 25 are already being incorporated into the business lines. The dossier covers the adoption of measures in fields like water management, the use of new materials, the redefinition of designs, the use of climate monitoring systems or energy storage, and includes an approximate calculation of the expense deriving from their implementation.

Management of climate change risks

The company develops a top-down analysis of climate scenarios, risks and opportunities, whereby it interrelates the most significant climate hazards with the geographical exposure and vulnerability of the company's activities. 2°C scenarios and others resulting from the policies planned by the countries currently in the NDCs (Nationally Determined Contributions) undergo qualitative and quantitative studies with a view to increasing the robustness and resilience of the company. These scenarios are considered the most appropriate for studying regulatory or physical impacts, respectively.

ACCIONA's activities are carried out in areas of the planet that are being affected by climate change. The business plans have incorporated a response plan to these emerging risks, like the potential reduction of runoff or the increased frequency of extreme weather events such as hurricanes and floods, etc.

¹ Categories: Purchased goods and services, Capital goods, Fuel and energy-related activities and Upstream transportation and distribution

CLIMATE CHANGE

The measures aimed at climate resilience are determined based on an analysis of different time projections for climate scenarios that enable risk management measures to be included, and also allow advantage to be taken of the opportunities to transition to low-carbon economic models.

Tolerance thresholds have been established, which are used to identify, assess, prioritise and report to ACCIONA's decision-making bodies, including a calculation of potential short-, medium- and long-term impacts that climate change could generate.

Various tools are used in this process:

- Maps for identifying climate hazards from reputable sources,
- Financial analyses of the company,

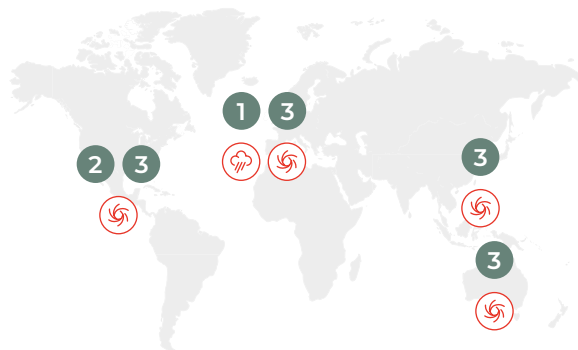
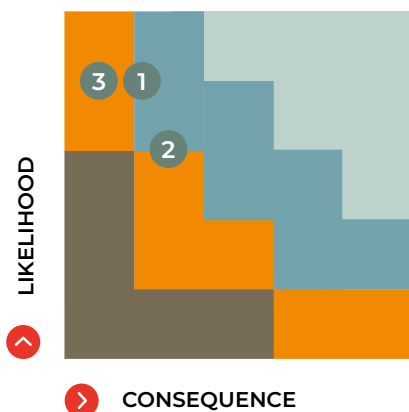
- Monitoring GHG emissions at ACCIONA centres,
- Tools for identifying legal requirements,
- Environmental and social impact management procedures, and
- The first-hand experience of risk assessment groups.

The risks identified are evaluated according to the likelihood of their occurrence and their economic and reputational consequence. These two variables finally determine a risk level. For higher risks, a specific mitigation file is created.

The climate risk management process takes place on a business level and is conducted annually. It is integrated into ACCIONA's general risk management process.

KEY CLIMATE RISKS

- Very high or Critical risk
- High risk
- Medium risk
- Low or Very Low risk



No.	Category	Description	Type of Impact	Business	Risk management and mitigation
1	Physical	Reduced hydro-generation in Spain due to the reduction in runoff. A high risk in the long term is identified.	Revenues	ACCIONA Energy	Monitoring and control processes are being implemented on the changes in production and management of reservoirs with meteorological forecasting in order to better plan and manage the reservoirs.
2	Physical	Increase in the number of stoppages at the Gulf of Mexico wind farms owing to the greater frequency and intensity of hurricanes and floods. A medium risk in the long term is identified.	Revenues	ACCIONA Energy	Foundations are being elevated and insurance has been taken out against risks resulting from catastrophic events.
3	Physical	Economic penalties for failure to comply with established deadlines with customers due to the reduced availability of working days because of extreme weather phenomena. Medium risk in the long term.	Expenditures	ACCIONA Construction	Transference: acquiring insurance. Creation in 2019 of a working group to verify the existing degree of coverage.

KEY CLIMATE OPPORTUNITIES

Category	Description	Type of Impact	Business	Opportunity management
Products and services	Increase in the demand for renewable generation infrastructure because of regulatory changes on climate change. The legislation included in the European Union's 'Clean Energy for All Europeans' package and other laws passed in Australia, Mexico and Chile, among other countries, pose an opportunity in the short, medium and long term.	Revenues	ACCIONA Energy	As per the SMP 2020 commitment: Investment of USD 2,500 million from 2016 to 2020 in renewable generation to achieve a total capacity of 10,500 MW. USD 1,442 million accumulated CAPEX ACCIONA Energy from 2016 to 2018 achieving a total installed capacity of 9,627 MW by 2018.
Products and services	Increase in the demand for water treatment infrastructure in regions projecting an increase in scarcity due to climate change. Opportunity in the short, medium and long term.	Revenues	ACCIONA Agua	Investment: Creation of infrastructure that providewater to 4 million people and operating others that serve over 5 million. Water treated in 2018: 790 hm ³ .

Key climate indicators²

Emissions generated

Calculation of emissions generated

The emissions generated are calculated according to the criteria defined in the GHG Protocol, under the financial control scheme, consolidating as CO₂ equivalent emissions corresponding to all GHGs relevant for the company: CO₂, CH₄, N₂O, HFC and SF₆. The criterion for the consolidation of energy consumption and other emissions follows the same accounting criterion.

The conversion factors used are those indicated by:

- The Intergovernmental Panel on Climate Change (IPCC), in the 2006 IPCC Directives for GHG inventories.
- National Inventory of Greenhouse Gases (GHGs) of Spain.
- International Energy Agency.
- Red Eléctrica de España (Electricity grid operator of Spain).
- ACCIONA Green Energy.
- Department for Environment, Food and Rural Affairs of the United Kingdom.
- The European Environment Agency.

Scope 1 and 2 emissions

GHG EMISSIONS DROPPED BY 7 % IN 2018

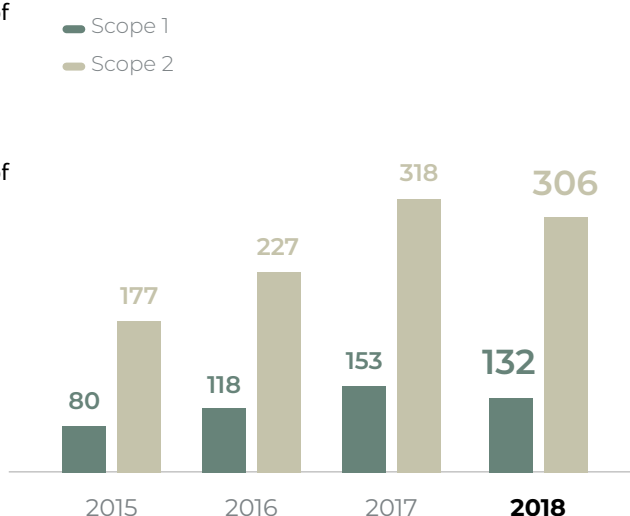
The total CO₂e emissions from Scopes 1 and 2 generated in 2018 were 437,614 tonnes, 131,685 t CO₂e of which correspond to Scope 1, and 305,929 t CO₂e to Scope 2 market-based (and 389,045 t CO₂e of scope 2 location-based).

In 2018, the company had a science-based target to reduce GHG emissions under scope 1 and 2 by 1.23 % compared to the previous year, having reduced it by 7 %.

At the Paris climate summit, ACCIONA made a commitment to be a carbon-neutral company as part of its strategic objective of mitigating climate change. As such, since 2016, all of the emissions released into the atmosphere from greenhouses gases that could not be reduced have been offset by cancelling certified carbon credits.

EVOLUTION OF THE EMISSIONS GENERATED

(Thousands of t CO₂e)



* Historic CO₂e data recalculated (as stipulated by the GHG Protocol), due to the fact that Trasmediterranea was deconsolidated from ACCIONA in 2018 and that two centres with significant consumption are no longer attributable to ACCIONA according to energy-management responsibilities agreements and to the emissions apportioning criterion of publicly owned plants consolidated under a scheme of financial control, as per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations".

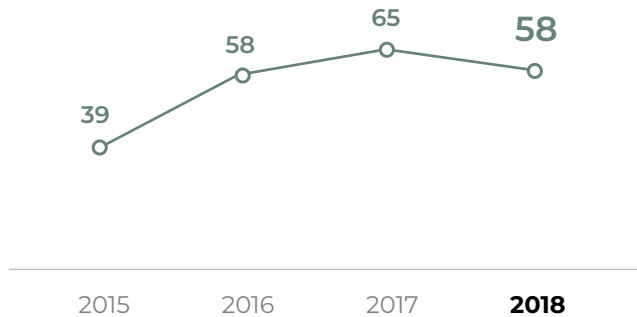
² In order to address the TCFD and GRI recommendations, the rest of this climate change chapter provides information on the various metrics used by the company in terms of energy and greenhouse gas emissions.

Other metrics relevant to climate risks, such as the indicators on water and waste and the percentage of green activity, can be found in the Environment chapter. The information on remuneration related to sustainability targets, including climate change, is contained in the chapter 'People'.

ACCIONA's carbon intensity was 58 t CO₂e/€M of sales (scopes 1 and 2). As for the company's buildings, the ratio of CO₂ emissions was 18 kg CO₂e/m².

INTENSITY OF GHG EMISSIONS

(t CO₂e/Sales)



** Historic CO₂e data recalculated (as stipulated by the GHG Protocol), due to the fact that Trasmediterranea was deconsolidated from ACCIONA in 2018 and that two centres with significant consumption are no longer attributable to ACCIONA according to energy-management responsibilities agreements and to the emissions apportioning criterion of publicly owned plants consolidated under a scheme of financial control, as per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations".*

Scope 3 emissions

In 2018, as with scopes 1 and 2, the company had a science-based target to reduce scope 3 GHG emissions by 1.23 % compared to the previous year for all of the categories: 'Purchased goods and services, Capital goods, Energy-related activities (not scope 1 or scope 2) and Upstream transportation and distribution'. The Scope 3 emissions figure for these four categories decreased by 41 % compared to the previous year's figure. The reduction of Scope 3 emissions has been mainly motivated by the reduction of the emissions associated with suppliers. In this sense, ACCIONA has carried out works to improve the identification of purchase sectors which has resulted in a greater precision in the use of emission factors. Moreover, during last year purchases have been made to sectors that are less intensive in emission and the emission factors database has been updated, which is less carbon intensive on average. The decrease for all Scope 3 emissions was 37 %.

THE DECREASE FOR ALL
SCOPE 3 EMISSIONS WAS

37 %

EVOLUTION OF SCOPE 3 EMISSIONS

(tCO₂e)

	2015	2016	2017	2018
ITEM				
Upstream leased assets*	1,819**	1,819	2,177	10,332
Employee commuting*	48,768 (Offset)	50,536	55,568	61,958
Business travel	16,263 (Offset)	16,927	17,190	17,785
Waste generated in operations	14,859	22,057	14,861	10,451
End-of-life treatment of sold products	870	93	144	191
Use of sold products	1,666	488	10,677	54,657
Investments	2,119**	15,865	39,040	19,347
Purchased goods and services*			947,033	764,917
Capital goods*			630,764	299,156
Fuel and energy-related activities (not Scope 1 or Scope 2)*	1,612,080	1,248,840	147,461	25,109
Upstream transportation and distribution*			203,034	48,442
Total (tCO₂e)*	1,697,814***	1,356,626	2,067,949	1,312,345

* Historic data for CO₂e recalculated as a result of the sale of Trasmediterranea in compliance with the GHG Protocol provisions.

** Part of the 2015 emissions reported in upstream leased assets have been reassigned to Investments.

*** 65,031 offset.

Other emissions

Global emissions of NO_x in 2018 came to 1,767 tonnes; SO_x were 248 tonnes and PM10 76 tonnes, decreasing by 88 %, 93 % and 92 % respectively compared to the previous year. The decreases in figures were mainly due

to the deconsolidation of the Trasmediterranea figures in 2018. SF₆ emissions totalled 0.050 tonnes. In 2018, the company's target was to reduce these emissions in line with its GHG emissions reduction target. With regard to biogenic emissions, these generated 466,628 tCO₂ in 2018.

EVOLUTION OF OTHER EMISSIONS

(Tonnes)

	2015	2016	2017	2018
ITEM (t)				
NO _x *	9,590	12,298	14,683	1,767
SO _x **	2,237	2,888	3,351	248
PM ₁₀ ***	641	795	958	76
SF ₆	0.443	0.179	0.094	0.050

The data history includes the activity of Trasmediterranea, which, in 2018, was deconsolidated from ACCIONA and two centres whose representative consumption ceased to be attributed to ACCIONA, according to agreements pertaining to the energy-management responsibilities and the emissions apportioning criterion of the publicly owned plants, consolidated under a scheme of financial control, as per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

Deducting the activity of Trasmediterranea and the two centres mentioned, the figures would be: * 870 (2015); 1,299 (2016) and 1,802 (2017), ** 53 (2015); 140 (2016) and 186 (2017), *** 52 (2015); 37 (2016) and 80 (2017).

Internal use of carbon pricing

Carbon pricing is a way to tackle the short/medium-term challenges that both regulatory entities and customers are going to establish in this regard. In 2018, ACCIONA developed an *Internal use of carbon pricing guide*, which explains the type of uses of carbon pricing that may be used to benefit the company's activities, each with its own goals, scope and pricing levels, such as:

- **Offsetting price:** the use of this price is the result of the company's commitment to being carbon-neutral since 2016. This price applied to all of ACCIONA's business units, which must pay according to the GHG emissions they generate, thereby promoting energy efficiency and the use of zero-emission energy sources.
- **Shadow price:** the price is based on the estimated cost to society of the externality of emitting greenhouse gases. The use of this level of price reveals the resilience to regulatory scenarios set out in the Paris Agreement.

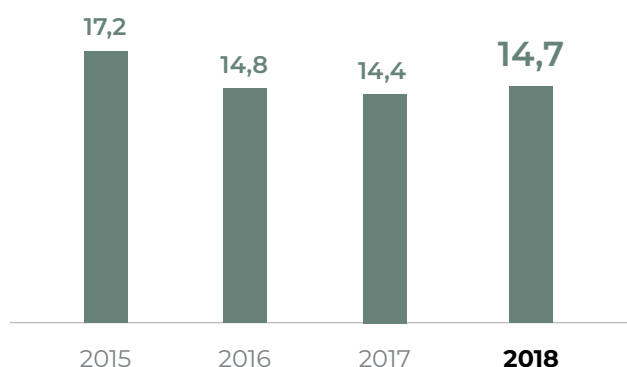
Emissions avoided

In 2018, ACCIONA avoided the emission of 14.7 million tonnes of CO₂e thanks to its 100 % renewable energy generation activity. During the past year, this same generation avoided the emission into the atmosphere of 12,534 t NO_x, 51,022 t SO_x and 357 t PM10. These emissions impact people's health, so avoiding them leads to healthcare savings.

**14.7 MILLION
TONNES OF CO₂ EMISSIONS
AVOIDED**

EVOLUTION OF EMISSIONS AVOIDED BY ACCIONA

(Millions of tonnes of CO₂)



Energy consumption

In 2018, the company's energy consumption was 10,186 TJ (47 % less than in 2017), 56 % of which was from renewable sources. ACCIONA's aim was to reduce non-renewable energy consumption in line with its GHG emission reduction target.

EVOLUTION OF THE ENERGY CONSUMPTION

(TJ)

	2015	2016	2017	2018
Renewable*	6,013	6,510	5,740	5,698
• Fuels	4,275	4,357	4,384	4,712
• Electricity**	1,738	2,153	1,356	986
Non-renewable***	7,204	9,488	13,331	4,488
• Fuels****	5,666	7,432	8,787	1,692
• Electricity*****	1,538	2,056	4,544	2,796
Total (TJ)*****	13,217	15,998	19,071	10,186

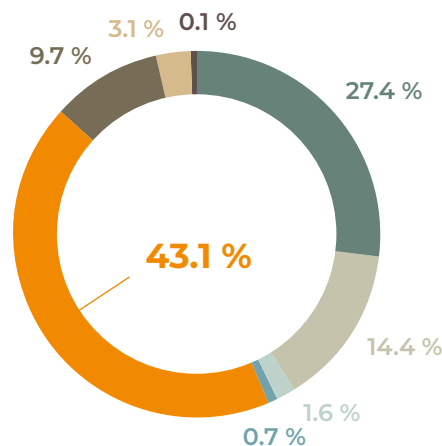
The data history includes the activity of Trasmediterranea, which, in 2018, was deconsolidated from ACCIONA and two centres whose representative consumption ceased to be attributed to ACCIONA, according to agreements pertaining to the energy-management responsibilities and the emissions apportioning criterion of the publicly owned plants, consolidated under a scheme of financial control, as per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

Deducting the activity of Trasmediterranea and the two centres mentioned, the figures would be: * 5,989 (2015); 6,485 (2016) and 5,710 (2017). ** 1,714 (2015); 2,128 (2016) and 1,326 (2017). *** 2,659 (2015); 3,489 (2016) and 4,864 (2017). **** 1,143 (2015); 1,585 (2016) and 2,002 (2017). ***** 1,516 (2015); 1,905 (2016) and 2,843 (2017). ***** 8,647 (2015); 9,974 (2016) and 10,556 (2017).

ENERGY CONSUMPTION BY SOURCE

(Percentage)

- Electricity (grid mix)
- Diesel oil
- Natural gas
- Other fossil fuels
- Biomass
- Electricity (100 % renewable)
- Biogas
- Biodiesel



The company's energy intensity from fossil fuels was 0.6 TJ/€M of sales, while the energy intensity from renewable sources was 0.8 TJ/€M of sales. The energy consumption ratio of ACCIONA's buildings totalled 150 kWh/m².

Third-party energy consumption

Below is the most significant energy consumption outside of the organisation, calculated in accordance with the company's scope 3 categories.

In 2018, the company's aim was to reduce scope 3 energy consumption in line with its GHG emission reduction target.

EXTERNAL ENERGY CONSUMPTION

(GJ)

	2015	2016	2017	2018
ITEM				
Upstream leased assets*	1,882,043*****	2,376,162	1,815,757	145,453
Employee commuting**	681,871	696,541	788,330	853,119
Business travel	231,023	239,899	242,624	251,756
Waste generated in operations	200,520	293,148	197,506	138,896
End-of-life treatment of sold products	11,744	1,235	1,909	2,542
Use of sold products	21,005	6,437	836,599	622,020
Investments	29,130*****	308,264	350,478	423,611
Purchased goods and services***				11,327,661
Capital goods***				4,231,087
Fuel and energy-related activities (not Scope 1 or Scope 2)***	31,080,198	23,270,929	21,891,112	517,024
Upstream transportation and distribution***				659,103
Total (GJ)****	34,137,534	27,192,615	26,124,314	19,172,272

The data history includes the activity of Trasmediterranea, which, in 2018, was no longer part of ACCIONA.

Deducting the activity of Trasmediterranea and the two centres mentioned, the figures would be: * 33,112 (2015); 37,782 (2016) and 40,060 (2017). ** 668,233 (2015); 696,417 (2016) and 761,393 (2017). *** 26,643,961 (2015); 22,112,250 (2016) and 20,936,195 (2017). **** 27,838,729 (2015); 23,695,433 (2016) and 23,366,763 (2017).

***** Part of the 2015 consumption data reported in upstream leased assets has been reassigned to Investments.

Environment

TOWARDS
A **CIRCULAR**
ECONOMY

The company's operations are carried out following the principle of precaution with a view to minimising the impact of any industrial operation, particularly with regard to the comprehensive management of environmental, climate and water risks, the promotion of the circular economy and conservation of biodiversity.



HIGHLIGHTS IN 2018

- **295 hm³** of water treated in areas with water stress and **17 %** of the water consumed of recycled, tertiary or rainwater origin.
- Reduction of the generation of unrecovered non-hazardous waste by **30 %** compared to 2015 (Base year of ACCIONA's Waste Management Plan).
- **58 %** recovery of the non-hazardous waste generated.
- Completion of the 2018 Analysis of scenarios, risks and opportunities associated with water resources at ACCIONA and assessments and management of water and environmental liability risks at the business level.
- **5** new LCAs added to the company's portfolio.
- Biodiversity footprint methodology developed and executed **12** biodiversity action plans.



MAIN CHALLENGES 2019

- Maintaining water for consumption **6 %** below the value attained in 2017.
- Reduction of **8 %** in the amount of unrecovered non-hazardous waste generated compared to 2015, as set out in the Waste Management Plan.
- **47 %** recovery of the waste generated, progressing in the compliance with the Waste Management Plan for the promotion of the Circular Economy.
- Analysing the 2019 risks and opportunities associated with water resources at ACCIONA.
- Including the life cycle analysis in the company's new projects/centres.
- Neutral biodiversity footprint: No Net Loss or Net Improvement.

Value creation through the environmental variable

ACCIONA's business model is based on designing solutions that facilitate more sustainable development. Among the challenges this poses, over the past few years, the activity has been focusing mainly on the decarbonisation of the energy mix with a view to mitigating climate change, the design, construction and operation of resilient infrastructure and attention given to the challenges posed by water stress in vast regions of the planet. The company's operations are carried out following the principle of precaution with a view to minimising the impact of any industrial operation, particularly with regard to the comprehensive management of environmental, climate and water risks, the reduction and offsetting of emissions, the promotion of the circular economy and conservation of biodiversity.

Environmental protection is outlined in the Code of Conduct and is developed through four action policies that cover the main risks of the operations: Environment Policy, Climate Change Policy, Water Policy and Biodiversity Policy.

As stipulated in the Sustainability Master Plan 2020 (SMP 2020), integrating the environmental variable and applying the environmental policies and principles to operations in ACCIONA's businesses is guaranteed through strategies that are referred to the Board of Directors' Sustainability Committee. As such, we ensure compliance with the goals in the areas of the Environment and Climate Change.

ACCIONA has specially qualified staff in each of the functional, hierarchical and geographical areas. This means that top quality and experience can be employed at all times in pursuing the company's business, always according to the strictest environmental standards. In 2018, a total of 239 people at ACCIONA had specific environmental responsibilities.

Environmental investment and expenditure

38 % of the ACCIONA's overall sales and 69 % of EBITDA have resulted from what the United Nations Environment Programme (UNEP) defines as the 'Green Economy'¹. During 2018, the company's environmental risk prevention and mitigation activity amounted to EUR 3,242 million, of which 2,687 million was devoted to expenses and 555 million to environmental investments.

38 % OF ACCIONA'S OVERALL SALES AND 69 % OF ITS EBITDA WERE BASED ON GREEN ECONOMY BUSINESSES (AS DEFINED BY THE UNEP)

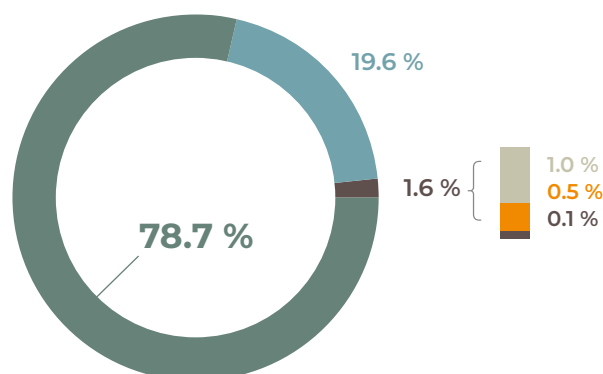
Of the total figure, managing (including preventing, reducing or correcting) the environmental impacts costed EUR 83 million (69 million in expenses and 14 million in investments), while the item for the business development of a mainly environmental component amounted to EUR 3,159 million (EUR 2,618 million in expenses and EUR 541 million in investments). The latter item encompasses primarily strategic activities for the company, such as the generation of renewable energy and comprehensive management of the water cycle, which centre around managing environmental impacts generated by other actors and whose management is part of the business.

¹ More information about the green economy at: https://sustainabledevelopment.un.org/content/documents/126GER_synthesis_en.pdf

BREAKDOWN OF ENVIRONMENTAL ECONOMIC FIGURE BY BUSINESS LINE

- Energy
- Water
- Construction
- Service
- Other*

* 'Other' comprises: Industrial, A. Inmobiliaria, Grupo Bodegas Palacio 1894, Corporate and Concessions.



ACCIONA in 2018 obtained economic² allowances resulting from the reduction of electricity consumption in a group of wastewater treatment plants on the Balearic Islands.

Environmental training

ACCIONA continues to invest in training on environmental issues. In 2018, employees received a total of 5,371 hours of training on issues such as climate change, environmental management systems, waste management and environmental restoration of degraded areas, amongst others.

Division	Training hours
Energy	2,187
Infrastructure	3,152
Other businesses	32
Total	5,371

Environmental best practices and actions

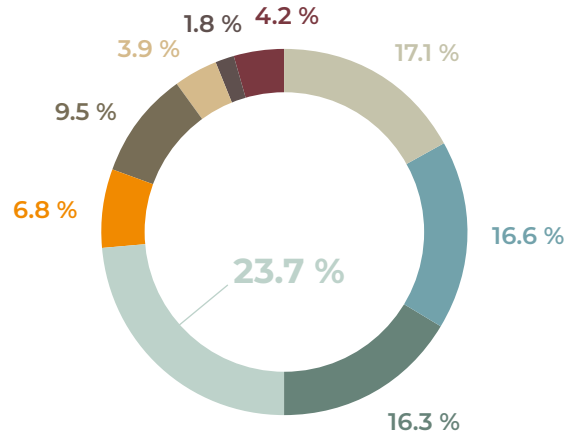
ACCIONA identifies, analyses and evaluates the environmental actions it carries out, and selects those that stand out for their distinctly positive effect on the environment, their innovative nature or their scientific and/or social interest. The aim is to recognise and publicise the most significant events within and outside the organisation so that they can be replicated.

In 2018, the actions identified, analysed and evaluated in the different business lines correspond by 34 % to ACCIONA Construction, 23 % to ACCIONA Service, 17 % to ACCIONA Agua, 13 % to ACCIONA Energy, 4 % to ACCIONA Industrial, 1 % to ACCIONA Concessions and 8 % to other businesses (Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria).

² Economic allowances worth EUR 18,000

MAIN FIELDS OF ENVIRONMENTAL ACTIONS ANALYSED

- Biodiversity
- Water
- Energy
- Waste
- Atmosphere
- Resources
- Certifications
- Soil
- Communication



Integrated environmental management

Principles for successful environmental management

ACCIONA's environmental management model, based on the principles of environmental performance improvement, establishes a common framework for action that makes it possible to coordinate the management systems of each of the divisions. This model determines the environmental aspects from a life-cycle perspective, as well as the risks and opportunities to ensure improvement.

ACCIONA's environmental management systems are verified and certified by accredited independent entities. In 2018, the revenue certified as per the ISO 14001 corporate standard reached 90 %.

The model also allows ACCIONA to create systems to identify and measure the company's environmental footprint and establish mechanisms that facilitate the reduction of negative impacts and maximise the positive impacts. The management model is structured around the following elements:

IMPLEMENTATION OF CONTINUOUS IMPROVEMENT TOOLS



ENVIRONMENT

- Identification, evaluation and minimization of environmental conditions that may occur during the development of the company's activities.
- Analysis of environmental risks through a regulated technical procedure that quantifies the risk of an accident that causes environmental damage or a negative environmental effect on ACCIONA's activities.
- Identification and verification of legal requirements through an online tool, which allows for managing compliance with administrative obligations and other commitments acquired in addition to those legally required. The year 2018 ended with 489 sites registered with the tool.
- Operational control of the environmental information of each centre by means of the corporate tool Métrica, which is used to manage the environmental performance of the processes, set goals and define strategies.
- Registration and classification of environmental near-misses³.
- Implementation of tools for continuous improvement, identification and dissemination of lessons learned and good practices.
- Establishment of annual environmental goals in all of the businesses, taking as reference the most significant environmental aspects in the management systems and the SMP.

Evaluation and management of the environmental impact

In 2018, 27 projects under development were the subject of an Environmental Impact Assessment (EIA), 16 of which are being processed by the competent Public Administrations of Brazil, Spain, Chile, Mexico and Panama. Seven projects obtained favourable environmental impact statements (Chile, Mexico, Panama and Poland). The EIAs for these projects have been published in the relevant official journals, as well as in institutional platforms, to channel local participation and receive any possible claims.

On the other hand, ACCIONA also carried out a total of 217 Environmental Monitoring Plans (EMPs) in centres and facilities under construction, operation and/or maintenance.

Furthermore, the company carried out specific environmental monitoring in facilities in 17 countries, with more than 139 complementary environmental studies.

Environmental risk management

The management of environmental risks, integrated into the company's general risk management activities, is incorporated into the *Corporate Environmental Risk Management Standard* and its associated procedures (on Environmental Liability, Climate Change and Water Resources). This standard outlines the process to follow in order to identify, evaluate, prioritise and notify ACCIONA's decision-making bodies of the potential events in relation to the environment that could impact the company and its centres, and, vice versa, the risks generated by its activity that could impact the environment. As such, the procedure set outs action policies and tolerance thresholds that provide a reasonable guarantee of the achievement of objectives. The environmental risk management process includes the evaluation of present and future scenarios, alongside an analysis of the probability of occurrence and consequences for the company and/or for the environment. In 2018, 101 significant risks were identified, for which specific mitigation instruments were developed. Furthermore, and with the aim of tackling risks that have become environmental crises, the company has systematised mechanisms integrated into the *Corporate Crisis Management Standard*.

Sustainable water management

ACCIONA has a specific water policy approved by the Board of Directors' Sustainability Committee, the main aim of which is to contribute to the fundamental human right of having access to drinking water and sanitation, as the United Nations General Assembly recognised in 2010.

³ An environmental near-miss is any incident that does not result in damage to the environment but has the potential to do so. In 2018, the company recorded 652 environmental near-misses, mainly non-significant discharges. 12 incidents have involved spills, with a total volume of 767 m³ of discharges. All cases were resolved by adopting corrective measures.

ACCIONA recognises that water is a limited and irreplaceable natural resource. As such, its water management strategy accounts for the availability of the resource, its quality and the balance of the ecosystems in which it operates.

The water strategies that ACCIONA develops are determined by strict compliance with legislation, responsible and efficient management, establishing specific aims, developing new technologies, integrating water into risk management, extending its principles of the value chain and transparent communication.

Uses of water at ACCIONA

ACCIONA has 4 different uses for water as part of its activities:

- **Water treatments for customers**

They meet a demand by ACCIONA's customers. This water is collected from desalination plants, purification plants or wastewater treatment plants managed by the company, and is treated in order to obtain suitable quality for human consumption or a sufficient level of decontamination as established by law. In 2018, the volume of water treated by ACCIONA amounted to 790 hm³ (295 hm³ in countries with water stress).

- **Water for own consumption**

This refers to water withdrawn for consumption in the company's facilities. This category encompasses freshwater, such as municipal, surface and groundwater, for which the company set a target in 2018 to reduce by 5 % compared to the previous year.

It also includes water withdrawal from sources that do not deplete the available natural reserves, such as rainwater, recycled water from networks and the water reused or recycled on-site. In 2018, 17 % of the total water for consumption at ACCIONA came from one of these three sources.

- **Discharges**

This refers to the residual water for consumption at ACCIONA that has not evaporated or been used in any company activity, and that leave its facilities as specified in the corresponding discharge authorisations. This section includes brine discharges from desalination plants operated by ACCIONA, which make up the largest percentage of its discharges. All of ACCIONA's discharges comply with what is specified in the corresponding discharge authorisations.

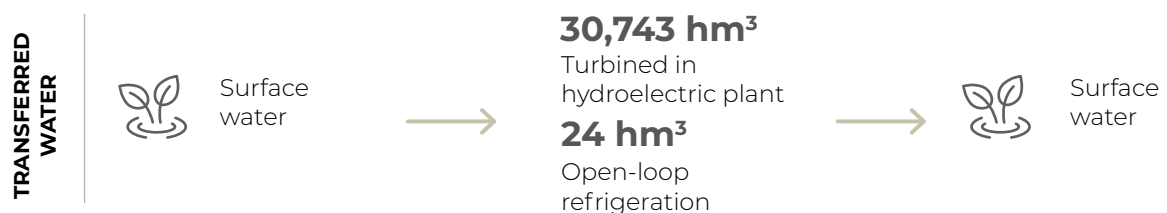
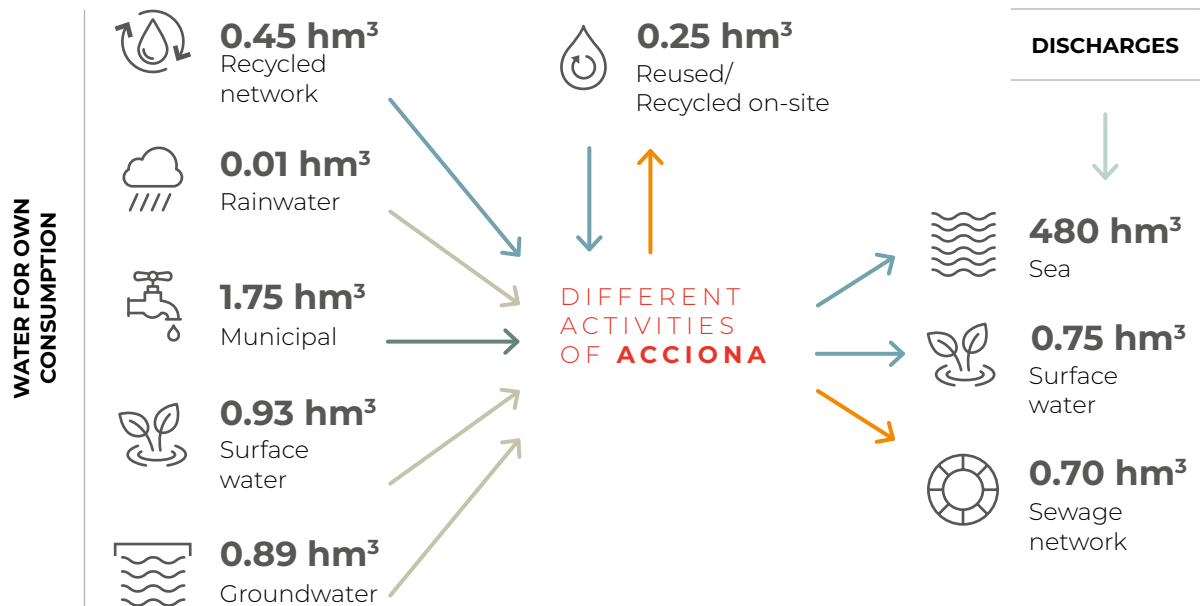
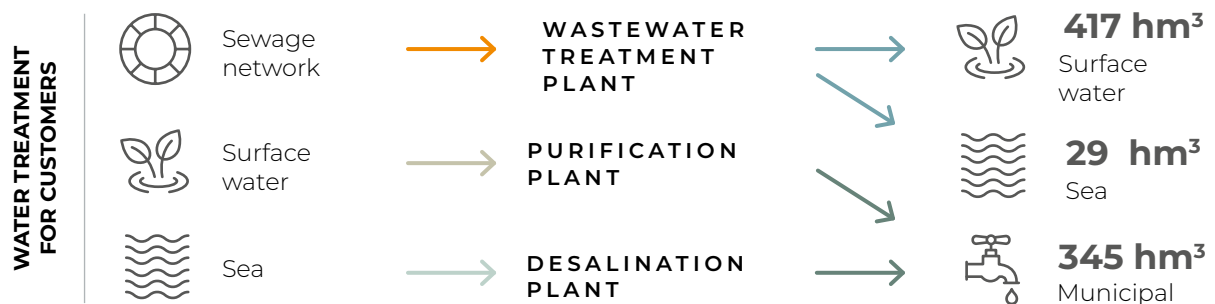
- **Transferred water**

This refers to water that enters and leaves ACCIONA's facilities (hydroelectric plants and a biomass plant) without generating any type of consumption and without suffering any significant alteration to its quality or affecting the ecosystems.

The environmental administration establishes prevention measures to minimise any potential impacts on species in river ecosystems and other bodies of water, as well as respect for the regime of environmental flows and the technical requirements established by the administration itself. The processes that guarantee compliance with the requirements for water withdrawal and discharge are part of the environmental management systems that the company implements, verifies and certifies according to the international standard ISO 14001.

USES OF WATER IN 2018

- Freshwater: Drinking water
- Treated wastewater
- Freshwater: Other
- Wastewater treatment
- Saltwater



**CHANGE IN USES
OF WATER**

**17 % OF THE WATER
CONSUMED IS RECYCLED,
TERTIARY OR RAINWATER**

Uses of water at ACCIONA (total)	2015	2016	2017	2018
WATER TREATMENT FOR CUSTOMERS (M³)				
Production in wastewater treatment plant discharged into surface water	318,830,540	325,332,637	251,550,688	416,580,208
Production in wastewater treatment plant discharged into the sea	71,474,076	33,140,000	27,855,000	28,771,011
Production of drinking water in purification plant	132,963,484	217,740,000	199,310,999	26,456,455
Production of drinking water in desalination plant	111,053,529	196,141,575	296,122,571	318,210,247
Total	634,321,629	772,354,212	774,839,258	790,017,921
WATER FOR OWN CONSUMPTION (M³)				
Water recycled/reused on-site	1,299,528	809,201	221,134	250,859
Water recycled from networks	97,023	70,499	509,153	448,458
Rainwater	25,606	23,802	17,182	13,796
Municipal network drinking water	1,246,160	1,328,093	1,699,584	1,754,917
Surface water	3,348,365	3,330,316	3,660,073	927,457
Groundwater	442,345	445,822	941,973	894,841
Total	6,459,027	6,007,733	7,049,099	4,290,328
DISCHARGES (M³)				
Desalination plant discharges into the sea	133,268,384	255,811,944	392,051,821	479,707,216
Other discharges into the sea	107	34	2,266	45
Discharges into surface water	1,227,866	1,180,543	1,583,137	752,202
Discharges into the sewage network	109,662	105,278	567,985	702,042
Total	134,606,019	257,097,800	394,205,209	481,161,504
TRANSFERRED WATER (M³)				
Surface water turbined in a hydraulic plant	25,411,397,504	28,096,964,103	20,993,303,451	30,742,510,000
Surface water for open-loop refrigeration	24,272,190	21,319,494	24,310,108	23,658,982
Other	8,785,724	6,731,882	950,217	0
Total	25,444,455,418	28,125,015,480	21,018,563,775	30,766,168,982

**CHANGE IN USES
OF WATER**

Uses of water at ACCIONA (in areas with water stress)	2015	2016	2017	2018
WATER TREATMENT FOR CUSTOMERS (M³)				
Production in wastewater treatment plant discharged into surface water	0	0	0	90,000,000
Production in wastewater treatment plant discharged into the sea	31,080,076	0	0	0
Production of drinking water in purification plant	0	0	0	320,000
Production of drinking water in desalination plant	27,828,864	76,284,434	159,612,002	204,411,609
Total	58,908,940	76,284,434	159,612,002	294,731,609
WATER FOR OWN CONSUMPTION (M³)				
Water recycled/reused on-site	2,601	1,616	1,433	0
Water recycled from networks	13,000	0	0	0
Rainwater	0	35	0	14
Municipal network drinking water	20,775	142,735	188,559	142,250
Surface water	84,887	0	0	0
Groundwater	5	1,756	715	18,188
Total	121,267	146,142	190,707	160,452
DISCHARGES (M³)				
Desalination plant discharges into the sea	33,389,279	115,106,968	233,854,200	343,059,693
Other discharges into the sea	0	0	0	0
Discharges into surface water	1,359	16	6	693
Discharges into the sewage network	1,909	25,774	223,682	283,451
Total	33,392,546	115,132,758	234,077,888	343,343,837
TRANSFERRED WATER (M³)				
Surface water turbinated in a hydraulic plant	0	0	0	0
Surface water for open-loop refrigeration	0	0	0	0
Other	0	0	2,308	0
Total	0	0	2,308	0

The increase in the volume of treated water is primarily due to the increase in wastewater purification in new plants in Egypt.

The drop in volume of water for own consumption derives from the deconsolidation of some of the company's thermoelectric generation centres. In this way, the total water for consumption in 2018 was 4,290,328 m³ (39 % less than 2017) and the total freshwater water consumption in 2018 was 3,591,011 m³ (43 % less than in 2017), whilst use of water in ACCIONA buildings was 0.64 m³/m². In addition, for the fourth year running ACCIONA has calculated the water consumption (surface and groundwater) associated with its suppliers, resulting in a little over 5 hm³ for its direct suppliers and 29 hm³ for its entire supply chain.

The generation of discharges has grown, primarily thanks to the increase in the desalination activity.

The volume of transferred water has also increased, since the improvement of the hydrological year generated a greater turbined flow in hydroelectric plants.

Water-related risks and opportunities

The management of risks associated with water is integrated into the environmental risk management strategy of the company and its businesses, and is carried out through a methodology with which potential events that could have an impact on the company and its centres are identified, assessed and prioritised. This procedure enables policies and tolerance thresholds to be established, which provide a reasonable guarantee of the achievement of objectives. The risks that are assessed are as follows:

- **Physical risks**

Water availability and quality, extreme weather events (such as droughts and flooding), water stress, interannual and seasonal variability of rainfall, among others.

- **Transitional risks**

Tariff changes, withdrawal licences and discharge authorisations or regulation of river basins.

- **Other risks**

Impact on the supply chain, impact on habitats and ecosystems, social conflicts, improved water accessibility and sanitation, etc.

The possible present and future scenarios (short, medium and long term) in which these risks may arise are evaluated in terms of probability of occurrence and consequences for the company (operational, economic and/or reputational). To this end, different variables of exposure are analysed and different tools are used, such as: i) tools to monitor consumption and discharges, ii) identification of consumptions in the supply chain, iii) maps of water risks provided by reference organisations, iv) tools for identifying legal requirements, v) procedures for social impact management, and vi) procedures for environmental management and vii) know-how of the company's qualified personnel.

The main opportunities derived from the company's activity in water resources take tangible form through the ACCIONA Agua division, which nowadays takes its treatment, purification and desalination solutions to areas of the planet beset by large water needs.

The process of managing the risks associated with water is dealt with by each business on an annual basis.

Furthermore, and as part of the water risk management process, ACCIONA performs a top-down analysis of the scenarios, risks and opportunities, whereby the more significant dangers and sources of opportunity are interlinked with the geographic exposure and vulnerability of the company's activities.



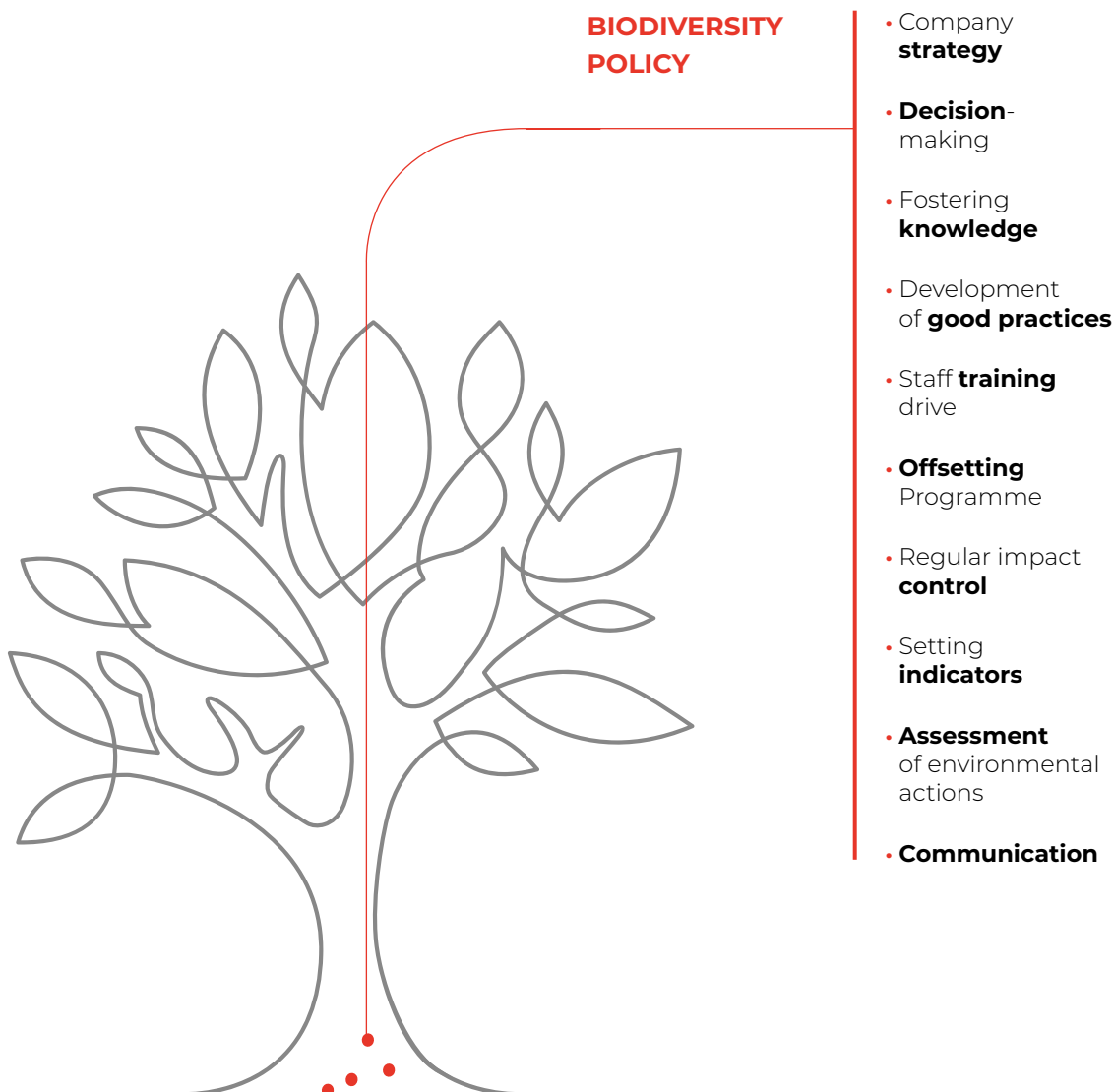
Further information in the 'Water resources management' and 'Treatment of water in water stress regions' sections of the chapter 'ACCIONA Infrastructure's Commitment' and in the section 'Grupo Bodegas Palacio 1894's sustainability performance' in the chapter 'Other Businesses' Commitment'

Environmental protection and biodiversity

In addition to supporting the functioning of life, biological diversity provides services essential for human well-being. Within this context, in the meeting held during the tenth Conference of the Parties in 2010 in Japan, the Convention on Biological Diversity (CBD) approved the Strategic Plan for Biodiversity 2011-2020. The aim of the plan is to inspire large-scale actions for all countries and stakeholders to safeguard biological diversity and the benefits it provides to people over the next decade.

At the recent Biodiversity COP14 summit, an ambitious roadmap was agreed upon for the strategy post-2020. This agreement will be initialled at the COP15 in Beijing in 2020 and will aim to establish a new framework post-2020 in order to avoid losing biodiversity in the planet.

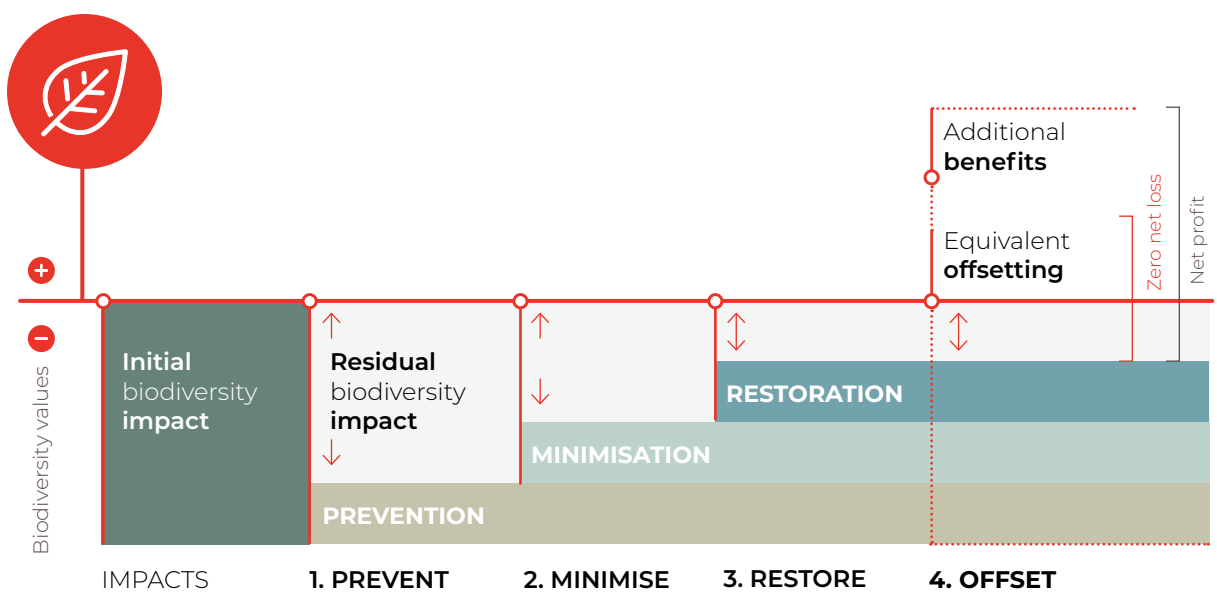
For ACCIONA, the conservation of biodiversity and the responsible use of natural heritage are, as well as an ethical commitment, a necessary condition for global sustainability. Since 2013, the company has had a specific corporate biodiversity policy in place, in which, through different principles, it promotes the valuation and conservation of biodiversity as a necessary means for economic development and social progress.



ACCIONA prioritises the mitigation hierarchy strategy for mitigating impacts on biodiversity, which involves identifying and preventing the potential impacts that may occur, minimising those that could not be avoided, taking restoration actions and, finally, developing actions

that offset these impacts in order to reach a Net Positive Impact. Furthermore, the company creates environmental monitoring plans to monitor and control the measures implemented.

THE MITIGATION HIERARCHY



Source: modified from IUCN 2015

Main action lines

Biodiversity Offsetting and Improvement Programme

As part of ACCIONA's strategy on mitigation hierarchy, it has a consistent programme in the design and execution of voluntary initiatives that go beyond the administrative environmental requirements, and whose aim is to contribute to the *Net Positive Impact on Biodiversity*, as well as to benefit the situation of certain threatened species and/or ecosystems.

CAPTIVE BREEDING AND BEHAVIOURAL STUDY OF EUROPEAN MINK

ACCIONA has collaborated with the Foundation for Research in Ethology and Biodiversity (FIEB in Spanish) in the European Mink Captive Breeding project, a critically endangered species that is considered the most threatened mammal in Europe.

This European project is part of the Captive Breeding Program within the National Species Conservation Strategy, coordinated by the Ministry for the Ecological Transition. The research centre that FIEB has in Toledo (Spain) is the largest captive breeding centre and the one with the highest number of specimens in Spain. The creation of this centre has significantly improved the accommodation capacity of European mink specimens and the captivity standards, which has resulted in 7 offspring born in 2018 under perfect conditions that add to the 22 born since 2015.

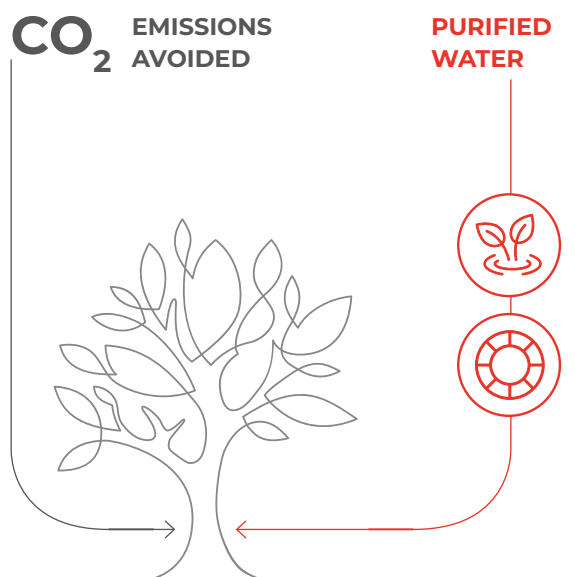
This year, four specimens born in FIEB were released, which have temporarily been given a radio tracking collar that enables us to see how it adapts to life in the wild. Currently, they are colonising different areas of the river Ebro.

This constitutes a success for the continuity of the species and for the improvement of the global genetics of the captive population. It is a project that has an important international impact, since there are only three populations of European mink in the world, and one of them is in Spain.

ACCIONA publishes information on its actions to offset its environmental impact under this programme, as well as the results obtained. Additionally, it communicates best practices in biodiversity linked to the development of the activity of its different businesses. This information is outlined in the report ACCIONA, *Global Commitment to Biodiversity*.

Neutral biodiversity footprint

In the Sustainability Master Plan 2020, ACCIONA has set the Neutral Biodiversity Footprint as a target, which means, a target of No Net Loss of biodiversity and achieve, when possible, a Positive Net Impact. During 2018, it completed the methodological development of measurement and assessment the biodiversity footprint, which includes two internationally recognised tools. This methodology, centred around material aspects, includes various categories of impact, such as toxicity, climate change, water, use and transformation of the earth and acidification, among others. As a result of applying these guidelines, and thanks to the hundreds of hm³ of wastewater treated and the millions of tonnes of CO₂ avoided by the company's facilities, a positive overall result on ACCIONA's biodiversity footprint was obtained, equivalent to restoring a degraded with a surface area of over 300 km².



POSITIVE BIODIVERSITY FOOTPRINT

Equivalent to restoring a degraded space with a surface area of over 300 km²

Indicators of biodiversity performance

ACCIONA controls and monitors facilities that are adjacent to or located in protected areas and non-protected areas of great value for biodiversity.

LOCATION OF FACILITIES IN PROTECTED AREAS AND UNPROTECTED AREAS OF GREAT VALUE FOR BIODIVERSITY IN 2018

Business line	Location with respect to the protected area	Surface area (ha)	Protected areas
ACCIONA ENERGY			
Spain			
• Wind farms and power lines	Internal	376	SCI, SPA, IBA, BR
• Wind farms and power lines	Partially internal	90	SCI, SPA, NatP
• Hydroelectric power plants	Internal	142	SCI, SPA, SAC, NatP, BR
Portugal			
• Photovoltaic	Partially internal	114	ZPE
Mexico			
• Wind farms	Adjacent	118	RM
Australia			
• Wind farms	Partially internal	1 facility	NPAV
India			
• Wind farms	Internal	4 facilities	NPAV
ACCIONA AGUA			
Spain			
• Treatment plants and associated services	Internal	19.5	SPA, RP, NatP, RAMSAR, PPO
• Treatment plants and associated services	Partially internal	1.5	SPA
• Treatment plants and associated services	Adjacent	12 facilities	SCI, SPA, ZEC, PN, NatP, Ramsar, NR
Portugal			
• Processing facilities	Internal	2	NatP
Brazil			
• Processing facilities	Internal	14	PPA
Panama			
• Construction work	Partially internal	0.11	ASP
Chile			
• Processing facilities	Partially internal	15	PL

Continues >

Business line	Location with respect to the protected area	Surface area (ha)	Protected areas
ACCIONA CONSTRUCTION			
Spain			
• Infrastructure	Internal	25	ZEC, SPA, SIC
• Infrastructure	Partially internal	446	SPA, SIC
• Infrastructure	Adjacent	2 works	SPA, SIC
Australia and New Zealand			
• Linear infrastructure	Internal and Partially internal	2 works	CPA, MA
Portugal			
• Hydraulic works	Adjacent	1 works	PL
Brazil			
• Linear infrastructure	Adjacent	1 works	NP
OTHER BUSINESSES			
Spain			
• Environmental cleaning and maintenance services	Internal	6 services	SCI, SPA, NatP, MB
• Infrastructure and services	Partially internal	2	SAC, NR

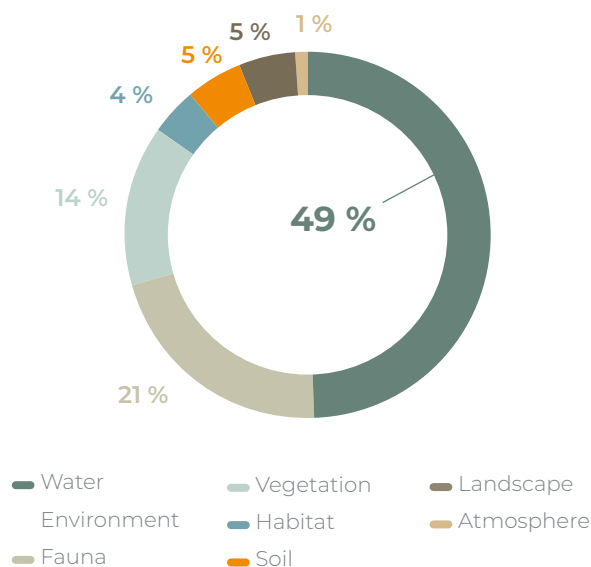
Note: SCI: Site of Community Importance; SPA: Special Protection Area for birds; IBA: Important Areas for the Conservation of Birds and Biodiversity, SAC: Special Conservation Area, NP: National Park, NatP: Natural Park; RP: Regional Park, BR: Biosphere Reserve; PL: Protected Landscape, ZPE: Special Protection Zone, MR: Migratory Route, NA: Natural Protected Area of National Interest, MA: Mangrove, CPA: Coastal Protected Areas, MB: micro-botanical reserve, NPAV: Unprotected areas of high biodiversity value, PPO: Posidonia oceanica meadow, ASP: Wild Protected Areas, APP: Área de Preservação Permanente, NR: Natural Reserve.

Identification and assessment of the most significant impacts

ACCIONA identifies and assesses the most significant impacts of the facilities located in protected areas and non-protected areas of great value for biodiversity.

In 2018, the most significant impacts were identified in the water environment (49 %), fauna (21 %) and vegetation (14 %), and to a lesser extent on soil, landscape, habitat and atmosphere.

NATURE OF IMPACTS



This assessment took into account the species affected, the surface area of the facility within the protected area, the duration of the impacts, and whether they were reversible or irreversible.

Protected species

ACCIONA identifies the species affected by its facilities included on the Red List prepared by the International Union for Conservation of Nature (IUCN) or included in national catalogues.

The following table shows the number of species and their category of protection according to the Red List of the IUCN. Furthermore, it takes into account the species that are not included in this list but are protected by national catalogues.

PROTECTED SPECIES AFFECTED BY ACCIONA'S FACILITIES

IUCN Red List protection category	No. of species	
CR	Critically endangered	0
EN	Endangered	2
VU	Vulnerable	5
NT	Near threatened	5
LC	Least concern	51
Other national catalogues		13
Total		76

Restoration and protection of habitats

ACCIONA's projects consider the protection and restoration of those areas that could be affected by its works or facilities. As such, these projects involve work to protect and restore habitats, such as replanting, maintenance of forests and planting of affected areas.

Throughout 2018, the company protected and restored 14.56 hectares in the areas surrounding its projects and, in almost all cases, the success of the measures applied was verified by independent external professionals. Furthermore, the Service business has carried out the environmental restoration, cleaning and maintenance of hundreds of hectares of high environmental value.

As a result of these habitat restoration and protection actions, as well as other work in landscape integration or plantations in degraded areas or those lacking in vegetation, over the past year, a total of 407,932 plantations were carried out.

Water bodies affected significantly by water withdrawal or discharges

In ACCIONA, it is necessary to withdraw and discharge water for the development of certain activities: for example, the production of renewable electric power in hydroelectric power plants, where the water, after passing through the power plant, is reincorporated into the riverbed without any alteration in its composition; also the supply of drinking water through drinking water treatment plants (DWTP) and seawater desalination facilities (SDF); finally, the execution of works.

Therefore, the company uses prevention measures that help minimise any potential impacts on species that may be present in river ecosystems, and that also assure the regime of environmental flows and the technical requirements established by the competent administration.



Further information in the 'Environmental management and Biodiversity' section of the chapters 'ACCIONA Energy's Commitment' and 'ACCIONA Infrastructure's Commitment'

ENVIRONMENTAL SANCTIONS AND FINES

During 2018, a total of EUR 82,463.40 was paid for nine environmental sanctions and fines. Two sanctions exceeded EUR 5,000: one from ACCIONA Construction, which amounted to EUR 9,450, and another corresponding to ACCIONA Energy for EUR 60,102. Furthermore, a total of EUR 29,908 was paid in compensations.

Circular economy: sustainable resource use and waste management

As part of the SMP 2020, ACCIONA is moving towards a circular economy programme, incorporating in its activity methodologies, processes, technologies and good practices that help minimise the use of natural resources and the generation of waste.

ACCIONA has adopted the commitment to promote the transition to a circular economy through its backing to the Pact for a Circular Economy of the Spanish Ministry for the Ecological Transition.

The company includes key elements of the circular economy in its activities, such as:

- **Minimisation and recovery of waste**

The company continues to achieve the objectives established in its *Waste Management Plan 2016-2020*. Furthermore, it contributes to the recovery of waste by building waste-to-energy plants and the recovery of sludge in waste plants.

- **Optimisation of the use of materials and using sustainable materials**

The *Analysis on the consumption of material resources at ACCIONA and its focus on the circular economy*, carried out in 2018, sets out and promotes internal good practices. It covers measures already implemented such as:

- Using recycled materials such as reused aggregates;
- Using renewable materials such as FSC-certified wood and biomass;
- The efficient use of resources with the best available technologies;
- Using advanced materials such as composites, which minimise the amount of material used.

- **Shared resources platforms**

ACCIONA launched a service in 2018 for shared electric motorbikes in Madrid.

- **Digitalisation of construction**

Digitalisation is a key catalyst for circular opportunities in construction⁴. ACCIONA is working on technologies such as *building information modelling*, automation of machinery and 3D printing.

- **Maintenance of infrastructure resilience for extended use**, whether of own assets like wind turbines or of concessions.

ACCIONA believes that life cycle analysis (LCA) is an important tool in the transition towards a circular economy. It is a standardised methodology that is applied to assess the environmental impact of a process, product or service during its entire life. ACCIONA has a portfolio of 58 LCAs and 6 environmental product declarations (EPD) from the energy and infrastructure sectors, 5 of which are new in 2018, such as the Mt Gellibrand wind farm or the lining panels developed in the KRAKEN project.

Waste management plan 2016-2020

The Plan was born under a worldwide regulatory framework still under development in the circular economy field. It covers the most representative types of waste in ACCIONA and aims to establish a general strategy in the waste policy for the promotion of the circular economy model.

The overall targets sought by the Plan are as follows:

- Reduction of 10 % by 2020 in the amount of unrecovered non-hazardous waste (intended for landfill) generated in 2015 (base year of the Waste Management Plan). In 2018, the target figure was a 6 % reduction.
- Reduction of 10 % by 2020 in the amount of hazardous waste compared to 2015. In 2018, the target figure was a 6 % reduction.
- The recovery by 2020 of 50 % of the total waste generated. In 2018, the target figure was a 44 % recovery.

Furthermore, the Plan includes recovery targets with different degrees of ambition for the following types of waste: soil, debris, dehydrated treated sludge, slag, ash and plant remains.

Also, a goal of reducing the generation of contaminated soil by 10 % by 2020 (base year 2015).

⁴ *The Circular Economy. A Powerful Force for Climate Mitigation, Material Economics, 2018*

⁵ *At the date of preparation of the 2018 Directors' Report, three LCAs were recorded*

In 2018, the company generated a total of 8,633 tonnes of hazardous waste (13 % less than in the base year, 2015) and 9,602,772 tonnes of non-hazardous waste, of which 4,053,423 were sent to landfill (30 % less than in 2015) and 5,549,349 tonnes were recovered (reuse, recycling or other means). This last figure constitutes 58 % of the

non-hazardous waste generation (8 % above the target for 2020 of the Waste Management Plan). It is worth highlighting, for instance, the reuse of 100 % of the slag and ash legally recoverable generated at the company's biomass plants (which was the target for this type of waste).

EVOLUTION OF WASTE GENERATION AND MANAGEMENT

	2015	2016	2017	2018
Non-hazardous waste (tonnes)	8,909,870	12,590,645	12,118,376	9,602,772
Non-hazardous waste for landfill (tonnes)	5,776,464	7,894,919	6,923,817	4,053,423
% Landfill non-hazardous waste	65 %	63 %	57 %	42 %
Non-hazardous waste recovered (tonnes)	3,133,406	4,695,726	5,194,559	5,549,349
% Recovery non-hazardous waste	35 %	37 %	43 %	58 %
Hazardous waste (tonnes)	9,889	13,279	21,104	8,633

Consumption of resources focused on the circular economy

EVOLUTION OF RESOURCE CONSUMPTION

	2015	2016	2017	2018
TOTAL resources (tonnes)	7,954,691	12,318,290	8,940,928	17,403,599
Recycled or renewable resources* (tonnes)	1,392,542	1,614,318	1,763,063	5,065,995
Recycled or renewable resources* (%)	18 %	13 %	20 %	29 %

*Recycled or renewable: biomass, certified wood (FSC or similar), land, aggregates and recycled steel



Further information in the section 'Circular Economy: Sustainable use of resources and waste management' in the chapter 'ACCIONA Infrastructure's Commitment'

The following model shows, similarly to the Circular Economy *circularity gap* graphic⁶, the flows of materials at ACCIONA in 2018. The percentage of recycled resources used by ACCIONA is greater than the global average of 9 %, according to the aforementioned report, and more than the European average of 12 %. As for waste, the targets set in the 2016-2020 Waste Management Plan are being met.

⁶ The Circularity Gap Report 2019, page 29: <https://www.circularity-gap.world/>

**FLOWS OF MATERIALS
AT ACCIONA IN 2018**

MANAGEMENT OF MATERIAL RESOURCES

17.4 Mt
TOTAL USE OF
RESOURCES

12.3 Mt
EXTRACTED
MATERIALS

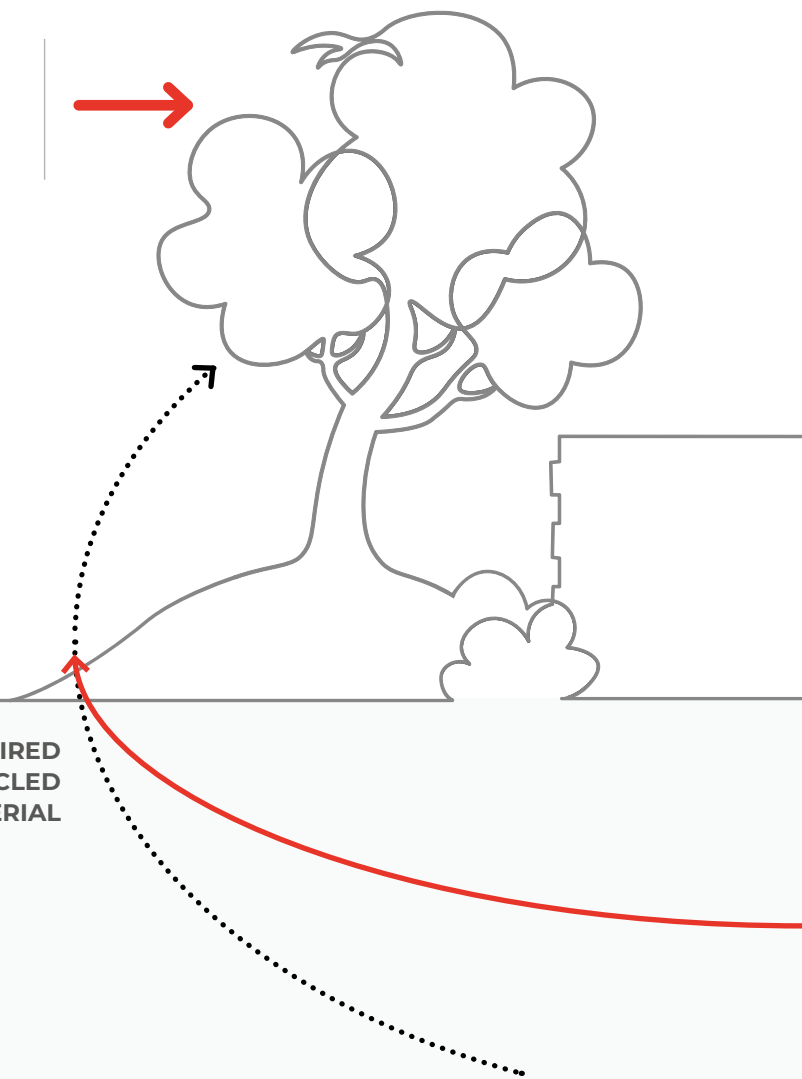
29 %

**RECYCLED
RESOURCES**

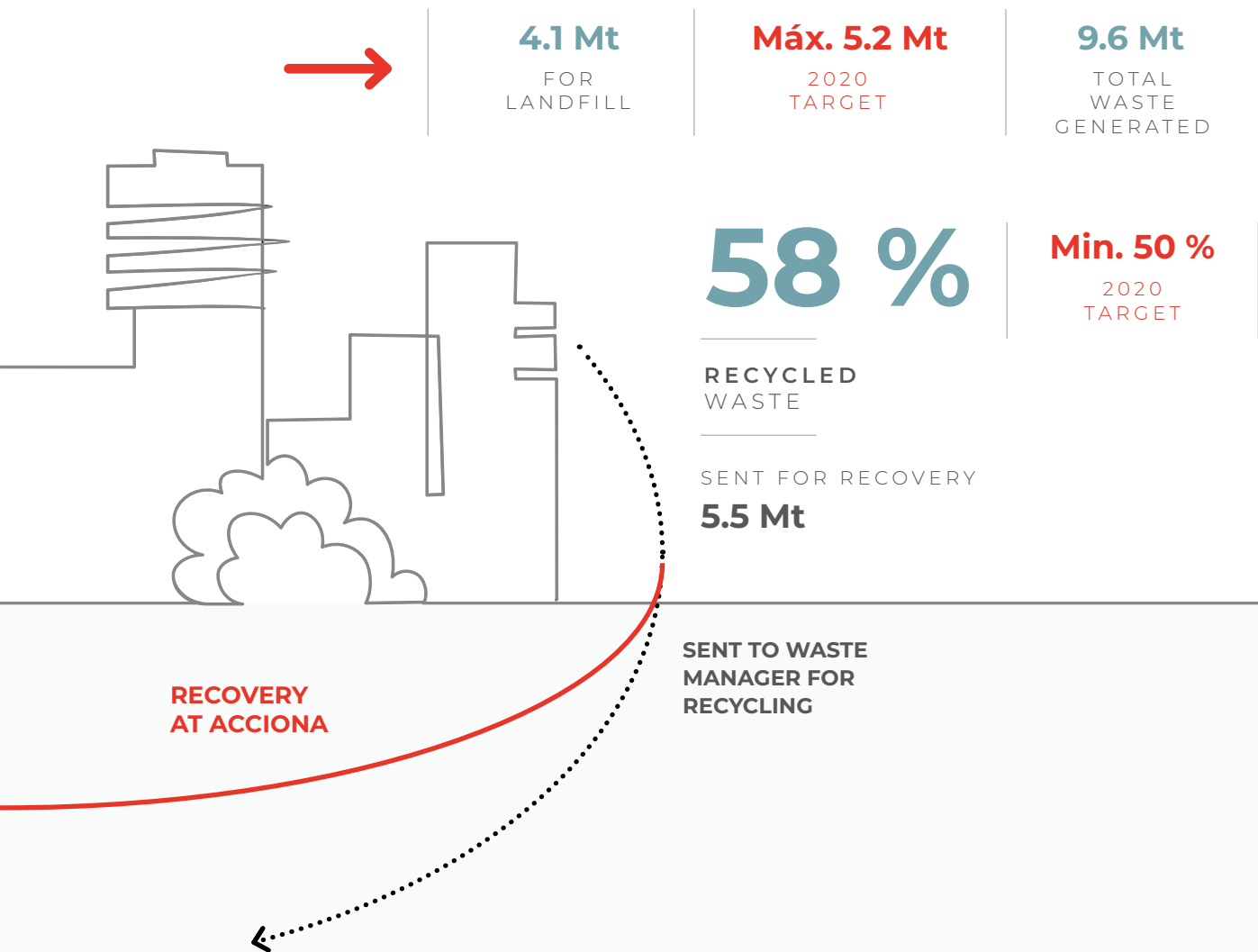
MATERIALS FROM
RECYCLING

5.1 Mt

**SUPPLIER-ACQUIRED
RECYCLED
MATERIAL**



WASTE MANAGEMENT



Corporate Governance

ETHICS,
INTEGRITY, HUMAN
RIGHTS AND
TRANSPARENCY

The Code of Conduct and ACCIONA Policy Book constitute a framework of integrity and good governance that ensure responsible management.



HIGHLIGHTS IN 2018

- › **Approval of the Audit Committee Regulations**, following the recommendations in the CNMV's Technical Guide on Audit Committees.
- › **Adaptation of the Director Selection Policy**, including new diversity, origin and nationality criteria.
- › **Update of the assessment methodology for the criminal risks** faced by ACCIONA.
- › Dual certification according to **ISO 37001** and **UNE 19601** for ACCIONA S.A.
- › **Approval of the migrant worker welfare standard** by ACCIONA Infrastructure in the Gulf Cooperation Council countries.
- › **The sustainability risk methodology was implemented** for the Energy, Construction, Water and Services businesses in a total of 26 countries.



MAIN CHALLENGES 2019

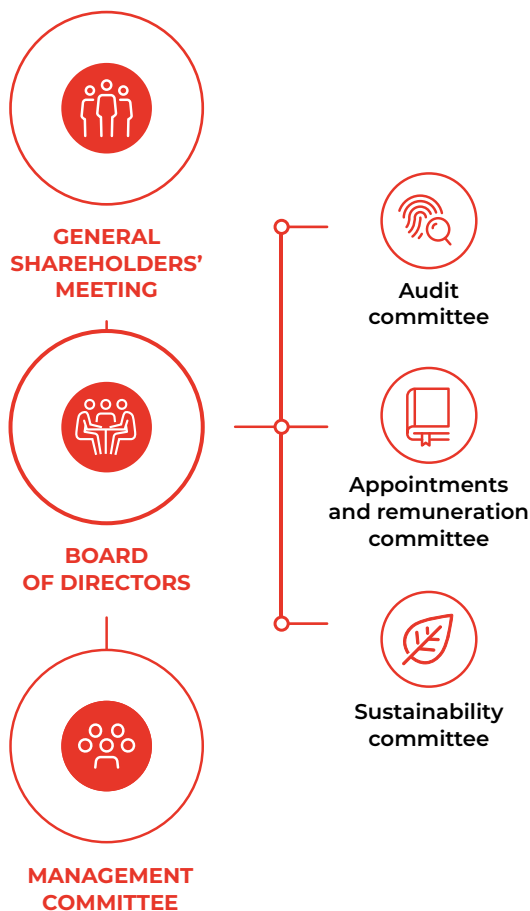
- › **Amend the director selection policies** in line with recent amendments in legislation regarding diversity in the selection process.
- › **Analyse the recommendations** included in the **CNMV's Technical Guide 1/2019** and, where appropriate, amend the Appointments and Remuneration Committee.
- › **Update the criminal risk assessment** for the entire group.
- › Start work towards achieving dual certification according to **UNE 19601 and ISO 37001** for ACCIONA Infrastructure and ACCIONA Construction Spain.
- › **Approve a procedure for prevention and mitigation of violations of human rights** in the workplace and another guide for claims and remediation of human rights violations.
- › **Include Industrial, ACCIONA Inmobiliaria and Wineries businesses** in the sustainability risk assessment.

Corporate governance

One of ACCIONA's commitments in the area of corporate governance is related to continuous improvement and the pursuit of greater transparency, efficiency and rigour in the functioning of its governing bodies. This is a key factor for building trust and long-term commitment between ACCIONA and its stakeholders.

The organisation is governed by the recommendations contained in the *Good Governance Code of Listed Companies* of the Spanish National Securities Market Commission (CNMV), as well as the national and international best practices in this regard.

GOVERNANCE STRUCTURE IN ACCIONA



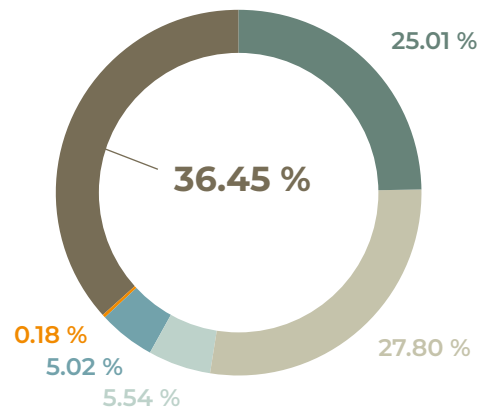
Further information For more in-depth information on the governing bodies: <https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards>

Shareholders and general shareholders' meeting

At the date of writing this report, the parent company's share capital was made up of 57,259,550 fully subscribed and paid-up ordinary shares, represented by accounting entries, with a par value of one euro each.

SHAREHOLDING AS AT THE DATE OF PREPARATION OF THIS REPORT

- Wit Europese Investerings, BV
- Tussen de Grachten, BV
- A.E.M. (La Verdosa, SL)
- Treasury stock
- Board Directors
- Free Float



The company's Articles of Association do not place any restrictions, nor do they impose a maximum limit on, the exercise of voting rights. Nor are there legal or statutory restrictions on purchasing or transferring shares, without prejudice to the preferential acquisition right granted mutually to the significant shareholders declared in the company.

Prior to holding the General Shareholders' Meeting, in order to guarantee and facilitate the exercise of the rights of all shareholders, including minority shareholders, in accordance with the Spanish Corporations Law, since 2011 and on the occasion of the notice for the General Shareholders' Meeting, ACCIONA has had in place an Electronic Shareholders' Forum, where users may post the proposals that they intend to submit as an addendum to the agenda announced in the notice of the General Shareholders' Meeting; requests for support for such proposals, initiatives on reaching the percentage required to exercise minority rights as set forth in the Spanish

Corporations Law; as well as voluntary proxy offers or solicitations. ACCIONA also establishes contact via permanent communication channels with its shareholders and investors through its Stakeholder Engagement Department.

Furthermore, prior to the General Shareholders' Meeting and through its website, ACCIONA provides shareholders with an online remote voting system or a postal vote in order to facilitate the exercise of their right to vote.

At the General Shareholders' Meeting of 30 May 2018, various issues were addressed, including: (i) approval of a dividend for a gross total of € 3 per share, paid on 2 July 2018; (ii) appointment of two new independent directors; (iii) approval of a reduction in share capital of up to 5 % of the company's capital by cancelling treasury shares purchased in the Share Buyback Programme approved in accordance with the technical criteria and standards contained in the regulations on market abuse; and (iv) approval of the *Sustainability Report* for 2017. All of the above were approved with the favourable vote of at least 93.34 % of the voting equity entitled to a concurring opinion at the Meeting.

Board of Directors

The Board of Directors is the highest management and representative body, with the exception of certain issues that are reserved for the General Shareholders' Meeting. It is made up of a group of professionals with diversity in terms of knowledge, origin, experience, nationality and gender, whose aim is to provide real value to the company, working every day to manage its issues with integrity and transparency, endeavouring to do so as efficiently and effectively as possible.

The mission of the ACCIONA's Board of Directors is to promote social interest, representing the company and its shareholders in the management of equity, business and the company organisation.

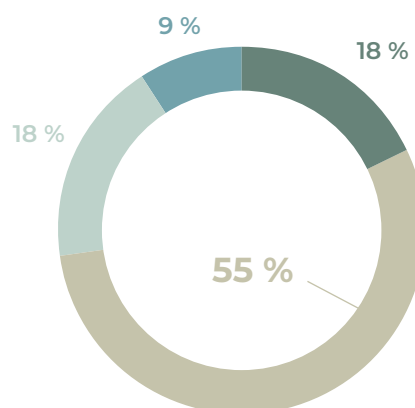
In 2018, ACCIONA approved a Director Selection Policy that ensures that the proposals for appointment or reappointment of directors are based on a preliminary analysis of the needs of the Board of Directors, placing emphasis on the diversity of its members, their origin, nationalities and gender.

The members of the Board will remain in office for a term of three years and may be re-elected once or several times. ACCIONA's Board of Directors comprises eleven members:

- Nine are external. Of these, six are independent directors, two are proprietary directors and one is classified as "other external director".
- Two of the eleven members are executive directors.

COMPOSITION OF THE BOARD ACCORDING TO THE NATURE OF THE POSITION

- Executive Directors
- Independent external directors
- Proprietary external directors
- Other external director



Out of the eleven members of the Board of Directors, three are women, making up 27.27 % of the total number of members of the Board, keeping the same percentage as the previous year.

ACCIONA aims, in accordance with the provisions of its Director Selection Policy and pursuant to the terms of Recommendation 14 of the *Spanish Good Governance Code of Listed Companies*, to have the number of female directors representing the company on the Board of Directors reach at least 30 % of the Board members by 2020. The Appointments and Remuneration Committee has been promoting the incorporation of female directors for some time and ACCIONA aims to meet the target, being already close to reaching that percentage.

BOARD OF DIRECTORS IN 2018

	Profile	First appointed (year)	Committees of the Board of Directors to which he / she belongs
Mr. José Manuel Entrecanales Domecq	Chairman & CEO	1997	
Mr. Juan Ignacio Entrecanales Franco	Executive Vice-Chairman	1997	
Mr. Juan Carlos Garay Ibargaray	Lead Independent Director	2013	Audit Committee (Chairman) Appointments and Remuneration Committee (Chairman)
Mr. Javier Entrecanales Franco	Proprietary Director	2011	Sustainability Committee (member)
Mr. Daniel Entrecanales Domecq	Proprietary Director	2009	Sustainability Committee (Chairman)
Ms. Belén Villalonga Morenés	Other external director	2006	
Mr. Javier Sendagorta Gómez del Campillo	Independent Director	2018	Appointments and Remuneration Committee (member)
Ms. Ana Inés Sainz de Vicuña Bemberg	Independent Director	2015	Audit Committee (member)
Mr. Jerónimo Marcos Gerard Rivero	Independent Director	2014	Appointments and Remuneration Committee (member)
Mr. José María Pacheco Guardiola	Independent Director	2018	Sustainability Committee (member)
Ms. Karen Christiana Figueres Olsen	Independent Director	2017	Audit Committee (member)
Mr. Jorge Vega-Penichet López	Secretary Non-Director	2006	

ATTENDANCE AND MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES IN 2018

	Board of Directors	Audit Committee	Appointments and Remuneration Committee	Sustainability Committee
Attendance <i>quorum</i>	96.36 %	89.28 %	94.44 %	75 %
No. meetings	10	8	5	4

The Executive Committee was dissolved on 30 May 2018 because the mandates of its members were not renewed. This committee held no meetings in 2018. The annual work schedule of the Board of Directors makes it possible to perform all the functions of the Executive Committee at plenary sessions of the Board and therefore it is not necessary to hold meetings.

In order to ensure the quality and efficiency of the Board of Directors, each year it assesses its own operation, the performance and contribution of each director and the diversity in the composition and competencies. The assessment includes the performance of the chairman and vice-chairman of the Board, based on the report submitted by the Appointments and Remuneration Committee, and the functioning of its Committees is also assessed, based on the report that each Committee submits to that effect.

The assessment is carried out by means of individual forms which are completed anonymously by each director. Once completed, the Audit and Appointments and Remuneration Committees analyse the results and provide the Board of Directors with the subsequent reports. The Board received support from an external consultant for the analysis of the functioning of the Board of Directors, its Committees and offices of 2017. The results of this process have shown that the Board, its Committees, and their respective chairmen are functioning correctly, although certain areas for improvement were identified, which were addressed in 2018.

At the proposal of the Appointments and Remuneration Committee, ACCIONA's Board of Directors has a Lead Independent Director. The regulations of the Board of Directors, in compliance with best practices for corporate governance established by the Spanish *Good Governance Code of Listed Companies* and the Spanish Corporations Law, assigns the following duties to the Lead Independent Director:

- a) Chair the Board of Directors in the absence of the Chairman and Vice-Chairmen, should there be any.
- b) Coordinate and gather the non-executive directors. Voice their concerns.
- c) Maintain contact with investors and shareholders to find out their points of view in order to form an opinion regarding their concerns, specifically with regard to the company's corporate governance.
- d) Direct the Board of Directors' assessment of the chairman.

- e) Coordinate the chairman's succession plan.
- f) Request the convening of the Board of Directors or the inclusion of new items on the agenda for a Meeting that has already been called.

As a result of this increased interaction between the Supervisory Committees, in 2018 it became standard to hold at least two joint sessions of the Audit Committee and the Sustainability Committee to address issues related to non-financial information.

Furthermore, on 15 November 2018, following the CNMV's good governance recommendations and technical guide on audit committees for public interest entities, the Board of Directors approved an amendment to its regulations aimed at channelling the resourcing needs through the Secretary of the Board and the Committees so that the Committees have sufficient resources to perform their duties, in addition to opening up the possibility for the Committees to have their own regulations.

Management committee

The Management Committee is formed by eleven professionals with extensive multidisciplinary international experience. This Committee is the link between the Board of Directors and the rest of the company.

Remuneration policy

A new directors' remuneration policy for the years 2018, 2019 and 2020 was approved as a separate item on the agenda by the General Shareholders' Meeting on 18 May 2017, in accordance with the provisions of Article 529r of the Spanish Corporations Law and Article 31.5 of ACCIONA's Corporate Articles of Association. These two articles stipulate that it is compulsory to approve a remuneration policy for directors at least every three years, as a separate item on the meeting agenda. This new policy is published on ACCIONA's website¹.

¹ Remuneration policy available at https://accionacorp.blob.core.windows.net/media/3127729/directorremuneration_policy.pdf

The company's remuneration policy, including that of the members of the Board of Directors that carry out executive roles, is governed by the following principles:

- Coherence with business strategy.
- Corporate governance and transparency.
- Balanced design.
- Internal equity.
- Alignment with market practices.

The *Annual Report on the Remuneration of Directors 2018*, approved by the Board of Directors, which includes the directors' remuneration policy, details the remuneration received by each of them (see *Annual Report on Remuneration of Directors 2018*². Section C.1).

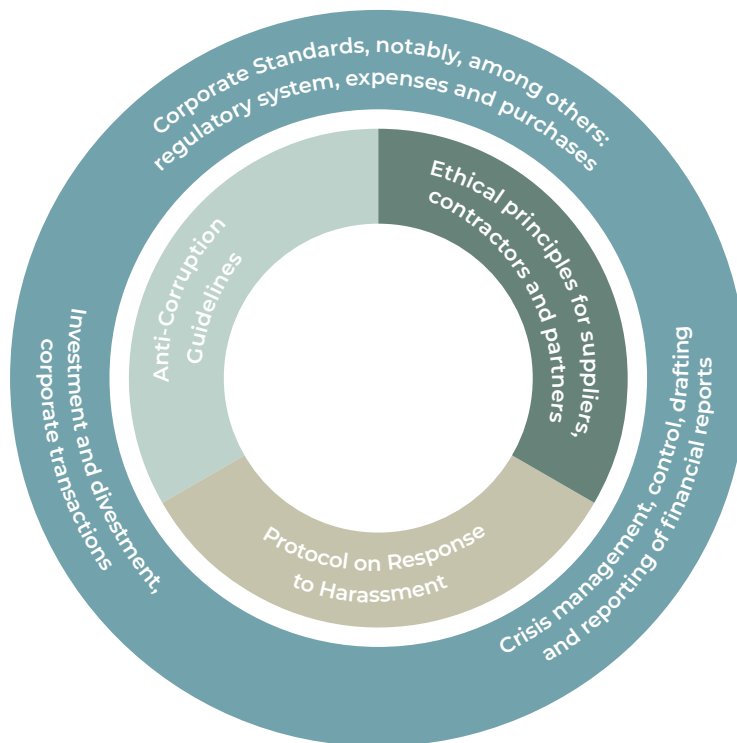
Ethics and integrity as the basis of management

Acting in compliance with corporate standards as regards ethics and integrity is one of ACCIONA's priorities. These standards establish guidelines for action applicable to company's firms and employees. They are based on the Code of Conduct, the Policy Book, the commitments undertaken to fight corruption and bribery, and respect for the right to free competition, among others.

The Compliance General Department oversees the fulfilment and effectiveness of the procedures, controls and internal commitments. These measures are established to ensure that regulatory or voluntary obligations of an ethical, organisational, environmental or social nature are met, and that the related risks are identified, prevented and mitigated. In 2018, the Compliance Department reported to the Audit Committee of the Board of Directors on two occasions.

CODE OF CONDUCT

Policy book



² More information at <https://accionacorp.blob.core.windows.net/media/3288705/irc-2018-en.pdf>

Code of conduct

The Code of Conduct outlines the values that must guide the behaviour of all the companies that are part of ACCIONA. Its aim is to prompt the consolidation of a corporate code of conduct that is accepted and respected by all employees and managers.

Through compliance, ACCIONA assumes the commitment to carry out its activities in accordance with the legislation in force in each of the places where it works, always based on the highest international standards, such as the Universal Declaration of Human Rights of the United Nations, the International Labour Organisation's (ILO) conventions, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the United Nations' Global Compact.

In the latest version of the Code of Conduct drafted by the Board of Directors in 2016, new sections were introduced regarding, among others matters, the ethics and compliance model, the basic principles of action and behaviour, the standards of conduct related to the commitment to human rights and the prevention of money laundering.

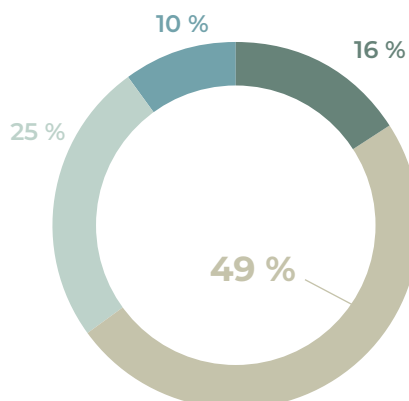
Code of Conduct control and compliance is ensured through:

- The Code of Conduct Committee: the body that studies and analyses reports regarding breaches of the Code of Conduct.
- Ethical Channel: enables irregular conduct related to any alleged breach of the Code of Conduct to be reported confidentially. This mailbox is available to employees, suppliers and contractors of the company.
- Protocol on Response to Harassment: through the Ethical Channel, the Committee assesses each case and establishes any necessary measures. Through this protocol, ACCIONA clarifies that its intention is to adopt any necessary measures to foster a work environment free from harassment, that does not permit or allow any conduct of this kind.

The number of messages received by the Ethical Channel continues to increase as a result of greater communication with employees and increased awareness. In 2018, 83 messages were sent to the Ethical Channel (84 % more than in 2017), leading to 45 disciplinary proceedings. The other reports were shelved, either because the Code of Conduct Committee was not the competent body to handle them, or because additional information was received from the relevant department.

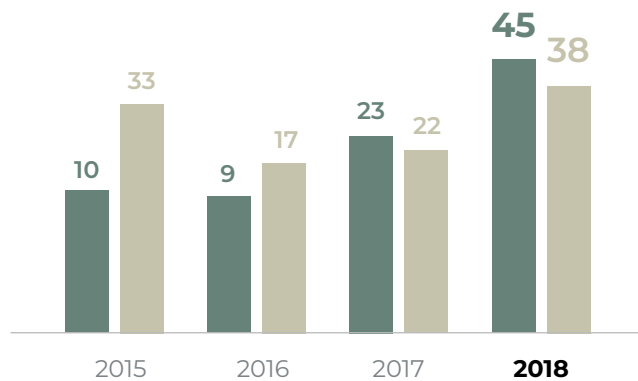
TYPE OF COMMUNICATIONS IN 2018

- Financial / Unpaid bills
- Labour /Harassment / Discrimination
- Other
- Queries



PROCESSING OF COMMUNICATIONS IN 2018

- Investigated
- File not investigated



* File not processed: as it is not covered by the Code of Conduct (anonymous reports which are non-financial, or merely related to employment, organisation or functions) notwithstanding the fact that in most cases of shelved reports, a preliminary investigation had been conducted without assigning a specific processor.

In 2018, two training initiatives continued. On the one hand, 436 executives and managers took the Anti-Corruption Course. On the other, 2,965 employees took part in the Code of Conduct course, available in 7 languages. To date, 9,143 ACCIONA employees have now

been trained. A classroom seminar on “International business development and corruption” was held in June with assistance from a prestigious law firm.

EXAMPLES OF COMMUNICATIONS SENT TO EMPLOYEES REGARDING COMPLIANCE

The communication work done in relation to the Code of Conduct, as well as on topics related to compliance with it, has entailed the publication of 23 internal communications. These include:

- Videos by the United Nations on anti-corruption training.
- Jurisdictions posing a risk in 2018.
- Types of reports over the Ethical Channel.
- Crime prevention and anti-bribery policy.
- Corporate Standard for contracting sales consultants.
- Corporate Standard on civil servants and public authorities and Corporate Instruction on offering and accepting gifts and courtesies in the private sector.

ACCIONA policy book

The ACCIONA Policy Book reflects the commitments and principles of action applicable to the company's firms regarding economic, social and environmental issues and good governance. In 2018, the Sustainability Committee of the Board of Directors approved the new Policy Book, which includes revised versions of existing policies and new policies, integrating them into a single document comprising the following sections:

- Sustainability policies:
 - Sustainability and Innovation
 - Field of Economics and Good Governance
 - Social Issues
 - Environmental Issues
- Other policies: the Policy on Communication and Contact with Shareholders and Investors, the Director Selection Policy, the Remuneration Policy for Directors of ACCIONA S.A., and the Personal Data Protection Policy.

Commitment to fight corruption

The company's commitment to fight corruption and bribery, which is outlined in the Code of Conduct, was reiterated in 2018 through the approval of the crime prevention and anti-bribery policy. ACCIONA's responsibility in fighting bribery and corruption is also set out in corporate standards and specific measures that have been established.

At the operational level, the company has developed the Crime Prevention and Anti-Corruption Model (CPACM). This model establishes the general control environment of the group, following international best practices, and creating an inventory of the possible crimes that could arise in its different tasks, which could entail some sort of criminal responsibility. It also contains a comprehensive list of all the criminal risks posed by the activities of the relevant departments and managerial groups, as well as the controls that are in place for the prevention or detection of these crimes.

The main activities carried out in 2018 to improve this Model are:

- Update of the assessment methodology for the criminal risks faced by ACCIONA, in order to standardise it with the group's risk assessment methodology. Through this methodology, potential risks of this kind

can be identified for each department, thus enabling appropriate decision-making about controls to be developed and training needs.

- Dual certification according to ISO 37001 and UNE 19601 for ACCIONA S.A., verifying that criminal compliance and anti-bribery management systems have been implemented.
- Development of a new regulation to govern the functioning of the Model so as to ensure that conduct is in line with internal regulations.
 - Corporate Standard for Contracting Sales Consultants.
 - Instruction on offering and accepting gifts and courtesies in the private sector.
 - Standard on relations with civil servants and public authorities.

ANTI-CORRUPTION GUIDELINES

The following conduct is strictly forbidden:

1. Offering or accepting bribes to either civil servants or private individuals.
2. Offering or accepting payments to aid the start of or speed up administrative processes or procedures.
3. Offering or accepting gifts or attention to or from either civil servants or any other third party that go against the content of these Regulations.
4. Making contributions on behalf of the group with political aims.
5. Obtaining favourable treatment using sponsorship or donations as a means of obtaining it.
6. Using commercial relations and company contacts for one's own benefit or that of a third party.
7. Establishing business relations with third parties without complying with minimal due diligence duties as regards third-party knowledge.

The rules set out in the Corporate Donations and Sponsorships Standard must be followed by all group companies and employees, as well as by third parties acting on its behalf. Similarly, ACCIONA follows a strict neutrality policy; it does not give donations to any political party, candidate or foundation that could be deemed as political contributions under the terms of the Code of Conduct.

EXPANSIÓN COMPLIANCE AWARD 2018

ACCIONA received the award for Innovation in compliance in the *Expansión* Compliance Awards 2018 for the development of the first platform based on blockchain technology to support the internal identification and validation procedure for sales consultants, affording traceability and security.

Third-party due diligence

ACCIONA has implemented a tool, PROCUR-e 3P, in order to facilitate knowledge and identification of the third parties it deals with (partners, consultants and agents). For other suppliers, the process described in the 'Value Chain' chapter is applied. The main advantages afforded by this process are:

- It allows a first analysis of the third party with which ACCIONA will/or intends to have a commercial or corporate relationship.
- It improves risk management in projects thanks to greater knowledge of those third parties with whom ACCIONA interacts.
- It meets the requirements of due diligence on third parties.

In 2018, 151 third parties were registered in the tool. A total of 329 third parties (partners, consultants and agents) have now been assessed in the PROCUR-e 3P tool. This has provided appropriate knowledge about who the third party is, who manages and runs the company, the possible relationships between these people and civil servants, potential disputes concerning corruption, money laundering, fraud or presence in tax havens, among other matters.

Human rights

As stipulated in the Code of Conduct, the Human Rights Policy and the Human Resources and Occupational Risk Prevention Policy approved by the Board of Directors, the company undertakes to respect the human rights and public freedoms recognised in the United Nations Universal Declaration of Human Rights. Respect for human rights is the responsibility of all the people and entities to which the Code of Conduct applies, including the businesses as a whole and the project managers.

Among other basic guidelines for conduct, ACCIONA follows the ILO's Declaration on Fundamental Principles and Rights at Work and other Conventions, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

In 2018, the company updated its Human Rights Policy with the aim of adjusting it to the stipulations in the United Nations Guiding Principles on Business and Human Rights.

Due diligence regarding human rights

Within the framework of the SMP, and following the United Nations Guiding Principles on Business and Human Rights, ACCIONA is working on implementing a due diligence process through:

- Identification and evaluation of its actual and potential impacts.
- Establishment of specific processes and procedures, in order to introduce preventive measures on the potential impacts identified.
- Development of mechanisms to remedy the impacts that have already been caused or that it has contributed to causing.

As a first step, the company developed a diagnostic study of human rights risks, taking the United Nations Guiding Principles on Business and Human Rights as a reference framework. Specifically, in 2018, the human rights risk categories were revised and the associated risks in the countries in which the company does business were analysed. As a result, 13 %³ of the countries in which ACCIONA Energy operates and 41 %⁴ of the countries in

³ India and Egypt.

⁴ Brazil, Colombia, Dominican Republic, Ecuador, Egypt, Morocco, Paraguay, Peru, the Philippines, Saudi Arabia, South Africa, Turkey, United Arab Emirates.

which ACCIONA Infrastructure is present were found to have a serious or very serious risk of violating some kind of human rights, according to Maplecroft.

Some of the issues covered by the human rights risk analysis, which are included in ACCIONA's ESG analyses, are freedom of expression and opinion, minority rights, rights of indigenous populations, women and girls,

workplace discrimination, the right to access to basic services, freedom of union association, rights of migrant workers, fair remuneration, working hours, occupational health and safety, forced labour and child labour.

This year, the 5 main issues addressed in terms of human rights by the business units (ranked from most to least relevant) are:

	 ENERGY	 CONSTRUCTION	 WATER	 SERVICES
1	Protecting the rights of migrant workers	Ensuring occupational health and safety	Protecting labour rights	Ensuring occupational health and safety
2	Protecting the rights of indigenous peoples	Protecting indigenous rights	Ensuring decent wages	Ensuring decent wages
3	Protecting the rights of minorities	Protecting the rights of minorities	Ensuring working hours that allow for a work-life balance	Freedom of association
4	Protecting women's and girls' rights	Protecting women's and girls' rights	Freedom of association	Ensuring working hours that allow for a work-life balance
5	Ensuring occupational health and safety	Ensuring working hours that allow for a work-life balance	Non-discrimination in the workplace	Non-discrimination in the workplace

Taking the standards of the Danish Institute for Human Rights and of the United Nations' Global Compact as a benchmark for the control measures identified based on an analysis of the company's procedures and policies, it was found that 43 % of them offer full coverage⁵, 52 % provide partial coverage (depending on the region or the business), 3 % have insufficient coverage and 2 % are not applicable.

The second step taken, with the aim of covering the cases in which partial or insufficient coverage was found, entails the development of processes and procedures for prevention, detection, mitigation and remediation. This year, work has been done to create a procedure for prevention and mitigation of violations of human rights in the workplace, guidelines for action when participating in involuntary resettlement processes, and a guide for claims and remediation of human rights violations, all of which are pending approval in 2019. Furthermore, joint efforts are being made with the ACCIONA Compliance Department to include human rights controls in the ACCIONA RMS (Risk Management System) in the future. In 2019, due diligence pilot tests will be conducted in two of the company's projects.

In addition, ACCIONA Infrastructure approved the Migrant Worker Welfare Standard in 2018, which sets out compulsory minimum requirements for recruiting, hiring and accommodation processes for workers and subcontractors on projects located in the Gulf Cooperation Council (GCC) countries. This standard is also scheduled to be applied at ACCIONA Energy in 2019. Also in 2018, ACCIONA Infrastructure became a member of the Building Responsibly steering committee, an international initiative that promotes the rights and welfare of workers in the infrastructure industry.

Human rights of local communities and the supply chain

In relation to local community rights and labour rights that may be affected by its activities, ACCIONA is studying, through its Social Impact Management (SIM) methodology, potential human rights violations that a specific project or service could cause in the communities and other stakeholders, among other factors. Furthermore, the social impacts are assessed in terms of severity if they cause significant changes in the social, economic or cultural structure of a population or group of employees, or if they

affect human rights. In such cases, the SIM methodology requires measures to be established to prevent and mitigate these impacts.



Further information on Social Impact Management in the "Society" chapter

In 2018, risks of potential human rights violations were identified in 10 of the projects in which the SIM methodology was implemented. In all these cases, measures were taken to keep such violations from occurring.

As regards the supply chain, ACCIONA has diverse mechanisms in place to help prevent human rights violations, such as the Self-Declaration of Responsibility for Suppliers, Ethical Principles for Suppliers, Contractors and Partners, Risk Maps, and so on.

In 2018, the PROCUR-e purchasing system found no suppliers or contractors that were violating or jeopardising compliance with human rights.



Further information in the "Value Chain" chapter

Through the company's Ethical Channel, any alleged breach or violation of the guidelines outlined in the Code of Conduct can be reported, including human rights issues. In 2018, the company has no record of any violations reported through this channel.

A series of training initiatives for employees and suppliers were also carried out, discussing compliance with human rights, among other topics. The Sustainability Course and the Code of Conduct Course were held for employees, and the Sustainability Course applied to the company was aimed at suppliers.

In 2019, a specific course on human rights will be rolled out for company employees, organised in cooperation with the Spanish Network of the United Nations' Global Compact.

⁵ Understanding coverage in terms of geographic reach and ACCIONA's business units.

Risk management in ACCIONA

Risk management is a process driven by ACCIONA's Board of Directors, which consists in identifying, assessing and managing potential events that may affect the company and the achievement of its objectives. As well as the Board, the bodies responsible for the Risk Management System are the Audit Committee, the General Finance and Risks Department, the Risk Management and Control Units, and the Management Committees of the Divisions⁶.

Each risk event (economic and financial, strategic, operational, incidental) is evaluated by ACCIONA's directors, based on probability criteria, economic and financial impact, impact on the image, impact on sustainability and development, the ability of the company to manage risk and risk management established by the company.

Following the reform of the Spanish Criminal Code, ACCIONA established the Crime Prevention and Anti-Corruption Model. In 2018, it developed a Criminal Risk Map to ensure that the regulatory compliance system is fully integrated and the controls implemented are perfectly aligned and audited.

Among the events that may affect the company, sustainability risks are particularly relevant, namely those relating to society and labour, government and corruption, the environment and climate change.

The identification of sustainability-related risks is a comprehensive process, in which directors of the departments of Human Resources, Sustainability, Business Development, Corporate Resources, Environment, and other areas related directly or indirectly to sustainability are involved.

ACCIONA'S sustainability risk management

The identification, assessment and management of social, environmental and governance risks is essential for ACCIONA, thus making it possible to:

- Improve the sustainability performance.

- Enhance the response to multiple scenarios and changing settings.
- Improve decision-making by senior management.
- Reduce costs.
- Identify new business opportunities and competitive advantages.
- Specifically improve trust among its stakeholders.

In 2017, the methodology for identification and assessment of sustainability risks was approved. According to this methodology, risks related to climate change, the environment, social and labour issues, and governance and corruption are analysed for each country in the business conducted there. They are analysed based on the likelihood of occurrence, economic and financial consequences, the importance of the issue for each business and the potential impact on the company's reputation.

Furthermore, the outcome of the assessments for each of the risks is compared to the exposure that each of the businesses has in the countries in which it is present. This exposure is based on external indexes that allow the company to make this contrast to detect potential points to be reinforced.

According to the results of the analysis per business line, management measures are proposed for any risks classified as medium, high or very high.

In 2018, the methodology was implemented for the Energy, Construction, Water and Services businesses. A total of 26 countries was analysed. For each of these markets, specific issues referring to climate change, environmental, social, labour, and governance and corruption risks are analysed.

⁶ More information about the Risk Management System can be found in the Corporate Governance Report <https://accionacorp.blob.core.windows.net/media/3288706/igc-2018-en.pdf>

SOCIAL

Violating rights of communities to access basic services.

Violating minority, indigenous, women's and girls' rights.

Violating rights of freedom of expression, opinion and religion.

CLIMATE CHANGE

Aggravating climate change.

Impacts caused by climate change.

LABOUR

Violating labour rights.

Violating health and safety rights.

Violating migrant workers' rights.

Violating forced labour laws.

Violating child labour laws.

ENVIRONMENT

Breaching environmental legislation.

Causing an environmental impact.

GOVERNANCE AND CORRUPTION

Lacking standard corporate governance policies.

Engaging in behaviour related to corruption.

Not contemplating the impact of the business in its interactions with the community and the environment.

**PRIORITARY AREAS OF ACTION
IN SUSTAINABILITY BY BUSINESS
LINE IN 2018**

- Climate change
- Environment
- Social
- Labour
- Governance and corruption



ENERGY



CONSTRUCTION



WATER



SERVICES

1	● Climate change adaptation*	● Ensuring occupational health and safety	● Environmental regulations and regulatory changes	● Climate change adaptation
2	● Environmental regulations and regulatory changes	● Operating in countries with a risk of corruption	● Protecting labour rights	● Environmental regulations and regulatory changes
3	● Operating in countries with a risk of corruption	● Protecting minority, indigenous, women's and girls' rights	● Contemplating the impact of the business in its interactions with the community and the environment	● Ensuring occupational health and safety
4	● Potential events with an environmental impact	● Contemplating the impact of the business in its interactions with the community and the environment	● Ensuring occupational health and safety	● Protecting labour rights
5	● Protecting the rights of migrant workers	● Climate change adaptation*	● Climate change adaptation*	● Protecting minority, indigenous, women's and girls' rights

* More information on "Impacts of climate change" in Energy and Construction can be found in the "Climate Change" chapter.

Monitoring sheets are created for specific risks identified as being high and medium in order to minimise the associated consequences and/or likelihood. These management measures are implemented through the 2019 SMP objectives.

The overall and individual results per country and business, as well as the proposed management measures, are submitted to the Sustainability Committee.

In 2019, efforts will focus on the following:

- Revision of the methodology and assessment criteria.
- Updating the sustainability risks analysed in 2018 for the Energy, Construction, Water and Services businesses.
- Inclusion of the Industrial, ACCIONA Inmobiliaria and Wineries businesses in the sustainability risk assessment.

Transparency

ACCIONA provides detailed non-financial information on its actions, strategies and practices according to the most advanced international sustainability reporting standards in order to be accountable to its multiple stakeholders. For greater stringency and transparency, the company's public commitments to meet the challenges of sustainability, which are included in the Sustainability Master Plan (SMP), are measurable and verifiable.

The main public reports that include information on ACCIONA's sustainability performance are described below.

Sustainability report

The *Sustainability Report* is the reference document that includes relevant non-financial information for all stakeholders. Published on a yearly basis, it reflects the progress and challenges of the SMP, namely the sustainability performance of the different business lines. Since 2012, the report has been submitted for review and approval to the General Shareholders' Meeting.

In 2018, the company used the Global Reporting Initiative's GRI Standards as its benchmark, applied the latest version from 2018 of the AA1000 AP standard, aligned its climate reporting with recommendations from the Task-force on Climate-related Financial Disclosures (TCFD), and expanded communication about its contributions to the Sustainable Development Goals in the main regions where it operates.

Integrated report

Following the principle of integration, the *Integrated Report* concisely presents the ability to forecast, adapt and generate value from the company's activities, focusing on both the performance and results as well as on the challenges and opportunities that may arise within the context in which it operates. The document offers a look into the future of ACCIONA's business model and explains how the strategy helps to create value in the short, medium and long term.

In 2018, for the sixth consecutive year, ACCIONA drafted its Integrated Report in accordance with the framework of the International Integrated Reporting Council (IIRC).

Non-financial statement

Ever since Royal Decree Law 18/2017 on non-financial information and diversity was passed, ACCIONA has published a "Non-Financial Statement" in addition to its usual reporting in the Directors' Report. This chapter offers a response to the new requirements on environmental, social and employment issues, respect for human rights, and anti-corruption and anti-bribery. Following the approval in December 2018 of Law 11/2018 on non-financial information and diversity, ACCIONA published a new "Non-Financial Statement" in 2019, audited for the first time by an independent third party.

In addition, this section is included in the company's Consolidated Financial Statements, which are prepared according to applicable financial reporting standards, and particularly, the principles and criteria established in the International Financial Reporting Standards (IFRS).

Quarterly results report

Since 2011, ACCIONA has included a specific appendix on sustainability in the quarterly results reports. This appendix reports on certain matters of interest in this area for each period and also about the company's presence on sustainability indexes.

Global Compact Communication on Progress

Through its *Annual Communication on Progress*, the company reports on the progress made in the implementation and promotion of the United Nations Global Compact's Ten Principles in the areas of human rights, labour, the environment and anti-corruption.

In this sense, in 2018, ACCIONA published its Annual Communication on Progress, obtaining "advanced level" for the eight consecutive year.

In addition to the public non-financial information available to all its stakeholders, ACCIONA provides details on sustainability on a recurring basis to different analysts and investors, as well as in questionnaires. As a result of the sustainability performance and reporting, the company is present in different indexes.



Further information in the section "Presence in sustainability indexes, rankings and ratings" of the "ACCIONA's Commitment" chapter

ACCIONA's Cash Flow in 2018

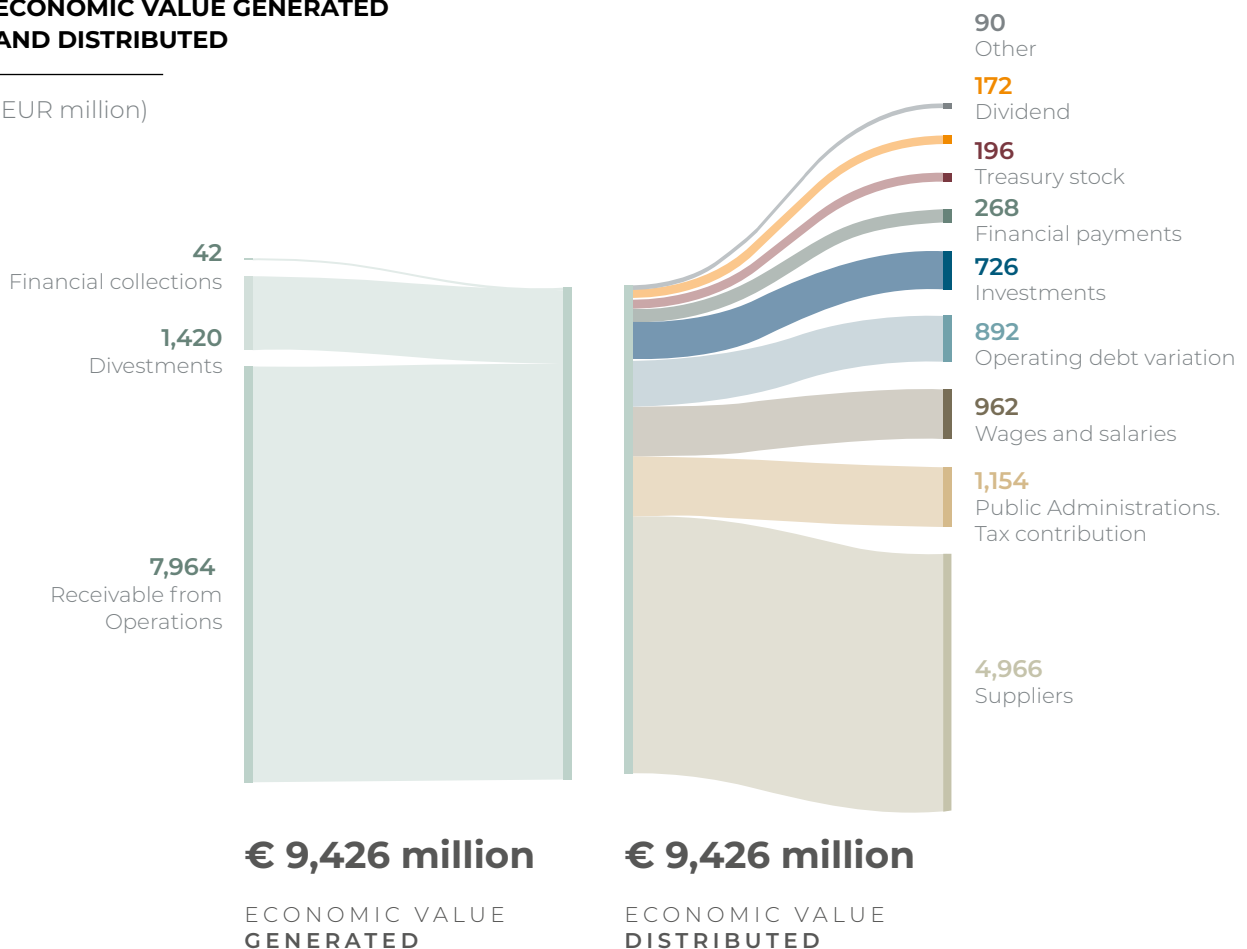
Social cash flow is a way of calculating a company's impact and contribution of real value to society through the cash flow generated by its activity. To do so, it takes into account the items that involve a real inflow and outflow of cash which have an effect on the different stakeholders.

This value creation is measured both in terms of the cash flow generated by the company (cash received from its clients, divestments, financial transactions, etc.) and in terms of the cash flow distributed by means of payments to suppliers, public administrations, shareholders and employees, among others.

Therefore, social cash flow represents the economic value generated and distributed by the company.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

(EUR million)



RECEIVABLES FROM OPERATIONS, PUBLIC ADMINISTRATIONS, SUPPLIERS, AND WAGES AND SALARIES

(Breakdown by region)

Region	Receivable from Operations		Public Administrations. Tax contribution		Suppliers		Wages and salaries	
	€ million	%	€ million	%	€ million	%	€ million	%
Spain	3,650	46	719	62	1,747	35	516	54
Rest of Europe	752	9	98	9	491	10	97	10
North America	346	4	19	2	263	5	48	5
Central and South America	1,773	22	239	21	1,110	22	174	18
Africa	174	2	21	2	109	2	8	1
Asia and Oceania	1,268	16	58	5	1,246	25	120	12
Total	7,964	100	1,154	100	4,966	100	962	100

During 2018, ACCIONA's economic and social contribution to Public Administrations through tax payments totalled EUR 1,154 million, of which EUR 469 million corresponds to taxes paid (41 %) and EUR 685 million to taxes collected (59 %).

The group's Tax Contribution for FY 2018 remained on par with the figures from 2017, amounting to 3.5 times the attributable Profit After Tax. The Tax Contribution assumes that for every EUR 100 of revenue, EUR 15 went towards paying taxes, with Spain, Ecuador, Mexico, Chile, Poland, and Australia being the main countries. The biggest Tax Contribution burden is the taxes associated with employment.

As part of the group's fiscal policy, progress is being made in reporting on fiscal transparency, breaking down the payment of taxes by country and voluntarily presenting the Annual Fiscal Transparency Report of the group (appendix to the Code of Good Tax Practices of the Spanish Tax Agency).

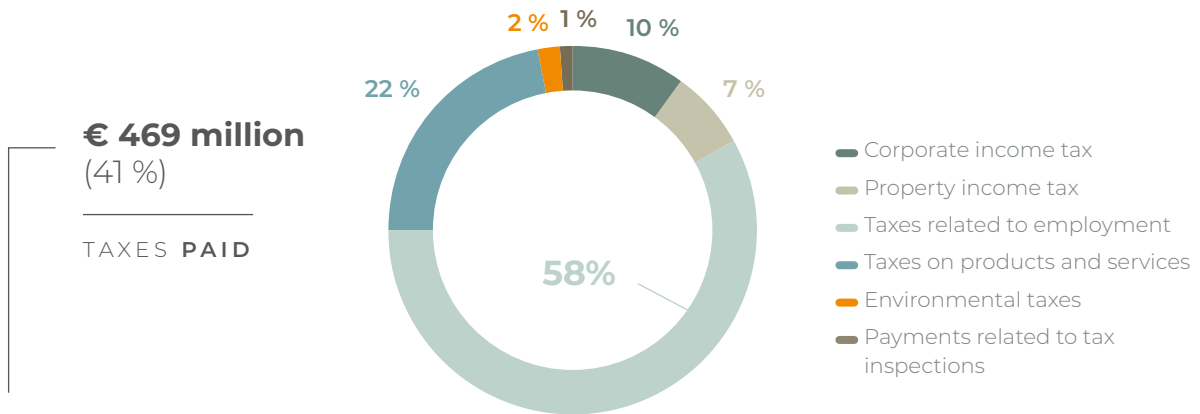
ECONOMIC AND SOCIAL CONTRIBUTION THROUGH TAX PAYMENT BY ACCIONA TO PUBLIC ADMINISTRATIONS AMOUNTED

1,154

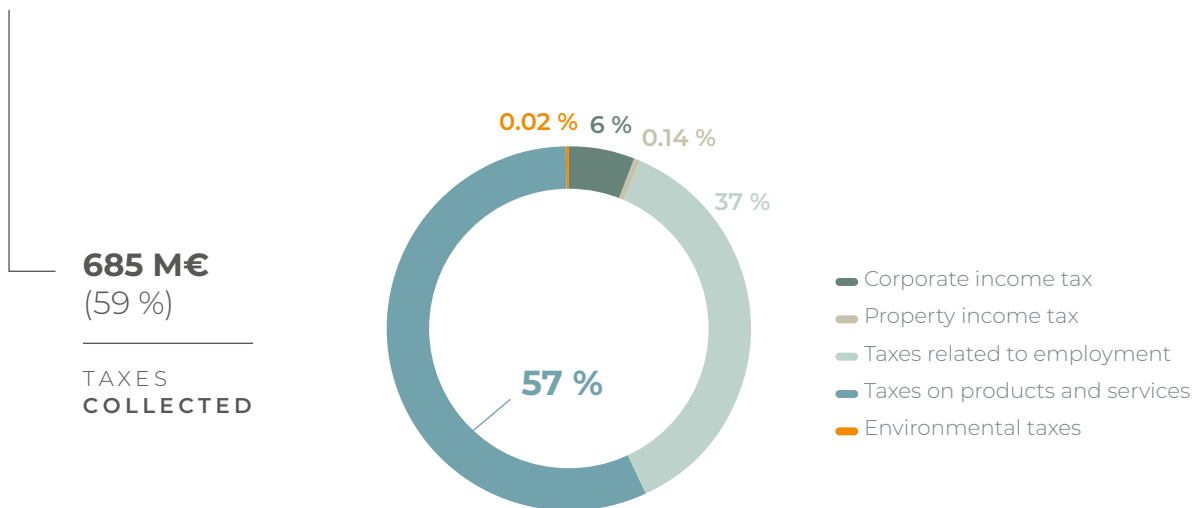
EUR
MILLION

**TAX CONTRIBUTION. BREAKDOWN
OF TAXES PAID AND COLLECTED**

(EUR million)



TAX
CONTRIBUTION
€ 1,154 million



TOTAL TAX CONTRIBUTIONS 2018

(Breakdown by country)
(EUR million)

Country	Taxes paid	Tax collected	Total	%
Spain	299	419	718.5	62
Ecuador	62	31	93	8
Mexico	16	55	70	6
Chile	16	32	48	4
Poland	11	34	45	4
Australia	10	32	42	4
Norway	4	21	25	2
Portugal	9	14	23	2
South Africa	1	17	18.5	2
Rest of countries	40	31	71	6
Total	469	685	1,154	100

People

HUMAN CAPITAL,
HEALTH AND
SAFETY

Human capital is a priority for ACCIONA. The company shares the values of respect, transparency, equal opportunities, meritocracy, continuous communication and diversity with all its employees. By the same token, it also promotes health and safety amongst workers and collaborators.



HIGHLIGHTS IN 2018

- **Global launch of Performance Status** with 93 % manager participation. The process applied to 100 % of the target group, involving all countries and positions.
- **Two new editions** of the programme for **High-Potential Women** have been held during 2018, with a total of 14 participants.
- **Relaunch of the Sustainability Course for employees.**
- **OHSAS 18001 certification reaches 91.92 %** in countries with more than 150 FTEs (full-time equivalents).
- **Reduction of the frequency rate** from 2.51 to 2.40 in 2018 of employees and contractors.
- **Implementation of ACCIONA Energy's THINK SAFE** programme and development of Infrastructure's PPV project with 84 improvement agreements.



MAIN CHALLENGES 2019

- Introduction of a **Human Capital Management system** to improve the candidate experience, selection methodology and the onboarding process for new employees.
- **Promoting professional growth and development opportunities** of professionals at ACCIONA through a culture of Internal Mobility.
- Consolidating the **Graduate Office** globally and **enhancing the Programmes created** in 2018 (Ambassadors, Academy, Interns and Graduates) in countries where ACCIONA is most present.
- **Reducing the overall frequency rate** -company employees and contractors- by 5 % compared to 2018.
- **Certifying 10 % of ACCIONA companies** under **ISO 45001:2018.**
- **Improving the culture of prevention,** through Energy's THINK SAFE programme, via awareness-raising sessions in order to reach 100 % of the workforce in Spain and 30 % of the international workforce that work in Wind and Photovoltaic Production.

ACCIONA's human team

ACCIONA's Human Resources and Occupational Risk Prevention Policy stands out for ethical conduct and safety as differential values of the way in which the company works. In the same way, it is committed to the success and professional development of its employees, permanently investing to retain the best talent.

In 2018, the company carried out a review of its 2018-2020 Strategy in order to adapt it to the current context (growing globalisation, new technologies and working methods that

impact people) and stresses the importance of keeping people at the centre of the processes and contributing continually to their professional development.

In this vein, in 2018 ACCIONA implemented a new people model based on collaborative leadership. The team leaders were given a wide range of tools and processes that enable effective monitoring of employees' career and performance.

THE PEOPLE AT THE CENTRE

The professionals **hope to feel heard and valued** on an individual level



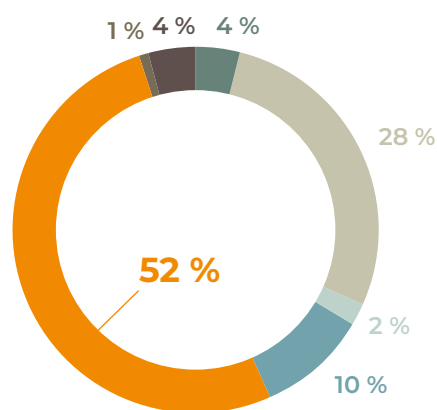
PEOPLE

Employee profile

At the end of 2018, the global workforce amounted to 38,544 people, of which 32 % were women, with an average age of 42.3 years old. By country, 43 % of the company's professionals are not Spanish and total 123 nationalities.

BREAKDOWN OF TOTAL WORKFORCE BY BUSINESS LINE

- Energy
- Construction
- Concessions
- Agua
- Services
- Industrial
- Other businesses*



* Including Bestinver, Corporate, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea (deconsolidated in May 2018).

EVOLUTION OF BREAKDOWN OF THE WORKFORCE BY PROFESSIONAL CATEGORY AND AGE BAND

(No. of employees)

	2017				2018			
	< than 31	31 to 50	> than 50	Total	< than 31	31 to 50	> than 50	Total
Directors and managers	10	1,575	622	2,207	9	1,578	595	2,182
Technical staff	1,065	3,938	736	5,739	1,248	4,566	848	6,663
Support	242	780	268	1,290	223	864	275	1,362
Workers/Operators	3,821	15,027	8,259	27,107	3,652	15,264	8,867	27,783
Other*	125	580	355	1,059	69	256	228	554
Total employees	5,263	21,900	10,240	37,403	5,201	22,529	10,814	38,544

* The category 'Other' corresponds to personnel not identified within the role model. These are mostly employees of Trasmediterranea, plus managed Joint Ventures where the model is not applied.

EVOLUTION OF THE GEOGRAPHICAL DISTRIBUTION OF THE WORKFORCE

(No. of employees)

	2017			2018		
	Male	Female	Total	Male	Female	Total
Spain	13,377	7,498	20,875	13,546	8,208	21,740
Germany	911	187	1,098	316	63	380
Australia	956	179	1,135	984	216	1,200
Brazil	1,916	323	2,239	1,037	71	1,108
Canada	272	205	476	272	218	490
Chile	1,823	221	2,044	1,877	332	2,209
United States	144	26	170	146	25	172
Italy	346	44	390	338	41	379
Mexico	1,202	804	2,005	1,282	955	2,237
Norway	618	37	656	628	38	665
Poland	973	564	1,538	939	609	1,548
Portugal	520	690	1,210	979	775	1,753
Qatar	145	17	162	123	12	135
Ecuador	1,025	79	1,103	1,864	178	2,042
United Arab Emirates	241	28	269	455	74	529
Peru	815	84	898	706	92	798
Rest of the world	880	256	1,137	903	242	1,159
Total employees	26,163	11,240	37,403	26,396	12,148	38,544

EVOLUTION OF THE BREAKDOWN OF WORKFORCE BY CONTRACT TYPE AND GENDER

(No. of employees)

	2017						2018					
	Temporary			Permanent			Temporary			Permanent		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Energy	41	7	48	1,176	408	1,583	50	17	67	1,117	403	1,520
Infrastructure	7,866	2,628	10,494	15,702	7,513	23,215	8,665	3,268	11,933	15,836	7,826	23,663
• Construction	3,134	323	3,458	6,470	1,192	7,662	3,258	432	3,690	5,819	1,278	7,097
• Concessions	84	44	128	514	362	876	30	38	68	300	322	622
• Water	1,495	138	1,633	1,645	346	1,991	1,353	210	1,564	1,750	434	2,183
• Services	3,099	2,103	5,202	6,971	5,577	12,549	3,963	2,574	6,537	7,819	5,750	13,569
• Industrial	53	19	73	102	36	138	60	14	74	149	42	192
Other businesses*	272	115	388	1,105	569	1,675	84	68	152	644	565	1,209
Total	8,179	2,751	10,930	17,984	8,490	26,474	8,798	3,354	12,152	17,598	8,794	26,392

* Including Bestinver, Corporate, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea (deconsolidated in May 2018).

EVOLUTION OF MANAGEMENT INDICATORS

	2015	2016	2017	2018
Revenue (EUR million)	6,544	5,977	7,254	7,510
Workforce cost/Revenue (%)	19 %	21 %	21 %	20 %
Revenue/workforce (EUR)	203,564	182,031	193,941	194,830
EBITDA (EUR million)	1,174	1,192	1,275	1,245
EBITDA/workforce cost (%)	93 %	92 %	85 %	84 %
EBITDA/workforce (EUR)	36,519	36,303	34,094	32,292
Workforce costs (EUR million)	1,254	1,288	1,497	1,486

Human capital management

ACCIONA's success depends to a large extent on the talent and qualifications of its workforce. For this reason, it is essential to attract the best professionals and afford them the best training to promote their continuous professional development.

Selection of the best talent

The Talent Acquisition Process (TAP) methodology promoted by ACCIONA and redefined in 2017 incorporates new methods to seek out and select candidates, adapted to the current environment and situation and focusing on international growth and expansion. It has been successfully implemented in Australia, Brazil, Canada, Chile, Mexico and Spain, and is structured into a series of tools that are applied in the different talent attraction and recruitment subprocesses: TAP Employer Branding, TAP Recruitment and TAP Assessment.

A new feature in 2018 was the creation of the Graduate Office that encompasses all of the programmes centred around attracting talent among university students and recent graduates.

ACCIONA ACADEMY IS A NEW TRAINING EXPERIENCE OFFERING STUDENTS IN THE SECOND-LAST YEAR OF THEIR DEGREES THE CHANCE TO JOIN THE INTERNSHIP PROGRAMME

ACCIONA GRADUATE OFFICE: SEEKING THE BEST TALENT

The mission of the office is to coordinate collaboratively and across departments on initiatives to attract students and recent graduates, who will then join a wide pool of high-level potential employees internationally, thus meeting the company's talent needs.

It offers the following advantages to the process:

- Improvement in the planning for vacancies
- Homogenisation of selection standards in businesses and countries
- Support in employee onboarding processes
- Training for tutors on their responsibilities: attracting, developing and evaluating talent.
- Personalised monitoring of participants.
- **ACCIONA Ambassadors**
Talent attraction programme where company employees take part in conferences and share their professional experience with students, as well as the opportunities that ACCIONA can offer them.

- **ACCIONA Academy**

Immersive training experience for students in their second-last year of their degree lasting three weeks, which offers the possibility of joining the ACCIONA Interns Programme. This initiative was run for the first time in 2018. In 2019, the number of countries involved is set to increase.

- **ACCIONA Interns**

Six-month professional internship programme for students in their final year of studies. In 2018, a total of 107 students took part, of which 38 % were women.

- **ACCIONA Graduates**

Offers an employment contract in an internship for a period of two years (reviewed every six months) for recent graduates and professionals with up to two years' experience in the workplace. At the end of the contract, participants may be offered an indefinite contract and gain access to the internal mobility programmes. This year, 203 young graduates took part in the programme.

EVOLUTION OF NEW HIRES BY BUSINESS LINE

(No. of employees)

	2017			2018		
	Male	Female	Total	Male	Female	Total
Energy	545	130	675	909	178	1,087
Infrastructure	12,312	5,098	17,410	12,580	6,804	19,384
• Construction	5,648	577	6,225	2,778	606	3,384
• Water	882	85	967	566	180	746
• Services*	5,723	4,422	10,145	9,064	5,988	15,052
• Industrial	50	14	73	172	30	202
Other businesses**	378	266	644	153	120	273
Total new hires	13,235	5,494	18,729	13,642	7,102	20,744

* The large volume of registrations is due to the temporary nature of the contracts and the hiring cycles, which depend on the projects.

** Including Bestinver, Corporate, Grupo Bodegas Palacio 1894, ACCIONA Inmobiliaria and Trasmediterranea (deconsolidated in May 2018).

Managing knowledge: Skill mapping

The people management model at ACCIONA is based on the definition of roles as basic organisational units that group together job positions and that share a mission, responsibilities, knowledge and skills.

This model makes it possible to pinpoint the skills needed to achieve objectives and fulfil business strategies. The framework facilitates a standardised application of human resources policies, both in terms of recruitment and compensation, training and development. Moreover, it contemplates the possibility of a dual career path: technical as well as management.

Within the professional development model, ACCIONA continues working towards the goal of favouring the development of each and every one of its professionals. In connection with the process for the identification of training

needs, the company has redirected it to help team managers define these needs. Personnel managers have been granted access to the Training Needs Identification Process from the corporate intranet. As hierarchical managers, they can identify the most appropriate training actions for each member of their team.

The aim is to organise the training schedule for the entire 2018 financial year, identifying the most appropriate programmes/measures through the training catalogue for each business.

One of the most noteworthy of these tools is the Knowledge Map, which facilitates the identification of knowledge categories that serve as support for the development of business strategies and the achievement of goals in the different areas of its organisation. Every year, this knowledge map is then used to prepare the Training Needs Identification process, which is distributed to the management team, to prepare the training plans.

GLOBAL CAREERS: THE TECHNICAL LEADERS PROGRAMME

ACCIONA has created a Technical Leaders group, comprising people who provide exceptional technical knowledge in key business areas. These professionals, who are capable of transforming this knowledge into high-value technical skills, are recognised both inside ACCIONA and out, possess a global profile, and have published their own work in specialised media, or teach in different forums.

The goal of this initiative is to recognise and support people with differential technical knowledge and skills, allowing ACCIONA to continue positioning itself as a leading company in technical excellence, innovation and sustainability. In 2018, the programme has continued to be successfully implemented, with the following key developments:

- The development of various monthly working sessions, where the Master Technical Leaders have presented and executed their technical knowledge transmission plans.
- Launch of the 3rd Forum of Technical Leaders in the Industrial area, with the participation of the members of the Management Committee and more than 100 people. This forum was broadcast via streaming to the entire organisation.

ACCIONA University

ACCIONA University's mission is to ensure training and development for the global workforce, in line with the business needs.

In addition to a traditional corporate training programme, equipped with multiple classrooms and high-tech rooms, employees have access to the Online Campus. In 2018, the number of virtual classrooms increased through the use of technology in online or streaming classes, increasing the scope of the training programmes as well as the number of monthly visits to the Campus. Specifically, 28 % of the target group accessed on a monthly basis.

Also during the year, the processes for identifying training needs and evaluating efficiency were unified, with the aim of improving the analysis and planning of ACCIONA's training programmes.

IN 2018, THE SCOPE
OF THE TRAINING PROGRAMMES
INCREASED AND THE NUMBER
OF MONTHLY VISITS TO THE
CAMPUS RISED TO

28 %

OF THE TARGET
GROUP

PEOPLE

**TRAINING RECEIVED
BY PROFESSIONAL CATEGORY
AND GENDER**

		Directors and managers	Technical Staff	Support	Workers/ Operators	Total
Total no. of hours received	Men	78,201	156,483	9,946	295,180	539,810
	Women	26,333	90,324	18,810	36,561	172,028
	Total	104,534	246,807	28,756	331,741	711,838
Students	Men	2,000	4,200	396	10,502	17,098
	Women	455	2,062	838	2,719	6,074
	Total	2,455	6,262	1,234	13,221	23,172
Training hours employee/year	Men	44.53	35.37	22.00	14.94	20.45
	Women	61.81	40.34	20.67	4.26	14.16
	Total	47.91	37.04	21.11	11.71	18.47

INVESTMENT IN TRAINING DELIVERED

(Eur)

	Directors and Managers	Technical Staff	Support	Workers/ Operators	Total
Total investment	3,165,835	3,662,304	269,498	2,444,909	9,542,546
Investment in employee/year	1,450.89	549.65	197.87	86.28	247.58

The Corporate University has a process in place to assess the effectiveness of the training:

ASSESSMENT LEVELS

 <p>REACTION</p>	<p>Equivalent to measuring participant satisfaction.</p>	<p>Assessment questionnaire to be filled out by the student once the course has been completed.</p>
 <p>LEARNING</p>	<p>Determines whether there has been a transfer of knowledge and learning.</p>	<p>Knowledge assessment test at the end of the formative itinerary.</p>
 <p>BEHAVIOUR</p>	<p>Analyses the changes in the position held by the person who attended the training.</p>	<p>Training efficacy assessment questionnaires.</p>
 <p>RESULTS</p>	<p>Assesses the business results achieved through the training.</p>	<p>Training efficacy assessment questionnaires.</p>
 <p>RETURN ON INVESTMENT</p>	<p>Return on investment.</p>	<p>Analysis of the impact of training on selected business indicators.</p>

*Note: In 2018, assessments were carried out at levels 1, 2 and 3.

PEOPLE

The company's formative itineraries have been adapted by the Skills Development Centre, the Business School, and Technical, Languages and Functional Schools, with a particular emphasis on sustainability.

Skills Development Centre

The Skills Development Centre provides the workforce with the so-called Basic Itineraries, designed to promote skills related to the position of each person in the company. These courses have videos with experts and learning modules available on the Online Campus. In 2018, the number of training hours delivered in the skills area increased by 19 % compared to 2017.

- **TMAX+ 2018:** skills training programme aimed particularly at ACCIONA's technical team. It aims to consolidate the functions of this group and the training needs detected. In 2018, the programme modules were updated and translated into English in order to widen their scope to the international workforce. It is designed in collaboration with the School of Industrial Organisation (Escuela de Organización Industrial - EOI) in Madrid.

Business School

In 2018, two new business schools were added to the M3+ Programme and a new edition of the Executive MBA was finalised.

- **M3+ Programme:** created for ACCIONA's Executives, this year a total of 590 employees from all over Spain took part, receiving 3,737 training hours. This edition explored the area of project management in greater depth, with various sessions on 'Lean Agile Organisations'. They also worked on people management and economic/commercial management. The average rating given by participants was 4.7 out of 5.
- **Executive MBA:** launch of the 9th edition, which saw 29 ACCIONA professionals attend from different countries across the world. The programme will run throughout 2019, with 100 % of classes given in English. It is organised in collaboration with the EOI.

Technical Schools

These training spaces were designed to promote improved productivity, technical excellence and the specialisation and internationalisation of ACCIONA professionals, ensuring a high level of qualification.

Each itinerary contains specialities and sub-specialities. The training activities are presented as a structured pedagogical sequence. The response of the General Management, business units and employees has been excellent.

Language Schools

The Language School is a fundamental part of the Corporate University and is open to 100 % of employees supporting the internationalisation process of operations. On top of face-to-face classes, the school uses a platform for learning six different languages. In 2018, the tool was enhanced (cultural guides for countries, email templates, dialects and grammar guides) and improvements were made to the platform's user-friendliness, which led to a 14 % increase in its use compared to 2017.

Sustainability training

In 2018, the second edition of the ACCIONA Sustainability Course was launched, available at the ACCIONA University for over 10,500 employees from 41 countries. The course lasts 15 hours and is composed of seven modules that cover issues such as the impact of human beings on the Earth, sustainability in the company and future sustainable development trends. Since its launch, a total of 497 employees have completed the course, with a total of 12,309 training hours in sustainability.

In addition, the company has created two specific courses:

- **Advanced climate change course:** among other content, it includes the evidence for climate change and the economic balance of its effects, commitments and international initiatives, scenarios for 2050, carbon footprint, finances and climate change, mitigation and adaptation, and stock markets and indices. It was created in partnership with the University of Alcalá.
- **Human rights course:** it provides insights into corporate responsibility in the area of human rights, the role of the UN and its agencies, the guiding principles for the company and HR, complicity in the supply chain and the risks for companies in the event of infringement. It was created in partnership with the Spanish Network of the United Nations' Global Compact.

Talent development and promotion

ACCIONA's people management model is composed of policies and initiatives that are geared towards optimising employee performance, promoting their professional development in the company and managing objective compensation based on results.

Consolidation of the performance management model

In 2018, the performance management model implemented in 2017 was consolidated. This model offers a forward-looking, dynamic view of the team, where the employee is in charge of their own development and the manager acts as a career advisor.

This year, the model includes internal mobility as a top priority for guaranteeing success in talent management. All of the levers of the model have progressed as follows:

- **Establishment of objectives**

Set by the management. In 2018, communication was strengthened in order to convey the importance and usefulness of setting transformational and collaborative objectives, relying on crucial continuous feedback and conversations about progress to monitor the employee's career.

- **Performance Status**

Global launch of the new tool for identifying performance and potential, allowing for a holistic view of internal talent. With this in mind, managers complete questionnaires on the performance of their team members. 93 % of the target group was assessed using this new tool.

- **Internal Mobility**

In January 2018, a working group was formed with the aim of analysing the current situation and defining the new action lines to promote internal mobility within ACCIONA as a lever for professional growth. This is formalised in the Internal Mobility policy approved in September 2018, which fosters ACCIONA's commitment to developing the careers of its professionals.

- **Remuneration decisions**

Decentralisation of the process for drafting proposals of this category. Drafting the remunerations proposal falls to the manager, who must account for technical excellence, flexibility and adaptability to the business, teamwork and support for transformational projects.

93 % OF THE PROFESSIONALS SUBJECT TO PERFORMANCE EVALUATION HAVE BEEN EVALUATED THROUGH PERFORMANCE STATUS

EMPLOYEES SUBJECT TO THE PERFORMANCE STATUS PROCESS BY GENDER AND PROFESSIONAL CATEGORY

	Male	Female	Total
Directors and Managers	1,797	411	2,208
Technical Staff	3,414	1,696	5,110
Support	80	295	375
Workers/Operators	1,094	109	1,203
Total	6,385	2,511	8,896

COLLABORATIVE LEADERSHIP PROGRAMME

In line with the new model developed by ACCIONA to drive collaboration-based leadership, in 2018, a new programme was launched aimed at executives and pre-executives, with the aim of providing instruction on how to tackle changes in the current environment from the perspective of people management and the new ways of working.

A total of 634 executives and managers from various countries and business lines went through these sessions in 2018.

1ST EDITION OF THE ACCIONA NEW MANAGER PROGRAMME

Those promoted to Manager during 2018 enjoyed the first edition of a development programme specifically designed for them. The initiative was born from the idea of training participants in the skills required to successfully execute their new responsibilities (understanding the implications of the position, working to improve their teams and the keys to effective communication). This programme was launched in all countries and business lines, and has had 73 participants so far. The average rating has been 4.5 out of 5.

Remuneration policy

ACCIONA's remuneration policy revolves around the criteria of objectivity, external competitiveness and internal equity. Thus, the remuneration model is defined based on the results and levels of a job classification system, which objectively organises the contribution made by all employees to the company. In addition, ACCIONA does not make any gender distinction and approaches any individual remuneration review decision objectively, so that remuneration is fair and according to the level of responsibility and contribution to the company's results.

ACCIONA pays its employees according to the following criteria: sector and geographical competitiveness, internal equality and merit. ACCIONA works in various production sectors (construction, water, industrial plants, concessions, services, property, wine, investment fund management, events, etc.) in over 38 countries. In accordance with current legislation, employees' pay is subject to the applicable collective bargaining agreements (in the case of Spain, 299 agreements of varying scopes in 2018).

Gender pay gap analysis

With the goal of closing the remuneration gap set out in the SMP 2020, and in line with the European Commission Recommendation of March 2014 on the principle of equal pay and legislative trends of some European countries, in 2017, ACCIONA redefined the salary analysis method and how it is applied, and identified potential remuneration differences between men and women.

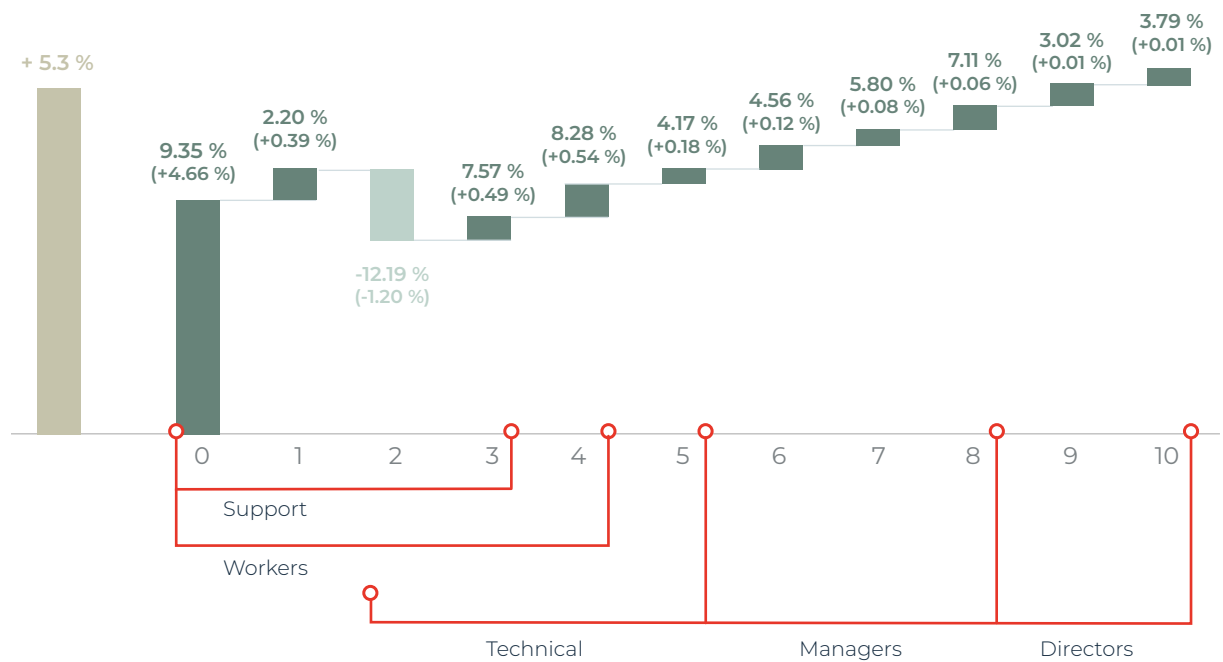
In keeping with the European Commission Recommendation of March 2014 on the equal pay principle and legislative trends in Spain and other European countries, ACCIONA is determined that its activities will not have any kind of unfair pay due to gender. To achieve gender equality in remuneration in all businesses and countries, ACCIONA has developed a pay analysis methodology based on international best practices, validated by an independent external party, which helps identify the potential cases of pay inequality between men and women with the same job.

¹ http://ec.europa.eu/justice/gender-equality/files/gender_pay_gap/c_2014_1405_en.pdf

The analysis makes it possible to identify effectively and in a granular manner, any potential pay gap by country, business and organisational level. Specifically, in 2018, ACCIONA identified a potential 5.3 % pay gap between women and men at a global level.

REMUNERATION GAP BY INTERNAL LEVELS BETWEEN MEN AND WOMEN

(Equal pay analysis by gender)



This information is used to analyse the data on a yearly basis by business line, country and level in order to determine whether or not there is gender pay inequality for equal positions or if the difference is due to any other cause (seniority, seniority at the organisational level, performance, results, etc.). Specifically, in 2019, an objective was set to remove all cases of gender inequality

in pay detected, which will take place during the pay review process of each business unit. The action plan undergoes periodic monitoring by Management, who evaluate the progress of each country and organisational level.

TOTAL AVERAGE REMUNERATION BY GENDER, AGE AND PROFESSIONAL CATEGORY^{2, 3}

AREAS OF PRODUCTION AND BUSINESS DEVELOPMENT

Gender	Professional category	< than 31	31 to 50	> than 50
Male	Executives and Managers	60,031	90,714	129,546
	Technical and Qualified staff	35,815	45,001	49,745
	Other staff	18,919	25,284	26,356
Female	Executives and Managers	N/A	70,260	85,385
	Technical and Qualified staff	26,420	36,115	37,972
	Other staff	12,930	16,279	16,530

SUPPORT AREAS

Gender	Professional category	< than 31	31 to 50	> than 50
Male	Executives and Managers	56,979	90,968	151,770
	Technical and Qualified staff	28,723	37,615	44,378
	Administrative and support staff	12,643	16,895	26,167
Female	Executives and Managers	57,054	80,605	118,639
	Technical and Qualified staff	27,374	36,014	41,063
	Administrative and support staff	18,015	24,198	28,919

² We have not included the statistical analysis of those professionals who receive less than EUR 1,000 per year which could not be analysed.

³ The scope of this analysis does not include fund management employees.

RATIO BETWEEN THE HIGHEST SALARY AND THE MEDIAN SALARY, BY BUSINESS LINE AND COUNTRY*

	Spain	Mexico	Chile	Australia	Ecuador	Portugal	Poland	Norway
Energy	31	20	11	2	-	5	3	-
Inmobiliaria	5	9	-	-	-	-	5	-
Construction	16	6	17	4	17	5	10	3
Service	17	20	7	-	-	10	-	-
Water	21	28	3	-	3	3	-	-
Concessions	15	-	-	-	-	-	-	-
Industrial	15	3	-	-	-	-	-	-
Wineries	21	-	-	-	-	-	-	-
Bestinver	96	-	-	-	-	-	-	-

*We have not included the statistical analysis of those professionals who receive less than EUR 1,000 per year which could not be analysed.

Variable remuneration plan: ACCIONA Bonus

The programme for employees who have variable remuneration, in place since 2012, considers criteria related both to the company's financial results and compliance with individual goals, and is based on objective and predetermined metrics. In accordance with the goals established in the Sustainability Master Plan (SMP), the ACCIONA Bonus programme is extended internationally to all divisions in the company's main countries of operation.

In 2018, a total of 4,031 employees benefited from the ACCIONA Bonus programme, including 95 % of executives, 85 % of structural managers and part of the technical and support staff. Internationally, the Bonus was applied to a greater number of countries compared to the previous year, reaching 34 countries.

The structure of the objectives that make up the bonus is standardised across countries and includes:

ACCIONA'S OVERALL RESULTS

They represent 10 % for all employees and 15 % in the case of executives.

SPECIFIC OBJECTIVES

Related to the division, country or business unit with their own profit and loss accounts.

INDIVIDUAL GOALS

The basis is the individual performance evaluation.

SUSTAINABILITY-RELATED CRITERIA

Defined for each of the divisions as part of the SMP, it represent approximately 3.5 % of the objectives.

THE **ACCIONA BONUS** INCLUDES OBJECTIVES INVOLVING THE REDUCTION OF EMISSIONS, SOCIAL IMPACT MANAGEMENT, ESG RISK MANAGEMENT, THE CODE OF CONDUCT CERTIFICATION AND OTHERS

Social benefits

The benefits that ACCIONA has offered in Spain and abroad during the 2018 financial year are accident, life, health and travel insurance cover for trips or expts.

- **Travel insurance cover**

Implemented in 2018, this insurance is the first benefit that ACCIONA has provided globally to all employees who travel abroad, regardless of their country of residence. It covers health insurance on trips, as well as other guarantees such as the loss of luggage or missing connecting flights.

- **Life and accident cover**

These policies guarantee all employees in Spain the commitments undertaken in the collective bargaining agreements in the event of death or incapacity for any cause, and also offer cover for death due to an illness or accident, partial permanent and absolute incapacity as well as grave incapacity as a result of an accident that occurs in any part of the world at any time of the day.

- **International Health Cover**

This covers health insurance of expatriate employees and their family, spouses and children.

Additionally, there is an ACCIONA Flexible Remuneration Plan, which allows for the selection, acquisition and/or contracting of certain benefits with important advantages, which maximise the salary received by employees. In 2018, the following benefits were available to the company's workers: medical insurance, meal and childcare vouchers, transport cards and training programmes linked to professional development and the role. Through the flexible remuneration plan, there is also a programme that fosters the participation of employees in ACCIONA's share capital.

In support of a work-life balance, in 2018, ACCIONA promoted flexible starting and finishing times and gave employees staggered bus routes. These measures allow the working day to end pursuant to the terms agreed upon with the employee representatives. In addition, the workforce may take various personal days, which can be requested via the personnel section of the intranet. Finally, depending on the circumstances of each situation, arrangements may be made to allow for working from home should the need arise.

PEOPLE

With regard to organising working time and implementing work disconnection policies, ACCIONA is working on adapting its systems and procedures to the final model that legally defines the transposition of the EU Regulation to Spanish national law.

Employee satisfaction and commitment

People's satisfaction and commitment are the key attributes of the relationship model that ACCIONA aspires to maintain with its employees. The climate and

commitment survey, conducted globally every two years, is the tool that allows the company to identify the factors that could distort these attributes.

In the latest survey carried out in 2017, ACCIONA's global commitment amounted to 68 %, improving on the result of the previous edition by 7 %, which is 6 % above the international benchmarks . Additionally, 81 % of ACCIONA's employees recommended the company as a good company to work for (compared to 78 % in 2015). Throughout 2019, a new edition of the survey will be carried out.

EVOLUTION OF TURNOVER BY GENDER, AGE AND WORKPLACE

(Percentage)

	2015	2016	2017	2018
Men turnover	4.51	4.21	4.86	3.23
Women turnover	5.01	7.56	3.29	4.10
Turnover of people under 30	11.52	12.56	8.84	9.15
Turnover of people between 30 and 50	6.55	9.25	5.32	4.22
Turnover of people over 50	4.48	6.65	3.77	3.49
Turnover of people working in Spain	1.42	1.91	2.02	2.01
Turnover of people working outside of Spain	5.62	12.86	6.35	6.19
Total turnover*	5.15	8.53***	7.6	7.17
Voluntary turnover**	4.66	6.59	3.74	3.49

* Total turnover = total no. of departures/ employees.

** Voluntary turnover = no. of voluntary departures of employees with indefinite contract / employees with indefinite contract.

*** Data recalculated due to an accounting error from the ACCIONA Service data in Mexico.

Diversity, equality and inclusion

ACCIONA's responsibility in terms of values such as integrity, transparency, safety and equal opportunities is described in detail in the company's Code of Conduct.

The company works hard to achieve real and effective equal opportunities for all groups of workers, as well as to incorporate the diversity factor as a strategic element of its people management.

In 2018, the Diversity & Inclusion Index de Thomson Reuters ranked the company among the 10 best companies in the world in terms of diversity and social inclusion.

⁴ Prepared by AON.

ACCIONA HAS BEEN RECOGNISED AS ONE OF THE 10 BEST COMPANIES IN THE WORLD BY THE THOMSON REUTERS DIVERSITY AND INCLUSION INDEX

Equal opportunities for men and women

With the aim of promoting equal treatment and opportunities among men and women, in 2018, ACCIONA continued to work on promoting the hiring of women in external selection processes.

Similarly, two new editions of the Programme for the Development of High-Potential Women were held, which is aimed at women with a clear career path in the company. The project managed to gather a total of 14 women compared to two participants in 2017.

The company has carried out other equality communication and awareness-raising initiatives and has taken part in International Women's Day, Equal Pay Day and Elimination of Violence against Women Day.

These actions are in line with the SMP 2020 objectives to promote responsible hiring, increase the number of women in executive and managerial positions and foster female leadership programmes in all countries with over 300 company employees.

In order to ensure that these targets are met, once a month the results are reported on the monitoring of equality and socially-responsible contracting. Subsequently, this data is analysed by each business division and country with the aim of determining precise implementation and/or correction plans.

In the case of Spain, all business lines are covered by Equality Plans that are compliant with the Organic Law 3/2007 for the effective equality of men and women, stipulated with the most representative trade unions and in which the results are reported and evaluated jointly once every six months.

There are similar mechanisms implemented in countries such as Australia, Mexico and Canada. ACCIONA Engineering, ACCIONA Facility Services and ACCIONA Energy also hold the equality seal.

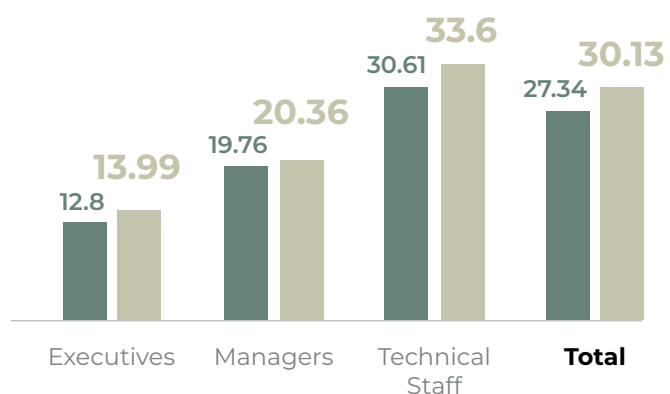
At the end of 2018, 31.5 % of the workforce were women, 14 % of whom held management positions and 20.4 % were managers. For 2020, the company has set the target of increasing the percentage of women in executive and pre-executive (manager) positions to 23 %.

ACCIONA HAS SET A TARGET OF HAVING 23 % WOMEN IN EXECUTIVE AND MANAGERIAL POSITIONS BY 2020

EVOLUTION OF WOMEN IN THE QUALIFIED EMPLOYEES GROUP

(Percentage of employees)

2017
2018



BREAKDOWN OF THE WORKFORCE BY PROFESSIONAL CATEGORY AND GENDER

(No. of employees)

	2017			2018		
	Male	Female	Total	Male	Female	Total
Executives and Managers	1,791	416	2,207	1,756	426	2,182
Technical Staff	3,974	1,765	5,739	4,424	2,239	6,663
Support	478	813	1,290	452	910	1,362
Workers/Operators	18,925	8,182	27,107	19,449	8,335	27,783
Other	994	65	1,059	315	238	554
Total employees	26,163	11,241	37,403	26,396	12,148	38,544

The category 'Other' corresponds to personnel not identified within the role model. These are mostly employees of Trasmediterranea, plus managed Joint Ventures where the model is not applied.

Inclusion in the workplace and anti-discrimination

ACCIONA's Code of Conduct promotes equal opportunities effective beyond gender diversity and under no circumstances accepts any form of discrimination in the workplace on grounds of age, race, colour, sex, religion, political opinion, national extraction, sexual orientation, social background or disability.

From the perspective of job insertion for people with disabilities, the 2018 financial year in Spain closed with a rate of 3.86 % of equivalent employment of the total workforce, 3.33 % of which corresponded to direct employment. The rest comes from contribution through procurement from Special Employment Centres and donations to tertiary sector organisations.

ACCIONA also has the Bequal certificate (with Bequal Plus rating), which certifies its compliance with the law and ACCIONA S.A.'s commitment to inclusive disability policies through an external audit.

Furthermore, the company has set specific objectives by country for achievement by 2020 related to responsible hiring, which will involve the definition and use of quotas for the inclusion of people with disabilities and at risk of social exclusion in the workplace.

Other notable initiatives in 2018 in the area of inclusion in the workplace of people with disabilities and other vulnerable groups include:

- Job insertion for 84 people with disabilities through the Inserta Programme of the ONCE Foundation, Integra Foundation, COCEMFE, Alcer and the SEPE (Spanish Public Employment Service).
- Hiring of 128 people at risk of social exclusion, of which 21 are women who have been victims of gender violence. This has been possible thanks to our partnership with different entities such as the Red Cross, Paideia and the SEPE.
- Collaboration agreement with COEMFE for the promotion and inclusion of workers with a physical and organic disability in ACCIONA Facility Services. The project will include the analysis of the current jobs and functions in order to define specific training plans.

⁵ In compliance with the General Disability Act.

- Holding of the professional reinvention workshop for the LGBTI community in partnership with the Employment Agency.

Each year, ACCIONA also promotes awareness-raising initiatives for International Day of Persons with Disabilities, as well as other activities, workshops and online courses on equality and diversity in the broader sense.

Likewise, some countries benefit greatly from ACCIONA's work in protecting minorities –Broad-Based Black Economic Empowerment (BBEEE) requirements in South Africa, First Nations in Canada, Indigenous in Australia–, as well as the protection of immigrant groups in the Middle East and Asia. ACCIONA's management of these risks involves coordinating the global diversity processes and overall targets, and socially-responsible contracting, with the development of specific plans and procedures where required. For this reason, in certain high-risk situations, external audits are carried out on working conditions, as is the case in the United Arab Emirates.

Workers' coverage

(GRI 102-41)

At ACCIONA, practically all groups of employees are covered by collective bargaining agreements in the different countries where they operate. In specific countries, and for implementation or legislative framework reasons, there may be small groups of workers that are not covered, although in any case, these would represent fewer than 1 % of the total workforce.

Collective bargaining agreements are signed for all works and projects; except in those countries where trade union affiliation or representation is not standardised practice or is considered illegal. In these situations, control mechanisms have been established with regard to conditions agreed upon both by the company and its suppliers. ACCIONA holds ongoing, regular meetings with all union associations and employee representatives to prevent any matters that may derive from conflict, thereby reducing the occurrence of these situations.

In addition, the company is a member of Building and Wood Workers' International (BWI), which covers all work in the industries in which it operates.

In Spain alone, the company has 766 legal worker representatives and 299 collective bargaining agreements in place in different areas.

Health and safety at ACCIONA

The health and safety strategy revolves around the Human Resources and Occupational Risk Prevention (OHS) Policy (updated in 2018) and the action plan that defines its objectives is in line with the SMP 2020. ACCIONA also assesses specific risks associated with each of its activities through its OHS management system.

In 2018, the culture of prevention dominated the company's initiatives aimed at guaranteeing its employees' and supply chain's health and safety.

ACCIONA consults and collaborates with the representative bodies so required by the different legislations in which it operates, for instance the Health and Safety Committees in Spain. Workers also have specific communication tools and boxes in each business line that they can use to report incidents or potential threats in relation to occupational safety.

The company also develops programmes to ensure the occupational risk prevention of its contractors and its partners with Public Administrations in initiatives to promote a safe and healthy workplace.



Further information in the sections on health and safety in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other businesses' commitment'.

Evolution of the main accident indicators

In 2018, a total of 1,517 accidents took place involving ACCIONA company employees (1,345 of which occurred in Spain and 172 abroad), which was a slight rise in accident rates compared to the previous year.

PEOPLE

EVOLUTION OF THE FREQUENCY RATE

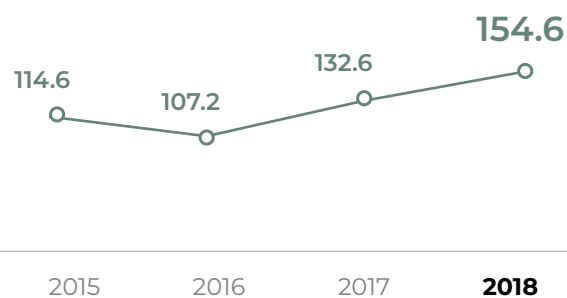
(Company employees)



Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

EVOLUTION OF THE SEVERITY RATE

(Company employees)



Severity rate: (no. of working days lost due to work accident/hours worked) x 200,000.

EVOLUTION OF THE ACCIDENT RATE INDICATORS BY BUSINESS LINE

(Company employees)

	SEVERITY RATES				FREQUENCY RATES			
	2015	2016	2017	2018	2015	2016	2017	2018
Energy	39.8	17.1	7.9	17.7	1.6	0.5	0.36	0.45
Infrastructure	120.7	111.2	142.4	165.5	4.3	4.0	4.94	4.98
Other businesses*	139	134.4	113.2	34.60	1.9	2.6	2.73	1.47
Corporate	0	0	0	0	0	0	0	0

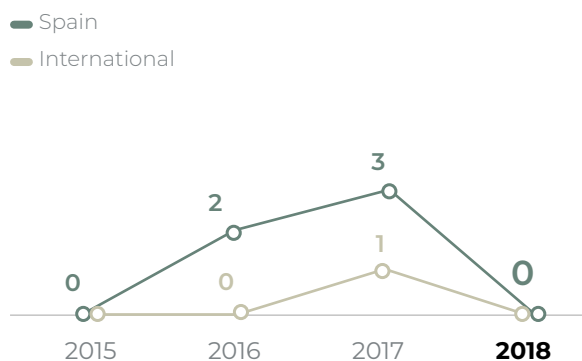
Severity rate: (no. of working days lost due to work accident/hours worked) x 200,000.

Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

* Including Bestinver, Wineries and ACCIONA Inmobiliaria.

EVOLUTION OF FATAL ACCIDENTS

(Company employees)



The fatal accidents data in Spain for 2017 included in the 2018 Non-Financial Information Statement is incorrect, the correct data in this table.

Furthermore, the absenteeism rate increased slightly in 2018 compared to the previous year. Yet, the reduction in the absenteeism rate in Other Businesses is noteworthy, mainly as a result of the divestment of Trasmediterranea.

Below is a breakdown of this data by business line. The information is prepared jointly and homogeneously for all countries where the company has significant activity and in accordance with the international standard.

EVOLUTION OF THE EMPLOYEE ABSENTEEISM RATE BY BUSINESS LINE

	2015	2016	2017	2018
BUSINESS				
Energy	0.16	0.07	0.84	0.70
Infrastructure	3.21	4.71	4.90	5
Other businesses*	4.42	4.67	4.65	1.96
Corporate	1.43	1.93	1.59	1.57
Total	3.00	4.48	4.71	4.80

Absenteeism rate: (number of days lost due to absenteeism/number of days worked) x 100

*Including Bestinver, Wineries, ACCIONA Inmobiliaria and Trasmediterranea, apart from the 2018 data, which does not include the shipping company.

EVOLUTION OF THE EMPLOYEE ABSENTEEISM RATE PER REGION

	2015	2016	2017	2018
Spain	3.37	5.42	5.86	6.04
International	1.51	1.46	1.2	1.3

Absenteeism rate = (no. of days lost through absenteeism/no. of days worked) x 100

Road safety

At ACCIONA, the actions to promote road safety encompass not only accidents relating to vehicle traffic (on missions), but any type that may occur when going to and from work (commuting). In 2018, ACCIONA, has active awareness-raising campaigns in this area through the company intranet.

Notable among the measures that contribute to reducing commuting accidents is the bus service for employees and partners at its corporate headquarters in Madrid, which reduces the use of private transport to and from work. As a result, in 2018, we saw a 25 % drop in traffic-related accidents compared to 2017.

IN 2018, THERE WAS AN **11 %** REDUCTION IN COMMUTING ACCIDENTS AND A **47 %** REDUCTION IN ON MISSION ACCIDENTS

EVOLUTION OF COMMUTING ACCIDENTS

(With and without work leave)

	2015	2016	2017	2018
BUSINESS LINE				
Energy	8	5	13	10
Infrastructure*	79	178	158	148
Other businesses**	3	10	2	1
Corporate	4	4	6	0
Total	94	197	179	159

* Including Construction, Concessions, Water, Services and Industrial.

** Including Bestinver, Bodegas and ACCIONA Inmobiliaria.

**EVOLUTION OF ON-MISSION
ACCIDENTS**

(Company employees)

	2015	2016	2017	2018
BUSINESS LINE				
Energy	1	3	4	1
Infrastructure*	31	100	15	9
Other businesses**	0	0	0	0
Corporate	0	0	0	0
Total	32	103	19	10

* Including Construction, Concessions, Agua, Services and Industrial.

** Including Bestinver, Bodegas and ACCIONA Inmobiliaria.

Health and prevention

ACCIONA promotes the health of its employees through regular medical examinations and campaigns for prevention and early detection of illnesses. It also monitors workers who travel abroad, who are provided preventive medical information for the destination country and immunisation where necessary.

In recent years, links with private health companies have also been fostered, with competitive service offerings and conditions.

**NO. OF OCCUPATIONAL ILLNESSES
BY REGION**

(Company employees)

	2015	2016	2017	2018
Spain	12	17	16	21
International	1	1	2	0

PEOPLE

Certain activities have been identified in several divisions that may cause occupational illnesses due to exposure to biological risk, over-exertion, noise, silicosis and asbestosis. In all these cases, the necessary preventive medical actions have been assessed and performed in order to minimise or eliminate the risk (training, awareness-raising, protective equipment, etc.). All workers exposed to such types of risk are monitored regularly.

Health and well-being plan

As part of its responsibility towards its workers, ACCIONA has implemented company-level strategies that invite workers to adopt healthy habits in their lives and reduce the occurrence of illnesses linked to lack of exercise.

The initiatives developed under the Health and Well-being Plan are:

- Survey to evaluate the workforce's perception of the Health and Well-being Plan and to evaluate proposals for new services in the future.
- Implementation of video medical consultations for national employees.
- Set-up of protected cardio spaces through the installation of defibrillators in work centres with over 250 employees. Also, 150 were trained in its correct use.

- Diagnosis and early detection of blindness carried out on 1,541 employees.
- Launch of new training opportunities and workshops on emotional management, time management, wellbeing and happiness or pilates, among others.
- In-person and online nutritional service to create and follow diets.
- New exercise awareness-raising and promotional campaigns.

OHSAS 18001 certifications

ACCIONA holds certifications for the majority of its businesses in accordance with the international OHSAS 18001 standard. All of the companies certified under this standard have been subject to internal and external audits with a view to verifying the degree of compliance with the management system implemented, the results of which have been positive and the certification was renewed in 2018.

In 2019, ACCIONA will make progress in the certification of its business under the new standard ISO 45001 for Occupational Health and Safety Management Systems, which will progressively replace the current OHSAS 18001.

EVOLUTION OF THE ACCIONA BUSINESS CERTIFIED OHSAS 18001

	2015	2016	2017	2018
Percentage of ACCIONA business certified OHSAS 18001	94.60	95.76	95.59	91.92

**OHSAS 18001 CERTIFICATIONS
BY BUSINESS LINE**

BUSINESS LINE	% Certified activity
Energy	99.00
Infrastructure	91.30
• Construction	90.45
• Concessions	100.00
• Water	87.99
• Services	91.73
• Industrial	100.00
Other businesses	75
Corporate	100.00

Percentages calculated taking into account companies with over 150 FTEs, except in Other Businesses in which all companies are taken into account. The percentages of Other Businesses are 0 % in Bodegas, 100 % in Bestinver and 100 % in Inmobiliaria.

**HEALTH AND SAFETY AS PART OF EMPLOYEE PERFORMANCE
EVALUATIONS**

One of the established performance evaluation criteria among ACCIONA's different divisions is compliance with the OHS targets defined in the SMP 2020. Whether or not they are achieved, affects the variable remuneration that employees receive.

Specifically, the goal set for the group is to reduce the frequency rate by 5 % compared to the previous year. Furthermore, each of the company divisions sets annual objectives, defined at the beginning of each year and reviewed monthly.

ACCIONA HAS SET ITSELF
THE **TARGET OF REDUCING
THE FREQUENCY RATE BY 15 %**
IN 2020 COMPARED TO 2015

Worker participation

ACCIONA's different divisions have participation schemes that comply with local legal requirements, such as Health and Safety Committees, the function of which is to channel worker consultation and collaboration in occupational risk prevention efforts. Work centres also receive visits to encourage their involvement, and are informed about accidents, safety inspections, workers' complaints, risk assessments and other activities of the Prevention

PEOPLE

Department. The percentage of employees represented by formal health and safety committees exceeds 99 %.

Some of the divisions also have email accounts or suggestions boxes where workers can communicate their doubts, suggestions and concerns on health and safety.

Personnel from collaborating firms also participate through business activity coordination committees created in all the work centres where concurring business activities are identified. These committees are attended by the health and safety employees appointed by each represented company.

Training and awareness-raising

All of the company's businesses have training and awareness-raising programmes in their annual plan, as well as training requirements in occupational risk prevention. The number of training hours increased significantly in 2018 due to a job skills certification acquired by over 1,500 workers in Ecuador.

ACCIONA also has internal communication mechanisms that are key to preventing accidents and preserving the health and safety of employees. Notable among the most widely used communication tools are the Interacciona Intranet, bulletins, email, suggestion boxes, communications through signs or via payroll and specific actions in the workplace.

TRAINING IN OHS 2018
AT THE CORPORATE UNIVERSITY

	No. of hours	No. of employees	No. of OHS hours per employee/year
Energy	31,522	1,587	19.86
Infrastructure	305,463	35,596	8.58
Other businesses*	2,345	1,361	1.72
Total	339,330	38,544	8.80

*Other Businesses includes: Corporate, Bestinver, Trasmediterranea, Inmobiliaria and Bodegas.

EVOLUTION OF THE TOTAL NUMBER
OF TRAINING HOURS ON OHS



Extension of the prevention commitment to the supply chain

One of ACCIONA's main goals is to extend its culture and commitment in relation to health and safety to the entire supply chain. In this regard, the company tracks accident rates in the supplier, contractor and subcontractor network of all its divisions. In general, there is full participation in practically all prevention-related activities, collaborating

in the procedures of the Company's normal management systems (risk identification, definition of controls, inspections, training, information, safety programmes based on conduct, etc.).



Further information can be found in the 'Society' and 'Value Chain' chapters.

EVOLUTION OF ACCIDENT INDICATORS FOR CONTRACTORS

	SEVERITY RATE				FREQUENCY RATE			
	2015	2016	2017	2018	2015	2016	2017	2018
Energy	55	46.7	3.6	22.0	1.6	1.9	1.1	0.6
Infrastructure	19.7	29.5	19.1	18.6	1.7	1.9	0.9	0.9
Other businesses*	0	0	0	0	0	0	0	0
Corporate	0	5.8	0	0	0	0.4	0	0
Total	23.4	31.2	18	18.7	1.7	1.9	0.94	0.86

Severity rate: (no. of days lost due to work accident/hours worked) x 200,000.

Frequency rate: (no. of accidents with loss of work/hours worked) x 200,000.

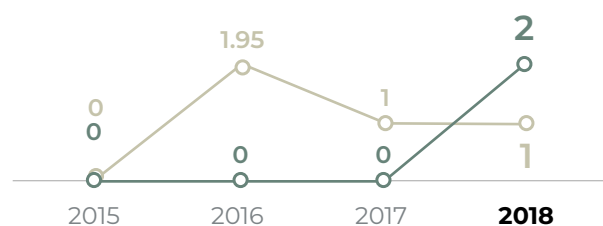
* Including Bestinver, Grupo and ACCIONA Inmobiliaria.

EVOLUTION OF FATAL ACCIDENTS INVOLVING TEMPORARY JV AND CONTRACTORS

(As per % of participation)

Spain

International



All fatal accidents in 2018 affected males only in Spain and Canada.

Value Chain

RESPONSIBLE
QUALITY
MANAGEMENT

ACCIONA has acquired the commitment to prevent, identify, evaluate and mitigate the risks inherent to its supply chain, and to guarantee the quality and safety of its products and services.



HIGHLIGHTS
IN
2018

- › **Growth in the number of suppliers** with Risk Map, especially on the international level, which increased by 56 % compared to 2017.
- › Definition and **inclusion of the Supply Chain variable** in the suppliers' Risk Map and review of the general procurement conditions, with the aim of having a greater knowledge of the supply chain beyond the direct supplier.
- › **Increase in the number of suppliers** that have completed **training on the code of conduct and sustainability**.
- › Global index of **satisfied customers of 97 %** and decrease in the number of B2B claims by 17 % compared to 2017.
- › 91 % of the ACCIONA's sales are **ISO 9001** certified and 90 % **ISO 14001** certified.
- › **Development of 73 improvement groups**, 30 % more than in 2017, with the direct involvement of more than 1,000 employees.



MAIN
CHALLENGES
2019

- › **To increase the base of suppliers registered in PROCUR-e**, specifically in own works and for critical suppliers, and to seek to ensure that 100 % of the suppliers awarded via PROCUR-e have Risk Map.
- › **To maintain the monitoring of No Go suppliers** and the goal of 0 % general procurement orders from these suppliers.
- › **To measure the results of the new variable Supply Chain**. Over 80 % of the qualified suppliers in PROCUR-e with this variable analysed.
- › **Global development and implementation of the Think Quality programme** at ACCIONA Energy.
- › **Adaptation** of the Operation and Maintenance **processes map** to the PMI (Project Management Institute) requirements at ACCIONA Agua.
- › **Development of a protocol for delimiting the scope of the PMP (Project Management Plan)** in medium and small projects based on the ACCIONA Construction risk analysis.

The ACCIONA supply chain

ACCIONA passes on its commitment to sustainability to its supply chain with total transparency, seeking excellence in the management and generation of shared value. Preventing, identifying, evaluating and mitigating associated risks, as well as taking advantage of opportunities that its management affords, is a challenge for the group. Sustainability is a strategic value for the procurement function, always in search of economic balance and the generation of positive impacts on society.

Responsible management of the ACCIONA supply chain

The guidelines and management strategy adopted in the supply chain are established by the Procurement Coordination Committee, made up of the Procurement Directors of the Infrastructure, Energy and Corporation divisions.

The Corporate Procurement Standard, the related procedures implemented in the ERP principles and the planning applications are not the only instruments that bring together, support and control the procurement function. ACCIONA also operates PROCUR-e (supplier portal and the group's bidding tool) and the different reporting tools.

During 2018, four Working Groups were set up to develop a large part of the goals aligned with the SMP, bringing sustainability to the supply chain and furthering the study of the associated risks. In this vein, the work focused on:

- Analysing and defining the new Risk Map variable, the Supply Chain variable, to learn about the control of indirect or "non-Tier 1" suppliers, through direct or "Tier 1" suppliers.

- Creating the *Minimums in Sustainability to be checked during on-site visits guide*. The aim was to add the sustainable component to the on-site visits which may be done by any ACCIONA department, primarily Quality.
- A review of the *Sustainable Procurement Guide*, with the aim of boosting this type of procurement. This manual establishes the criteria and provides buyers the means necessary to identify and record the purchases likely to be classified as sustainable..
- Analysing the possible "KM 0 Procurement" criteria. The bulk procurement processes were revised with a view to promoting local procurement rather than global, taking action to reduce scope 3 emissions. This analysis will continue throughout 2019.

Procurement staff function

While performing their functions, all staff in the area learn the ACCIONA Code of Conduct and receive specific training in this area (e.g. the Anti-Corruption Course) with a total of 223 hours in 2018.

In addition, it is important to note that 74 % of employees in the procurement area have sustainability-related assessment targets and have received a total of 362 training hours on this issue throughout the year.

**IN 2018, ACCIONA CARRIED
OUT PROCUREMENT ORDERS
FOR 18,501 SUPPLIERS AMOUNTING
TO OVER EUR 3.4 BILLION**

SUPPLIER BREAKDOWN BY TYPE AND DIVISION IN 2018

Business line	Total no.	% Outside Spain	% Critical	% Local
Energy	2,641	53	19	94
Infrastructure				
• Construction	9,151	64	24	92
• Concessions	297	52	11	74
• Water	866	19	16	9
• Services	2,544	15	7	98
• Industrial	1,267	70	26	79
Other businesses*	1,735	18	11	89
Total	18,501	49	19	87

* Other Businesses: ACCIONA Inmobiliaria, Bodegas Palacio and Corporate. The supplier/business is assigned to the business with the largest contracted volume with the supplier.

Geographical distribution of procurement

By geographic area, 86 % of the total volume of purchases this year has been concentrated in 10 countries. Three countries are deserving of special attention in this regard: Spain, as it rallies 36 % of the total spending on suppliers, and the United Arab Emirates and United States, which experienced an increase in spending as a result of a higher revenues in those countries.

Critical suppliers

The level of criticality of ACCIONA's suppliers and contractors is established according to the economic risk: any supplier with an annual business relationship representing more than 100,000 is considered critical. Furthermore, any suppliers whose characteristics, origin or unique nature entail a risk for the company, are also considered critical.

In 2018, 19 % of ACCIONA's supplier base is considered critical, two percentage points more compared to the previous year.

ORIGIN OF ACCIONA SUPPLIES

Country	% Volume
Spain	36
United Arab Emirates	10
Australia	9
Mexico	8
Chile	6
United States	4
Poland	4
Ecuador	4
China	2
Panama	2
Rest of countries	14
Total	100

Local suppliers

At ACCIONA, working with local suppliers not only positively impacts economic development of the communities where the company operates, it also minimises operational risk as product delivery and service execution times are reduced.

This past year, 16,180 suppliers -87 % of which are actively working with ACCIONA- were considered local suppliers, 12 % less compared to the previous year.

Sector characteristics of the supply chain

The procurement categories with the highest volume of spending in the group are: wind and solar power components, construction and civil works, industrial assembly and maintenance, boilermaking and metal products. 13 % of ACCIONA's volume of purchases is concentrated in 10 suppliers from these categories, of which four are related to the generation of renewable energy and have a high technological component.

Risks and controls in the supply chain

The procurement function aims to continuously optimise its processes in order to correctly identify the potential risks in the supply chain. ACCIONA identifies two types of risks associated with procurement processes:

- **Operational risks:** linked to business earnings or that infringe the ACCIONA Corporate Procurement Standard and the related procedures.
- **Compliance, sustainability, environmental and social risks:** in relation to poor practices in matters of corporate responsibility and sustainability.

For each of these identified risks, ACCIONA develops specific preventive control mechanisms (periodically updated and configured) that help minimise the likelihood of their occurrence.

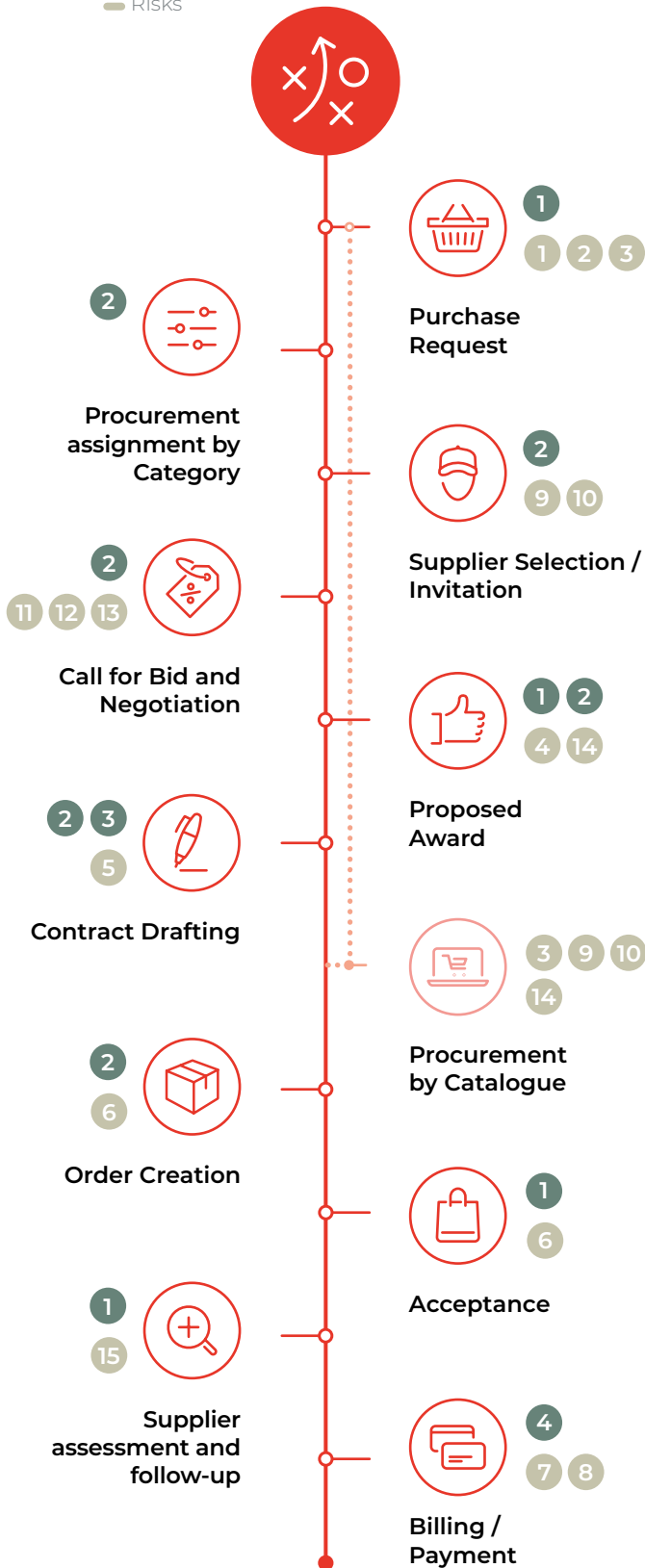
In a new initiative as a result of the technological transformation of the procurement function, Procurement by Catalogue has been incorporated into the overall procurement process. This initiative, based on pre-established agreements with different suppliers, simplifies the process without undermining the application of the appropriate controls that could temper the potential risks associated with this type of procurement. In total, 24 electronic catalogues have been made available to various businesses (including suppliers from Special Employment Centres) and two Marketplaces.

In 2018, the digital transformation that ACCIONA is undergoing has driven the creation of a pilot programme called 'Procurement to Pay', which will primarily be used to configure a new order and invoice portal, Supply Chain Finance, and electronic invoicing. Its aims are: to improve controls by minimising exposure to risk, to strengthen the supplier relationship, to increase transparency and visibility throughout the process from ordering until payment and to reduce the use of paper as much as possible. The platform will be implemented throughout 2019 and will impact procedures and flows in the company.

¹These are those in which the country where the supplier is located coincides with the country where the company or Temporary Joint Venture of ACCIONA has carried out its business.

RISKS AND CONTROLS THROUGHOUT THE PROCUREMENT PROCESS

— Responsible
— Risks



RESPONSIBLE PARTY

1. Requesting unit.
2. Procurement.
3. Legal.
4. Economic-Financial Department.

R1. OPERATIONAL RISKS

- C1. Budget controls.
- C2. Request with maximum amount per type of procurement.
- C3. Choice of material with Framework Agreement or restrictions by type of material category.
- C4. Joint approval of the Proposed Award by Procurement and the requesting unit.
- C5. General contracting conditions reviewed in advance by the Legal Department.
- C6. Segregation of duties in the creation and acceptance of the request.
- C7. Issue of invoice associated with the request with the compulsory acceptance number.
- C8. The information given on the invoice must coincide with that of the order and acceptance.

R2. COMPLIANCE, SUSTAINABILITY, ENVIRONMENTAL AND SOCIAL RISKS

- C9. Self-declaration of responsibility for suppliers.
- C10. Synchronisation of the supplier in the Single Master of ACCIONA.
- C11. Acceptance of ACCIONA's ethical clauses
- C12. Complete ACCIONA registration for the sending of offers through PROCUR-e.
- C13. Calculation of the Risk Map v3.0.
- C14. Supplier certification, if applicable.
- C15. Assessment of the order/contract by the requesting unit.

Supply chain risk map

The Risk Map is the main risk control and management tool for ACCIONA's supply chain. Using this mechanism, the company conveys the corporate responsibility and sustainability criteria and policies to its entire supply chain. Furthermore, it is used as support in decision-making criteria in the procurement function and in identifying potential areas for improvement in its suppliers' performance.

The Risk Map information is updated in PROCUR-e on a daily basis, combining the information provided by the supplier via the platform questionnaire with the information from the external and internal systems. The risk map is known prior to contracting and helps ensure that ESG criteria are an important part of the supplier selection process. In early 2018, the new version of the Risk Map, v3.0, began to be crafted in PROCUR-e, improving the high-risk sustainability criteria and aligning them with the No Go Policies.

The map is currently composed of 11 variables: Supplier Integrity, Supplier Country Risk, Corporate Responsibility (CR) and Sustainability, Economic Solvency, Economic Dependence, OHS Activity Risk, Environmental/CO₂ Risk, Legal Documentation Status, ISOs Status, Supplier Assessment and, since December 2018, Supply Chain.

Risk Map v3.0

At the end of 2018, the Risk Map v3.0 in PROCUR-e had a total of 22,998 suppliers (38 % more than in 2017), which represent 65 % of the total company procurement, 10 percentage points more than in 2017. With this in mind, it is also significant that, of all the suppliers with Risk Map, 40 % are international (56 % more compared to the previous year), which is proof of the internationalisation of the risk management model in ACCIONA's supply chain. In keeping with the 2018 challenge 'to increase the implementation of PROCUR-e, particularly internationally', and with the aim of increasing the number of suppliers with risk map, our goal for 2019 is to ensure that 100 % of those suppliers awarded in PROCUR-e have it.

The task of establishing mitigating controls when a supplier risk is detected, either through Reinforced Due Diligence, training initiatives, action or improvement plans in OHS or in environment matters, or by carrying out audits, has significantly reduced the number of suppliers with a high level of risk over the past three years. Thus, in 2018, 95 % of suppliers have a medium/low risk level (compared to 93 % in 2017).

DISTRIBUTION OF RISK ON THE RISK MAP IN PROCUR-e V3.0

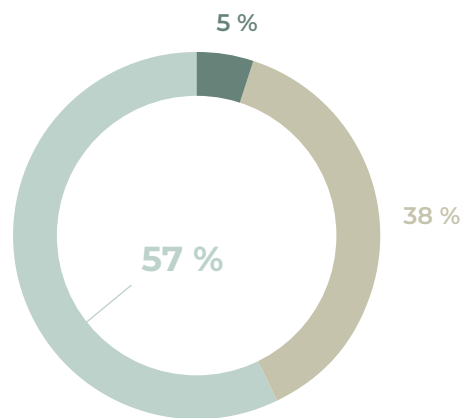
	2016	2017	2018
No. suppliers	10,056	16,712	22,998
Low risk	49 %	67 %	57 %
Medium risk	37 %	26 %	38 %
High risk	14 %	7 %	5 %

* Of the 32,149 suppliers registered in PROCUR-e, 22,998 have Risk Map, the rest are suppliers that have not yet completed their registration and their Risk Map has not been calculated, and are what we call suppliers in Basic Registration.

VALUE CHAIN

PROCUR-e SUPPLIER RISK MAP V3.0

- High risk
- Medium risk
- Low risk



Critical Supplier Risk Map v3.0

The Risk Map for critical suppliers in PROCUR-e has 2,165 suppliers in 2018, 22 % more compared to the previous year. The contracting of these suppliers accounts for:

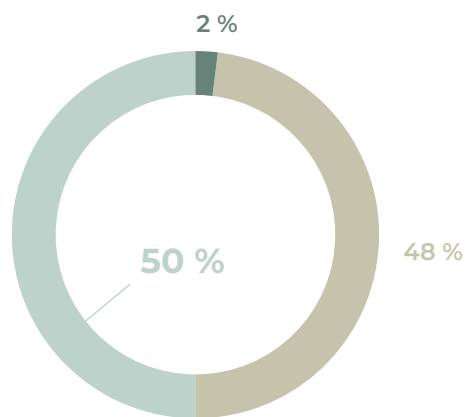
- 61 % of total group contracts.

- 66 % of contracts with critical suppliers.
- 81 % of contracts with critical suppliers in own works (works that ACCIONA is responsible for managing).

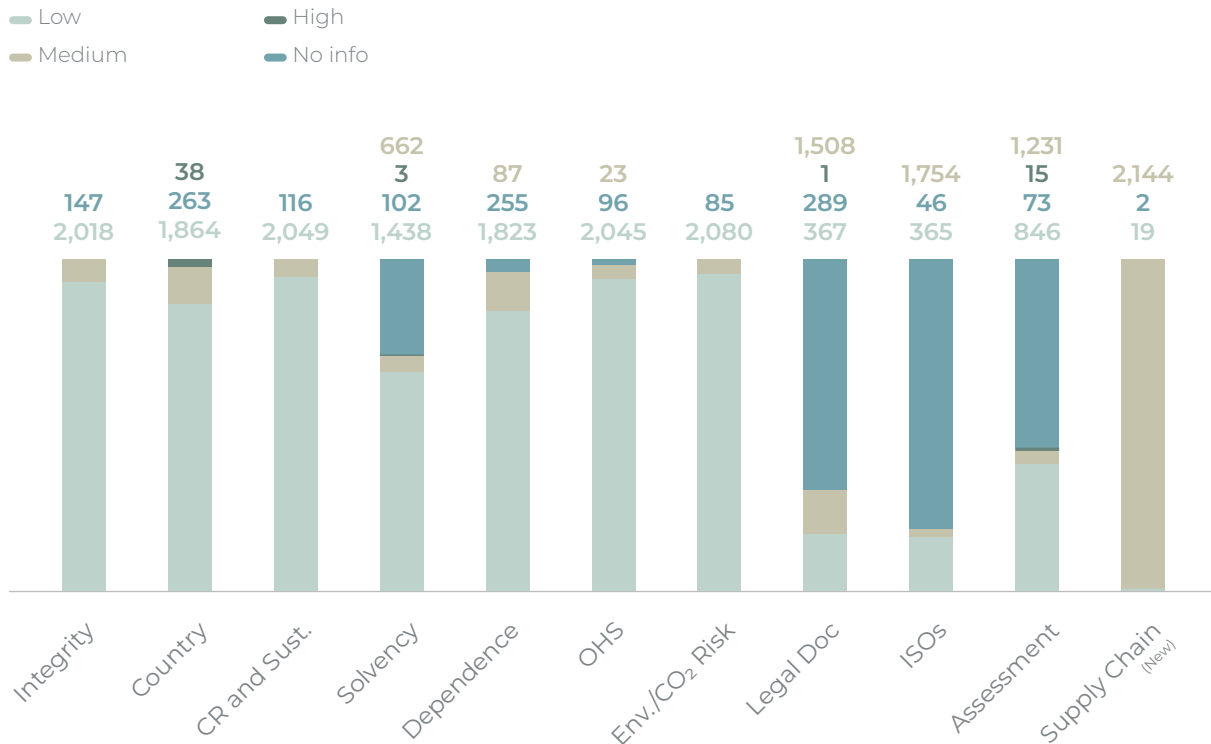
97.5 % of critical suppliers are medium to low risk.

PROCUR-e CRITICAL SUPPLIER RISK MAP V3.0

- High risk
- Medium risk
- Low risk



DISTRIBUTION OF RISK IN THE VARIABLES OF THE PROCUR-E RISK MAP V3.0 IN CRITICAL SUPPLIERS



Note: The variables that show suppliers without information contain data from external systems. The series of values in grey corresponds to information not disclosed by the said systems or which is incomplete, apart from the Supply Chain variable, which lacks information as it was only introduced in December 2018.

Conclusions of the Risk Map

- Consolidation of the supply chain risk analysis model, aligned with the SMP goals. The number of suppliers with Risk Map grew by 38 % in 2018. On the international level, the increase is greater; 56 % more than in 2017.
- The high risk level of ACCIONA's supply chain has generally been in constant decline over the last three years, mainly due to the supplier control work referred to above. These efforts are notable among the critical suppliers: only 2.5 % have high risk.
- As in previous years, there is no supplier with the integrity variable classed as high risk that has not been considered No Go, since there can only be two possible options for this type of supplier: not contracting the company or creating a Reinforced Due Diligence process that mitigates that company's risk level.

Risk map v4.0 and supply chain variable

Year after year, ACCIONA analyses and adjusts the variables that make up the Supply Chain Risk Map according to the company's continuous improvement policies and strategy.

In 2018, efforts were mainly focused on developing the new Supply Chain variable, the aim of which is to know the level of knowledge that our direct suppliers possess about their supply chain – identification, control, assessment and improvement capacity. Launched in mid-December 2018, 240 suppliers have already reported on this new variable, thus complying with the 2018 challenge. The impact will be measured and assessed in the risk map throughout 2019, establishing the aim of ensuring that over 80 % of suppliers certified in 2019 have this variable analysed.

Focus on the variable CR and sustainability

The CR (Corporate Responsibility) and Sustainability questionnaire has been part of the Risk Map from the beginning; in fact, it is one of its variables. Its function is to show the supplier's commitment to transparency and ethics, human rights and social action, health and safety, and quality and the environment. At the end of 2018, the 22,998 who had Risk Map were assessed in CR and Sustainability.

In 2017, this variable underwent a change in criterion to bring it into line with the No Go Policies, and since then, the supplier is considered high-risk when there is obvious non-compliance with the United Nations Global Compact. Throughout 2018, no supplier was identified with high risk in CR. However, at the end of the year, the group did detect 116 critical suppliers that had declined in their CR and Sustainability performance. The company will work with them in 2019 to improve this.

Human rights assessment

ACCIONA is aware of its duty to identify, prevent, mitigate and answer for the negative impact of its activities on human rights and, as such, to perform its due diligence on its suppliers. In 2018, the company assessed 22,998 companies in human rights, an assessment based on the CR and Sustainability variables of the Risk Map.

ACCIONA relies on various mechanisms that help it prevent and monitor the risk of human rights violations:

- Self-Declaration of Responsibility for Suppliers, including, but not limited to, The Ethical Principles for Suppliers, Contractors and Partners.
- CR and sustainability questionnaire. Suppliers answer questions on international standards. If the response is negative, this impacts the Risk Map and prevents the supplier's certification. After verifying the information, the audit process may be set in motion.
- Maplecroft indexes. These indexes are used to analyse the "Country Risk" variable and, specifically, issues pertaining to child labour, freedom of association and collective bargaining, forced labour, a fair workday, a fair minimum salary and discriminatory practices. The countries in which these rights are more vulnerable are identified, and those that have the worst ratings are considered high-risk. After the Certification Procedure, critical suppliers in these jurisdictions, known as "MACS" (Mandatory to be Audited Critical Suppliers) must then be audited.

- Audit processes. On-site verification of proper compliance in managing Human Rights in the supply chain.

In 2018, the review of ACCIONA Infrastructure's guide was approved, established as a standard: *Standard on migrant workers welfare: recruitment, employment and accommodation in GCC countries*. The aim of this Standard is to achieve and maintain a supply chain that is fully in line with ACCIONA's policies when working in countries where the social and labour legal requirements do not meet the standards.

Last year, no suppliers or contractors were found to have breached the international human rights standards. Furthermore, of the 22,998 that have Risk Map, 35.3 % have confirmed that they carry out audits on compliance with regulations and international standards on their suppliers.

Focus on the variable integrity

The Integrity variable analyses the supplier's standing on issues such as money laundering, tax havens, corruption disputes, presence on international sanction lists, etc.

In 2018, through specific analysis tools, a due diligence process was carried out on 7,681 suppliers (a 20.5 % increase on 2016), which represents 47 % of total ACCIONA contracts. The focus was put on those suppliers of most interest to ACCIONA, in accordance with certification or recurrence criteria or for belonging to a risk country, among other factors.

Following the analysis, 16 suppliers remain at a significant risk level in the integrity variable, of which 14 are in a No Go status and the rest in Invalid status.

After carrying out the Reinforced Due Diligence, outlined both in ACCIONA's anti-corruption standards and in the Integrity Interpretation Guide, 7 suppliers have performed actions to reduce this significant risk in 2018.

On the same basis of Integrity that applies to its suppliers, ACCIONA also analyses and monitors partners, commercial agents, shareholders and third parties in general. At the end of 2018, ACCIONA had investigated 276, 115 of which in 2018.

NO GO SUPPLIERS

If a supplier is unable to meet the minimum levels set out in the No Go Policies, and stipulated in ACCIONA's SMP 2018 goals, the company will be unable to contract such supplier in any project adhering to the said policies, both nationally and internationally. ACCIONA maintains that goal for 2019: 0 % general procurement orders from suppliers with this status.

In 2018, 100 suppliers were categorised as No Go, of which 47 have emerged from this situation, either after performing an audit and/or action or improvement plans, or through Reinforced Due Diligence. Furthermore, two resolved the issue during the year but returned to No Go status for other reasons. At the end of the year, 53 suppliers remained in this status.

Corporate procedure for supplier certification and evaluation

ACCIONA's certification procedure consists of a comprehensive and objective analysis of the supplier within a process of ongoing risk minimisation.

At the end of 2018, 4,442 suppliers were certified for ACCIONA, of which 28.9 % have been certified for the first time, 61.7 % maintain a valid certification and 9.3 % have had their certification renewed. 693 suppliers have lost their certification due to expiry of validity and not having requested renewal throughout the year.

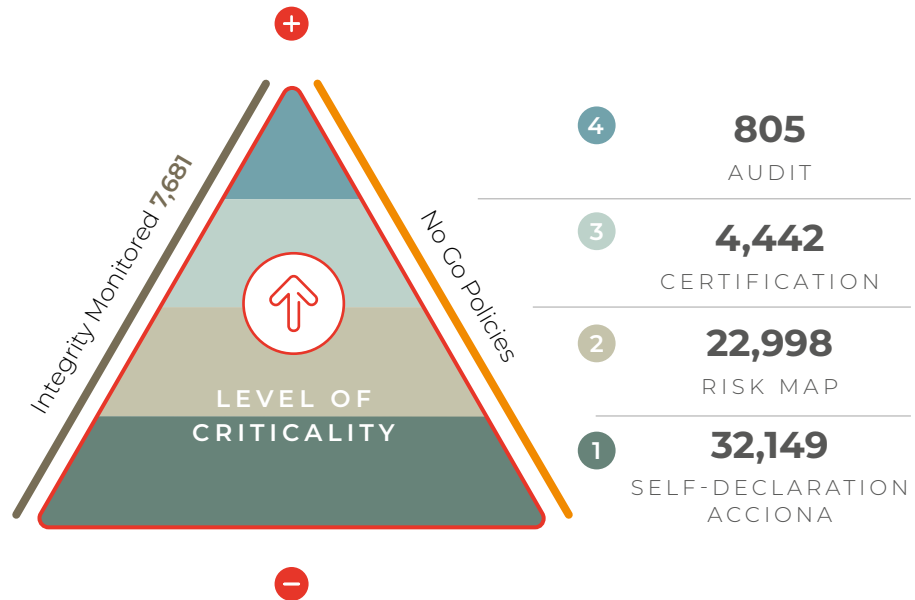
Supplier management controls

ACCIONA's supply chain controls are defined by levels of criticality, i.e. they become more in-depth as the risks increase: economic, country, business and CR and sustainability.

Levels

1. The supplier must accept ACCIONA self-declaration document. This includes the Code of Conduct, the Ethical Principles for suppliers, as well as the minimum requirements for integrity, environment, quality, information security and personal data protection. This requirement is necessary and essential to access the Supplier Portal and was updated in 2018 as per regulatory changes.
2. In order to submit bids in PROCUR-e, it is necessary to complete the self-assessment questionnaire on the platform, so that the company can obtain its Risk Map and be monitored daily.
3. Suppliers that have been awarded a cumulative total of more than EUR 100,000 (considered as critical suppliers) require an additional control: they must pass the approval process. This process, along with the risk map, are the two major levers of the management model.
4. The performance of periodic audits and assessments of suppliers, supported by improvement plans, streamline management and minimise the risk of more critical suppliers for the company.
5. Developing and implementing No Go policies are also a guarantee against non-compliance with sustainability commitments, among other reasons, because they prevent such suppliers from being contracted by ACCIONA.

LEVEL OF CRITICALITY SUPPLY CHAIN CONTROLS



1. Code of Conduct

- Ethical Principles for suppliers
- Minimum Requirements in Integrity
- Minimum levels in Environment
- Minimum levels in Quality
- Information security ^(new)
- Updated GDPR ^(new)

2. Integrity

- Country Risk
- CR and Sustainability
- Economic Solvency
- Economic Dependence
- OHS
- Environment
- Legal Documents
- ISO Status
- Assessment
- Supply Chain ^(new)

3. Corporate Procedure for Supplier

- Certification and Evaluation

4. ACCIONA Audit Protocol

- Protocol

Improvement plans in the certification process

ACCIONA develops improvement plans with suppliers as a result of the certification process, mainly on occupational and environmental risk prevention. These plans seek to make progress in the entrepreneurial process of the supplier and contribute to reducing the supply chain risk.

In 2018, 70 suppliers requiring certification were analysed as having high risk in OHS. As a result of the analysis, a total of 30 suppliers have adhered to an improvement Plan, 6 completed an online course for suppliers and 34 have yet to choose one of these two solutions offered by ACCIONA. Until the supplier adheres to the improvement plan, it is not considered certified.

Conversely, no environmental risk was detected in suppliers requesting certification, hence no improvement plans have been necessary outside those established for audited suppliers.



Further information see example on health and safety improvement plan for suppliers in the chapter on 'ACCIONA Infrastructure's Commitment'

Supplier performance assessment

Assessing the performance of the supplier allows ACCIONA to check on their compliance with the requirements established as part of the commercial relationship with the supply chain. The assessment criteria are set according to deadlines, occupational risk prevention, quality, environment, compliance with administrative obligations and technical capacities.

In 2018, over 4,900 order assessments were carried out on more than 2,100 suppliers, the result of which for 93 % was type A or B (supplier highly recommended or recommended), in line with the results obtained in 2017.

This assessment is verified in the certification and audit processes.

Certifications

ACCIONA positively values suppliers that are Quality, Environment and OHS-certified according to standards ISO 9001, ISO 14001 and OHSAS 18001 respectively. As such, suppliers can report on what certifications they have via the PROCUR-e platform.

The supplier audits check the validity and scope of those certifications.

Environmental, labour, social assessment of suppliers and audits

Having the Risk Map of 22,998 suppliers means that they are also assessed on the ESG principles: Environmental, Social, Human Rights, Ethics, Integrity and Governance.

SUPPLIERS BY DIVISION WITH QUALITY, ENVIRONMENTAL, AND OHS CERTIFICATES

Business line	% ISO 9001	% ISO 14001	% OHSAS 18001
Energy	40	30	23
Infrastructure	45	39	30
• Construction	42	43	27
• Concessions	47	32	45
• Water	46	38	25
• Services	36	40	22
• Industrial	54	41	33
Other businesses*	39	36	22

Note: % obtained on fully registered suppliers in PROCUR-e (22,998), and their statements regarding their possession of different certifications.

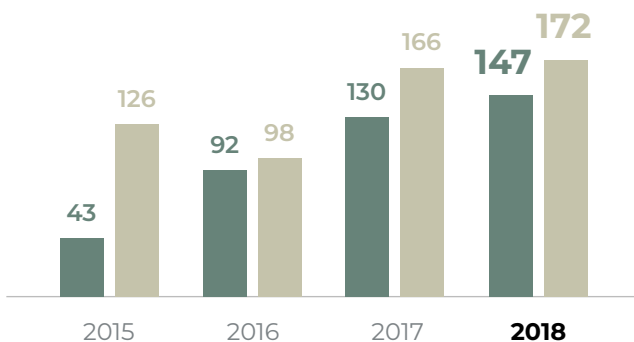
* Includes ACCIONA Inmobiliaria, Bodegas Palacio and Corporate

2018 Audit plan and verification of questionnaires

Audits are a key tool for verifying compliance with the commitments undertaken by ACCIONA's supply chain with regard to sustainability, and also for verifying potential areas for improvement and striving for excellence. They are one of the levers that help create positive impacts, contribute to the development of the SDGs and, in turn, generate shared value.

EVOLUTION OF SUPPLIER AUDITS

International
Spain



External audits

Since the year 2013, ACCIONA has been performing annual ESG (environmental, social and good governance) audits on suppliers. In this time, 1,293 audits have been carried out. The term 'external audits' refers to those carried out on ACCIONA's behalf by international audit companies (with local auditors who have knowledge of the country) under a very comprehensive protocol that verifies not only ESG aspects, but also financial and quality.

Over the last three years, ACCIONA's efforts in knowledge and improvement of its supply chain have been notable, and at the end of 2018, there were 805 suppliers audited with a valid audit, 18.63 % more than those accumulated in that period.

In 2018 alone, ACCIONA carried out 319 audits on its supply chain, 46 % on international suppliers and 54 % on Spanish suppliers. Over 88 % on Tier 1 suppliers, and the remaining 12 % on non-Tier 1 suppliers.

At ACCIONA, as stipulated in the procedure for supplier certification and assessment, there are two types of audit:

1. Certification audits on critical "MACS" suppliers. The criticality is determined for suppliers from risk countries or due to their CR risk. It is essential to pass this process to obtain certification. In 2018, 34 audits were organised on suppliers from risk countries. 95 % of critical suppliers of own works in the risk country (China, India, United Arab Emirates and Turkey) are audited.
2. Monitoring audits carried out on suppliers of interest to the company, either due to their recurrence, criticality or their specialisation. In 2018, 248 audits were carried out on this type of supplier.

Year after year, ACCIONA complies with the annual objective of carrying out supplier audits, focusing on risk countries where at least 90 % of MACS are audited. The goal was met and remains in place for 2019.

A new initiative in 2018 saw the Energy division implement the 'Tier 2 Audits' project, in order to secure greater visibility at the end of the supply chain. The project has surpassed all initial expectations, in part thanks to the involvement of Tier 1. A total of 37 Tier 2 suppliers have been audited, over 50 % in China, where the majority of the suppliers come from. These audits have been managed in the same way as if they were Tier 1 audits, offering them an improvement through action plans when necessary.

Internal audits

From the perspective of internal control, in 2018, 413 on-site visits to suppliers were carried out, mainly by ACCIONA employees from the quality area. The aim of these visits is to ensure compliance with group standards, especially in product or service quality.

With this in mind, ACCIONA has created the guide *Minimums in Sustainability to be checked during on-site visits*, the criteria of which have been verified at 20 visits, four of them in risk countries. The goal is clear: to disseminate, raise awareness of and verify ACCIONA's standards to as many suppliers as possible.

Questionnaire verification

The truthfulness of the supplier information registered in PROCUR-e is checked using third-party document management tools that validate and monitor the data. Of the 22,998 suppliers with risk map, the information of 4,973 is verified by RePro/Achilles and 3,721 by Obralia/Gestiona, both platforms that use the Energy, Construction and Services businesses, respectively.

MONITOR COMPLIANCE WITH THE GENERAL DISABILITY ACT

PROCUR-e monitors compliance with the General Disability Act (LGD as per its Spanish acronym) for Spanish suppliers. Of those that have risk map, 13,722 are Spanish and 97 % show compliance with the law or have an exception certificate.

RESOLUTION OF SERIOUS NON-CONFORMITIES

ACCIONA works jointly with its suppliers in resolving Serious Non-Conformities (SNCs) detected in the audits through action plans. In the event the deficiencies found cannot be resolved within a reasonable period, the supplier will be considered a No Go. This contributes to significantly minimising the supply chain risks.

Throughout 2018, the company continued to monitor the resolution of SNCs of audits carried out in 2017 and 2018. 91.5 % of suppliers audited in 2017 have resolved their SNCs. By actively monitoring SNC resolution, in line with the No Go policies, a higher rate of resolution is achieved year after year.

Of the suppliers audited in 2018:

- 53 % had no SNCs,
- the remaining 47 % implemented various action plans. Of this percentage, 95 % have fully or partially resolved their SNCs and the remaining 5 % is now considered No Go as they did not resolve their deficiencies by the deadline.

Of the critical suppliers audited in risk countries (MACS):

- 27 % had a rate of zero SNCs.
- The remaining 73 % had signed on to the various actions plans. Over 50 % had fully or partially resolved their deficiencies at the end of the year.

In line with previous years, the greater number of SNCs has come from the areas of Health and Safety, Quality and Environment. It is in these areas that ACCIONA carries out greater improvement plan efforts.

Ethics for suppliers, contractors and partners

ACCIONA views the dissemination of the Ethical Principles of the company to its supply chain as key to ensuring its network of suppliers, contractors and partners is consistent with its values. The main tools to disseminate them are communication and transparency. Throughout 2018, there were over 200,000 communications via acceptance of the Supplier Self-Declaration of Responsibility document, as well as through orders, contracts and tender bases.

The Ethical principles for suppliers and ACCIONA's commitment to the Global Compact were incorporated in 2018 in over 123,000 orders (94 % of the total), not having identified any suppliers that had not complied with this set of ethical clauses.

Of the suppliers with Risk Map, 11,348, which represents practically 50 %, state that they have their own Code of Conduct. It is undoubtedly still a significant challenge to bring sustainability to small and medium enterprises, but these data are encouraging and are very similar to the previous year, despite the growth in PROCUR-e suppliers.

Supplier training and communication

The Suppliers Campus of ACCIONA's Corporate University is integrated into PROCUR-e, and is available free of charge to the entire supply chain.

In late 2017, a new course was launched called 'Sustainability applied to your company', on top of the other training offerings for suppliers, composed of five additional courses.

This course contains messages aimed primarily at small companies and develops key issues such as: What is a Code of Conduct and how do you create one? How to prevent violations of Labour Rights and other Human Rights; How to achieve a safe and healthy working environment; or measures to reduce the impact of packaging with a circular economy approach.

At the end of 2018, 2,660 suppliers (accumulated amount over the last three years) registered in PROCUR-e and 3,997 supplier employees have shown interest in these courses. Special attention should be given to participation in the 'Sustainability applied to your company' courses, carried out by 94 suppliers, and 'Code of Conduct', carried out by 313 suppliers, thus surpassing the goal set in 2018 of increasing supplier training in sustainability by 10%, a goal that has risen to 15% for 2019.

TRAINING FOR SUPPLIERS' EMPLOYEES

(Accumulated volume)

Course delivered	2015	2016	2017	2018
Code of Conduct	379	473	789	908
Sustainability applied to your company	0	0	16	165
CR and sustainability in the Supply Chain	408	498	683	790
Basic concepts, international OHS management and rules	402	377	650	794
Equality and prevention of discrimination	326	510	616	700
Disability Awareness	307	474	555	640
Total	1,822	2,332	3,309	3,997

Furthermore, as an important part of the supplier training, ACCIONA has 20 questionnaire assistance sheets, which are a great source of information and training support.



Further information see the 'People' chapter

COMMUNICATION WITH SUPPLIERS

Suppliers have a wide range of two-way channels for raising issues regarding their commercial relationship with ACCIONA:

- compraresponsable@acciona.com,
- boletinproveedores@acciona.com,
- proveedores@acciona.es
- procure.helpdesk@acciona.com.

Similarly, suppliers may use the Ethical Channel to inform ACCIONA of any irregular practice detected, which will be duly analysed by the company.

Supplier satisfaction survey

For the second year running, ACCIONA has sent its suppliers the 'Supplier Satisfaction Survey'. Some 16,112 suppliers have received it nationally and internationally, and 2,721 have responded to it, approximately 17 % compared to 10 % the previous year. The main aims of this survey are:

- to find out the concerns and needs of ACCIONA suppliers;
- to evaluate the Supplier Portal and Bidding Tool (PROCUR-e);
- to study possible lines of improvement in relation to the supply chain;
- to have information on their adaptation to new technologies.

The following can be deduced from the survey:

- 98 % of suppliers deem ACCIONA's commitment to sustainability very good or good.
- Suppliers give the importance of Integrity and business transparency and ethics a score of 3.93 out of 4.
- 44 % of suppliers stated they knew the United Nations Sustainable Development Goals, of which 81 % answered that they contribute a lot or quite a lot to achieving them from their company.
- ACCIONA suppliers show a majority interest in using online media to receive and monitor their orders, as well as to send their invoices.

ACCIONA maintains its commitment to charity and has made a donation for every survey answered to a charity project. This year, the cause was child survival, providing mothers who live in isolated areas with medication, food and equipment to tackle the causes of death in children in their first few months of life.

Finally, all participants in the survey were offered the chance to take part in a draw to receive consultancy on sustainability and innovation. 648 suppliers agreed to take part, so ACCIONA will implement this project in 2019 with the draw winners.

At the beginning of 2018, the online meeting was held with the winners of the free subscription to the Global Compact of the latest edition of the survey. At this meeting, ACCIONA and the Spanish Global Compact Network covered the following topics with suppliers: What is sustainability?; its 10 Principles and the 17 Sustainable Development Goals; and all of the services that they would have available to them this year: training, tools, documentation, publications, and all the support necessary to implement good practices in their companies. One year later, and nearing the end of the project, ACCIONA still believes in the need to continue to bring the commitment to sustainability to the supply chain and to smaller companies, making it credible and achievable.

Integration of ESG principles into the procurement process

In 2018, ACCIONA has revised and updated the *Sustainable Procurement Guide*, in order for buyers to understand the criteria for identifying purchases that may be catalogued as such. The review of the manual was carried out in line with both the SDGs and the SMP 2020 Goals for the Supply Chain.

**SUSTAINABILITY CRITERIA
IN PROCUREMENT MANAGEMENT
AND CONTRACTING IN 2018**



**RENEWABLE
ENERGY**

In Spain, 475.64 GWh of renewable energy was consumed during all of 2018. In the same way, 1,146 installations consumed energy from 100 % renewable sources and 48 installations joined in the consumption of 100 % green energy.

Renewable procurement alongside the adjustments made to power and improved electricity contract management ('future procurement' clicks), have reported total savings of EUR 1,663,000.



**ECO-EFFICIENT
VEHICLE
FLEET**

The operative fleet in 2018 was made up of 444 vehicles, of which 136 are low emission vehicles, i.e. emitting less than 120 g CO₂/km. This also involves lower fuel consumption. 99.7 % of the executives fleet has EURO5 and EURO6 engines, 6.9 % are hybrid powered vehicles with EURO6 engines (31 vehicles) and 0.4 % are electric vehicles (2), resulting in lower CO₂ emissions, and a reduction in NOx and particulate emissions.

In relation to the service fleet, ECO or zero-emissions vehicles increased 100 % in 2018, with electric, hybrid and LPG vehicles.



**SUSTAINABLE
WOOD**

169 tonnes of chain of custody certified wood (FSC, PEFC, or similar) was bought for ACCIONA Construction.



**CONTRACTING OF
SPECIAL EMPLOYMENT
CENTRES**

Contracting 16 Special Employment Centres that promote the hiring of people with disabilities. Contracts amounted to EUR 2,313,141² during the year. ACCIONA has an arrangement with these companies primarily to supply work clothing, laundry services, safety materials, travel agencies, printing and vending machines and consultancy.

Continues >



SUSTAINABILITY IN STEELWORKS

Manufacturers with the *Sostenibilidad Siderúrgica* (Sustainability in Steelworks) Brand certification demonstrate ongoing social, environmental and economic efforts.

In 2018, ACCIONA contracted manufacturers that had this brand.

² This figure is 24 % less than in 2017 as a result of the exit of Trasmediterranea as an ACCIONA group company.

ACCIONA'S excellent management

ACCIONA focuses business activity on sustainability and technical excellence, which, coupled with the demands to remain competitive in a globalised market –with qualified, knowledgeable users and customers– makes the quality of its products and services and the efficiency of its operations key to its strategy. This approach takes tangible form in the maximum commitment by Senior Management, including quality in the management of the processes and the existence of quality teams with a cross-cutting view, which play an active part in continuous improvement. The Sustainability Master Plan, which sets goals for improvement and recognises employees as an essential part thereof, is one of the tools that articulates the strategy of excellent management.

ACCIONA has a Corporate Quality Policy for the whole group, approved by the Board of Directors' Sustainability Committee. Additionally, each business has its own Quality Policy - approved by the top business manager - as part of its quality management systems.

In all businesses, there is a quality manager who is assigned responsibility for, amongst other tasks, maintaining the quality management system for each of the businesses. Furthermore, the corporate function exercises a coordination, supervision and support role with the businesses and leads the development of the company's Regulatory System.

During 2018, ACCIONA made progress in document management, systematising it and facilitating access to the documentation by the different management systems. In addition, 36,073 hours of training and awareness-raising in Processes and Quality was given. It is worth highlighting the training in Lean Six Sigma Principles and tools in

which 29 people participated from all the businesses. This approach from the divisions of ACCIONA towards managing processes seeks out activities that provide value to the customer and minimises those of no value.

Quality in ACCIONA's operations

Certified management systems

ACCIONA's management systems, both in Spain and internationally, have been set up and certified in accordance with some of the most important international standards on quality, the environment and safety of customers and users.

As such, the company ensures it sticks to its commitment to continuous improvement of processes and activities, and guarantees the competence of its staff for the works assigned and the economic and technical organisational capacity to carry them out in each of the countries it operates.

The company's environmental management systems are certified under different international standards. In 2018, 100 % of the most relevant activities of the company were ISO 14001-certified, among them 100 % of the commercialization and sale of renewable energy with guarantee of origin accredited, 100 % of the installed MW³ or 100 % of the construction activity in several countries (Spain, Chile, Brazil, Mexico, Colombia, Canada, etc.). Considering the sales figure in 2018, 90 % of ACCIONA's turnover is certified under ISO 14001 and 91 % under ISO 9001. Energy management systems are also certified

³ Certifiable installed MW: facilities in the O&M phase after one year from its start-up and owned by A. Energy

VALUE CHAIN

under ISO 50001:2011, for example, in all the activities carried out by ACCIONA Agua in 13 of its centers, as well as EMAS certifications in several ACCIONA Medio Ambiente centers. On the other hand, the Wineries for Climate Protection certification has been renewed in Bodegas Viña Mayor.



Further information in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other business' commitment'

Improvement tools

The company identifies improvement opportunities in its management systems via audits, both internal and external, carried out by customers and certification bodies.

In 2018, a total of 771 audits were carried out in the company, of which 582 were internal and 189 external. In addition, it received 147 audits from its customers. This last figure does not include audits that ACCIONA Service receives on an ongoing basis by various customers in the automotive sector or the Regional Governments in Spain in its public service provision contracts. ACCIONA Facility Services received a *mystery shopper* audit from the Spanish airport operator, achieving a result of 90.7 out of 100.

Improvement groups and lessons learned

In 2018, a total of 73 improvement groups operated in ACCIONA, 30 % more than in 2017. Over 1,000 employees took part, forming multidisciplinary teams with the common goal of identifying and implementing innovative solutions, as well as establishing mechanisms that enable risks associated with the different groups to be managed.

1,196 EMPLOYEES PARTICIPATED
IN THE IMPROVEMENT GROUPS
 DURING THE YEAR, AROUND
 THREE TIMES MORE THAN IN 2017

The working areas of the groups covered topics from process digitalisation in the Renewable Energy Control Centre to technical standardisation and the creation of working standards for ACCIONA Agua's projects, amongst others.

Additionally, lessons learned and good practices are tools that ACCIONA uses to document and share the knowledge gained and to make it available for the benefit of the entire company. In 2018, a total of 1,213 lessons learned and good practices were identified at ACCIONA, 992 more than in 2017.

They are disseminated among employees through different channels and are used to improve the processes to which they are related.



Further information in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other business' commitment' de otros negocios'

ACCIONA's commitment to its customers

Meeting the needs and expectations of its customers and users is ACCIONA's main objective. The diversity of its businesses is reflected in the type of customer, primarily large customers both in the public and private sector, such as corporates (B2B) or financial investors. However, some group companies like ACCIONA Agua, Services, Grupo Bodegas Palacio 1894 and Inmobiliaria, have a direct relationship with customers or users of the services provided (B2C).

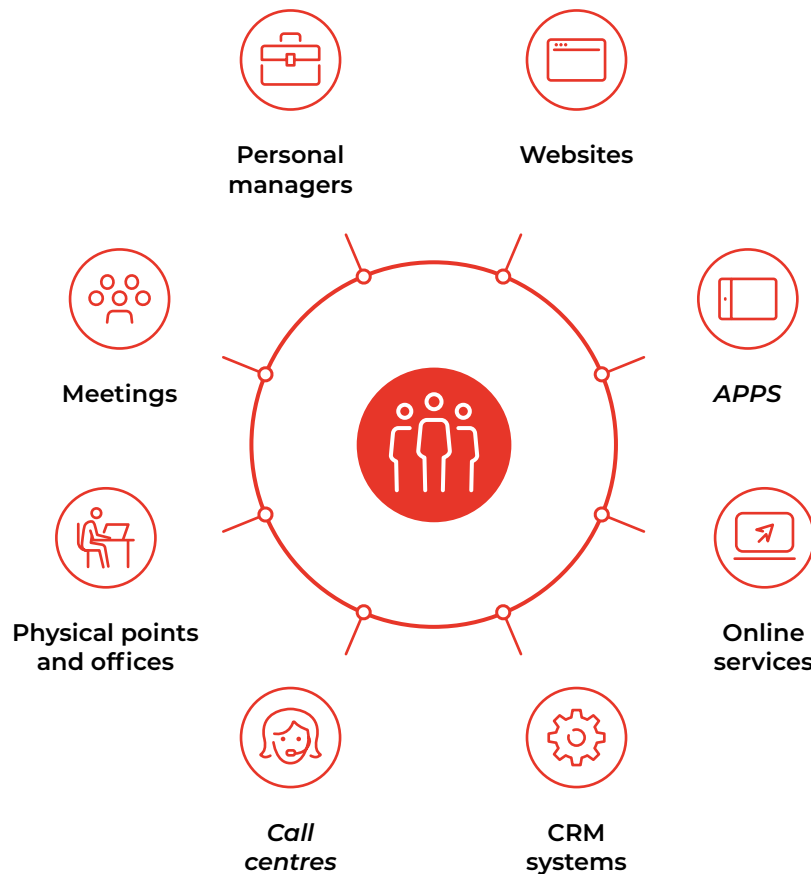


Further information in the section for customers, products and services of the 'Company profile' chapter

Customer relationship and communication

The communications channels adapt to the diversity of the company's customers, striving for maximum accessibility and flexibility in the dialogue with them and other ACCIONA stakeholders.

COMMUNICATIONS CHANNELS WITH CUSTOMERS



- Personalised managers specifically appointed by ACCIONA to meet the needs of the customer during the execution of the projects.
- Meetings with customers: identify their needs and expectations in connection with the product or service provided and the degree of satisfaction.



Further information in the 'Relationship with stakeholders' section of the 'Society' chapter

- Physical customer service points and offices equipped to deal directly with customers. Spaces are also set up during the management of large construction, operation or concession projects where periodic

meetings are held with customers from the signing of the contract until it ends. Furthermore, the company continues to be present at relevant customer events, such as SIMAEXPO (ACCIONA Inmobiliaria).

- Call centres and telephone lines that serve customers 24 hours a day in many of the company's businesses, such as ACCIONA Green Energy or ACCIONA Mobility's freephone number.
- Websites that have specific sections for consulting information and providing services online to customers. In 2018, ACCIONA Solar launched a website and online portal for the ACCIONA Motosharing initiative.
- Computer software applications geared towards improving the customer experience, facilitating both operations and the communication of results or the management of complaints and claims.

VALUE CHAIN

- Online services offered to customers, e.g. through the Grupo Bodegas Palacio 1894 application, where, in addition to its virtual store, there is a selection of restaurants in Madrid where company wines are served, or online consumption and invoice consultations in ACCIONA Green Energy.
- CRM systems for managing the relationship with the customer, like the ACCIONA Green Energy CRM.



Further information on communications channels in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other business' commitment'

Customer satisfaction

Measuring customer satisfaction facilitates the planning of specific measures aimed at improving their experience in their relationship with the company. Thus, measuring satisfaction is one of the main aspects outlined in Quality's corporate policy. Specific annual targets are set within the plans of each business, geared towards improving customer satisfaction. In 2018, the following actions were implemented:

- Satisfaction surveys. At the end of 2018, ACCIONA had received 51,371 surveys, with a 60 % response rate (the majority were completed online). The result was 97 % customer satisfaction.
- In-person interviews.

Considering the diversity of the products and services offered by ACCIONA, the factors contemplated in the measurement of customer satisfaction are very varied: from the evaluation of time frames and human resources in ACCIONA Energy or ACCIONA Construction projects, through to commercial management, meter readings or

billing in Green Energy, or the availability and resolution of incidents in Services. In Bodegas, customers assess the product characteristics, customer service, logistics management and brand.

Using these tools, each year the ACCIONA divisions measure the satisfaction of their customers.

Customer complaints and claims service

ACCIONA acts with due diligence when it receives complaints or claims from its customers via:

1. Specific procedures in all divisions for managing complaints, claims and suggestions;
2. Accessible channels for customers to submit their complaints, claims and suggestions via the customer sections on the websites, as is the case of ACCIONA Agua or Green Energy; also computer software applications such as that set up by ACCIONA Construction to gather claims related to works or the system implemented in 2018 by ACCIONA Inmobiliaria for managing claims in real time;
3. The assignment in each business of people responsible for managing complaints, who evaluate the causes and coordinate their monitoring;
4. Feedback to customers and users on the status of their claims and their resolution and closure, when conformity has been obtained in respect of the claim;
5. Registering and measuring, each year, the number of claims received;
6. Degree of resolution of claims closed/pending to define action plans, where necessary.

The number of B2B claims reduced by 17 % compared to the previous year and the number of B2C claims stands at 17.3 (for every thousand customers).

EVOLUTION OF SATISFIED CUSTOMERS

	2015	2016	2017	2018
Satisfied customers	98 %	97 %	99,8 %	97 %

EVOLUTION OF CLAIMS IN 2018

	2015	2016	2017	2018
Business to Business (B2B)				
No. of claims	349	1,219	1,043	861
Business to Consumer (B2C)				
No. of claims (per 1,000 customers) ⁴	6	17.3	13.7	17.4

⁴There are 156 B2C claims that do not feature in the index of no. of B2C claims per 1,000 customers: 5 claims from owners' associations/private individuals from ACCIONA Construction; 127 claims from the users of the three hospitals of the Novo Hospital de Vigo concession company; and 24 claims from the users of the ACCIONA Health Care services. The reason is that the total number of private individuals/users that could submit a claim is unknown.

IN 2018, THE NUMBER OF B2B CLAIMS REDUCED BY 17 % COMPARED TO 2017

As for resolution times, it is not possible to establish a comparison between all of ACCIONA's businesses. This is due to the fact that the claims differ in terms of the nature of each business, their technical complexity, or the type of cause and influence of external factors.

Loyalty, recommendation and comparison with competitors

The majority of ACCIONA's businesses also measure customer satisfaction through additional evaluations:

- The degree of recommendation or specifications obtained from the assessment that customers make when asked 'Would you recommend ACCIONA to other companies?' For example, Bestinver uses the NPS (Net Promoter Score⁵) indicator, which measures the difference between the percentage of detractor customers and the percentage of promoters.

- The degree of loyalty in establishing lasting relations over time, by asking customers a direct question: "Likelihood of working with ACCIONA again".
- The comparison of the company with respect to its competitors, measured through a comparative scale of this type: better, same, worse.



Further information in the chapters 'ACCIONA Energy's commitment', 'ACCIONA Infrastructure's commitment' and 'Other business' commitment'

Customer health and safety

One of the principles of the ACCIONA Quality Policy is to monitor the health and safety of its customers and users. Furthermore, each of the safety management systems implemented in the company has a policy that specifies the principles and commitments applicable, which is also approved by the senior management and is available to the parties concerned.

⁵The NPS index can range between -100 (all customers are detractors) and 100 (all promoters). An NPS higher than 0 is perceived as good and an NPS of 50 is excellent.

VALUE CHAIN

100 % of the products and significant activities of ACCIONA undergo assessments of their impact on the health and safety of customers and users, identifying, where necessary, any need for improvements.

ACCIONA carries out various actions to guarantee the safety of its products and services:

- Information to customers for safe use of its products and services.
- Product quality controls and analysis of critical points.
- Continuous monitoring of facilities.
- Regulatory inspections and compliance with applicable law.
- Safety Management Systems: the development of the activities according to international benchmark standards established for each sector. In 2018, 9 % of ACCIONA's revenue was certified in compliance with various international standards in this area:
 - Road Safety: Two motorways managed by ACCIONA Concessions have implemented ISO 39001-certified safety management systems.
 - Rail Transport Safety: safety management system for transporting goods approved by the Spanish Railway Safety Agency (AESG). ACCIONA Rail Services is also arranging the widening of the Safety Management System scope to include the transport of dangerous goods and travellers activity, expected for the first half of 2019.

- Airport security: ACCIONA Airport Services, in its Madrid, Palma and Düsseldorf headquarters and in the Andes company (Chile) - the latter two obtained in 2018 - has the ISAGO certificate (Safety Audit of Ground Operations), in accordance with the International Air Transport Association regulations.

- Food safety: ACCIONA Facility Services and Bodegas have ISO 22000-certified food safety management systems. Moreover, in 2018, Bodegas adapted this system to the requirements of the new version of the FSCC 22000 risk management standard in the food chain and implemented a new set of procedures to detect food fraud, amongst other measures.

- Information security: the concession company Hospital Can Misses has an ISO 27001-certified information security management system.

Furthermore, some of ACCIONA's products have specific product certifications, such as the European Compliance (CE) marking, which endorses product compliance with the EU's legal and technical requirements on security.

THE DATA PROTECTION DEPARTMENT WAS CREATED TO ENSURE THE PERSONAL DATA PROTECTION POLICY IS APPLIED

PERSONAL DATA PROTECTION

ACCIONA is committed to ensuring its subsidiaries, business areas and, by extension, all of its employees, shareholders, suppliers and customers, act in appropriate manner and with the highest standards of diligence in relation to Personal Data protection, processing and privacy. With this in mind, the Personal Data Protection Policy recognises privacy as a right of our customers, and it assumes responsibility for making every effort to safeguard the integrity of the data obtained during their commercial relations with the company.

Accordingly, in 2018, ACCIONA's Data Protection Department was created, reporting to the Legal Advice Department, to ensure the applicable regulations are applied and complied with.

Labelling of products and services

ACCIONA carries out the appropriate communication actions to inform its customers about the safe use of its products and services, essentially by means of labelling products, providing user manuals, or via contractual requirements.

In accordance with the applicable regulations on labelling, the Grupo Bodegas Palacio 1894 wines are the only product manufactured by ACCIONA that requires specific information. Therefore, 100 % of its bottles include information on the origin of the ingredients, their safe use and bottle recycling. The company's website also has sheets for each product, with more in-depth information.

Furthermore, the energy sold by ACCIONA Green Energy has a certificate issued by the Spanish National Markets and Competition Commission (CNMC, as per its Spanish acronym), which accredits the 100 % renewable origin of the energy; and the water treated by ACCIONA Agua complies with the standards laid down by applicable legislation: quality of drinking, desalinated water, parameters for wastewater discharges, etc.

All projects developed by ACCIONA have all the information necessary in the as-built report delivered to customers.

Innovation

Innovation focused on ensuring sustainability, a key factor in acquiring competitive advantages and creating added value for current and future businesses.

A TOOL
FOR VALUE
CREATION



HIGHLIGHTS IN 2018

- › Innovation figure of **EUR 225.4 million, a record high for the company**, resulting in an innovation intensity ratio (3.0 %) that is above the European average (1.4 %)
- › During 2018, the company **managed to generate savings** by introducing improvements in its processes worth EUR 26.6 million.
- › Launch of the **intrapreneurship programme, as part of I'MNOVATION**, in which 23 people from nine ACCIONA businesses have taken part.
- › **New line of funding from the European Investment Bank (EIB)** of EUR 100 million for R&D&I projects and Digital Transformation and Economy between 2017 and 2020.
- › **Implementation of innovative technologies** that have helped enhance the efficiency of construction and water treatment processes, renewable energy and the development of a circular economy.
- › Development of the **first blockchain-based ACCIONA platform designed** to increase traceability and security in third-party procurement.



MAIN CHALLENGES 2019

- › **Maintain an innovation over sales figure** that exceeds the European average, to preserve ACCIONA's innovative leadership.
- › **Improve ACCIONA's processes** generating savings of at least EUR 15 million.
- › Launch of a **specific challenge for research centres and universities**, as part of the I'MNOVATION programme.
- › **Implementation and use of exoskeletons in the industrial environment** that contribute to improving workplace ergonomics.
- › **Development of circular economy** projects with a focus on recycling and waste-to-energy.
- › **Launch of new initiatives** for developing sustainable mobility.

Innovation as a tool for value creation

At ACCIONA, innovation is at the core of differentiation and driving change. The company is aware that competitiveness, internationalisation and sustainable development are linked to innovation. The company undertakes to continue its efforts, designating resources and promoting open innovation to create cutting-edge solutions. In addition, it constantly strives to identify opportunities, both technological and business, that lead to value creation and that reinforce existing and future businesses.

As a designer, developer and operator of infrastructure and a creator of clean energy, ACCIONA seeks to incorporate the most advanced digital technologies into developing its projects and generating new businesses. Data science, the Internet of Things, robotics and AI,

blockchain, virtual reality and large-scale 3D printing are just some of the technologies that help the company develop the infrastructure of the future and create value for its customers, underpinned by its aim: To Do More, Better and with Less Impact on our Planet. This approach helps to attract the best talent to move our projects forward.

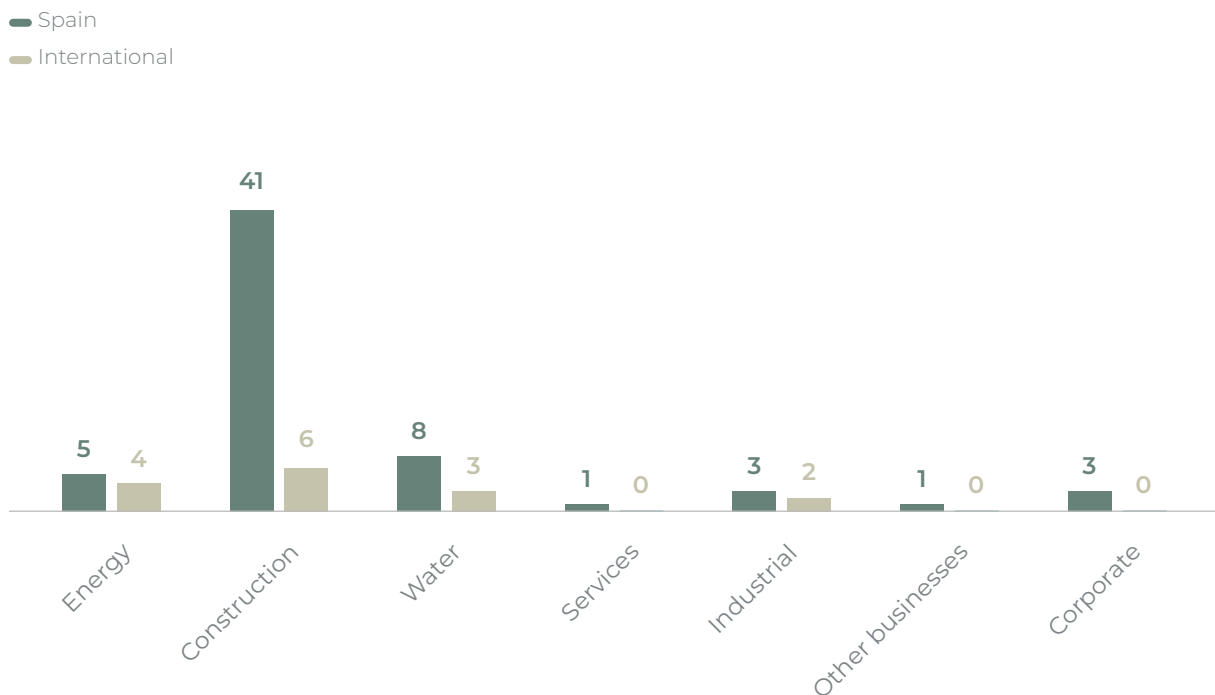
Innovation in business and internationalisation

In 2018, ACCIONA accredited an innovation figure of EUR 225.4 million, 7.6 % greater than the previous year, reaching a record high. The project portfolio amounts to 123 projects over the year, of which 46 are for research and 77 innovation.

At the international level, a total of 15 projects were carried out for EUR 184.7 million, which represents 82 % of the confirmed figure, 11.4 % more than in 2017.

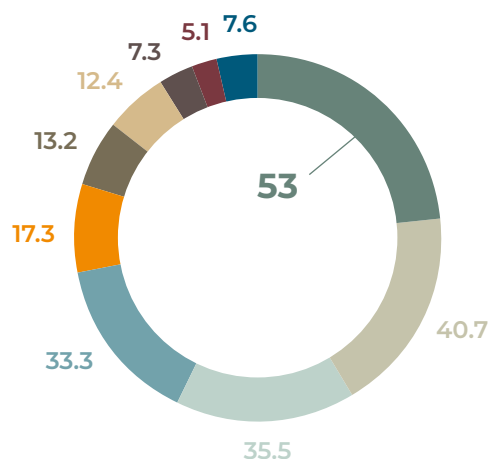
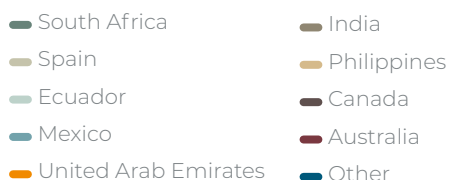
GEOGRAPHICAL BREAKDOWN OF INNOVATION PROJECTS PER BUSINESS IN 2018

(No. projects)



INNOVATION FIGURE BY COUNTRY¹

(€ million)



¹Other include Chile (4.4), Peru (1.7), Panama (1.1) and Portugal (0.4).

This effort has positioned ACCIONA in recent years among the leading companies in innovation:

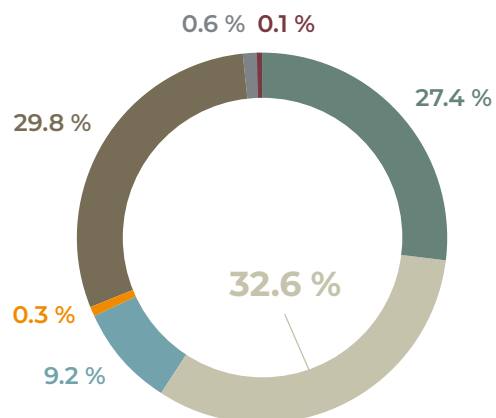
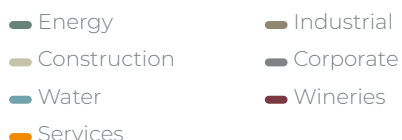
- The 2018 EU Industrial R&D Investment Scoreboard² ranks ACCIONA as the 6th Spanish company and the 150th in Europe in terms of R&D&I investment efforts.

- The 2018 Global Innovation 1000 Report places ACCIONA in 5th position of the seven Spanish companies listed in the ranking³.

TRENDS IN ACCIONA'S R&D&I FIGURE

		2015	2016	2017	2018
R&D&I FIGURE (€ MILLION)		180.4	193.9	209.4	225.4
EU Industrial R&D Investment Scoreboard	European Union ranking	144	152	147	150
	Spain ranking	5	6	6	6
Strategy&	Global ranking	468	532	530	496

DISTRIBUTION OF INNOVATION FIGURE BY BUSINESS LINE



²Carried out by the IRI (Economics of Industrial Research and Innovation) under the European Commission.

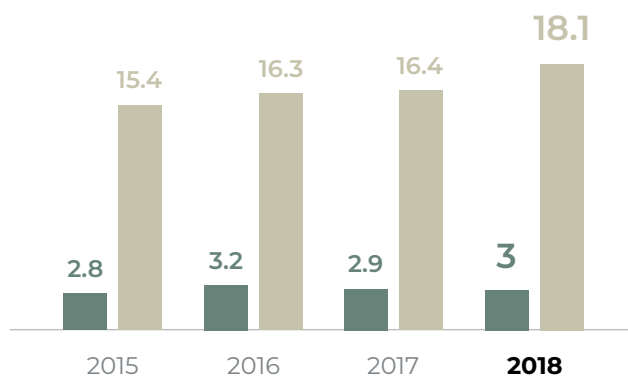
³Prepared by Strategy&, PwC's strategic consultants. The ranking lists the 1,000 companies that invest the most in R&D globally.

The innovation intensity ratio, defined as the innovation figure divided by the revenue figure, is 3.0 % in 2018, higher than the European average of 1.4 %.

EVOLUTION OF INNOVATION INTENSITY

(Percentage)

■ R&D&I / Revenue figure
■ R&D&I / EBITDA figure



ACCIONA REAFFIRMS ITS INNOVATIVE LEADERSHIP WITH INNOVATION INTENSITY OF 3 %, HIGHER THAN THE EUROPEAN AVERAGE

R&D&I strategic management

In 2018, the R&D&I Management System (SGIDI) was perpetuated under the guidelines established in UNE 166002:2014. The innovation activities are subject to periodic monitoring through reviews and the management indicators defined based on the strategic, operational and improvement processes.

Once again, ACCIONA's SGIDI has successfully passed the external monitoring audit carried out each year by AENOR.

Continuous improvement of processes, greater efficiency in operations

In 2018, the company managed to generate savings worth EUR 26.6 million by introducing enhancements to its processes, thus achieving its goal by 145 %.

TRENDS IN THE SAVINGS FIGURE

	2015	2016	2017	2018
Verified savings (€ million)	26.2	27.7	32.0	26.6
Goals reached (%)	218	138	154	151

Technological and competitive observatory

The Technological and Competitive Observatory has worked on various action lines during 2018, the most notable of which are:

- Monitoring of ACCIONA's technological and competitive environment, placing special emphasis on the company's strategic lines of innovation;
- Implementation of the support methods and tools for detecting trends and new business and for analysing new players and markets;
- Support in decision-making for the main business lines in terms of both business development and innovation, as well as corporate areas.

Throughout 2018, the Observatory has continued to bolster its position as an internal tool for support in strategic decision-making at the company, generating strategic documents for the organisation.


As part of the objective to comply with the Corporate Standard and the innovation procedures, it contributes to the preparation of 2017-2020 Strategic Innovation Plans. Furthermore, it creates state-of-the-art documents of various research lines in innovation, as well as Technological Surveillance for Technology Centres and other divisions of the company.

Technology and innovation centres in the businesses

ACCIONA has three technology or innovation centres in Spain whose research lines are developed around construction, water technologies and renewable energies. In addition, the innovation function is present in the other businesses with projects developed for the engineering, industrial and services areas.

R&D&I RESEARCH LINES IN ACCIONA'S CORE BUSINESSES

RENEWABLE ENERGIES




Maxpower
Craneless
Advanced wind power maintenance technologies
Advanced solar PV technologies
Wind and solar power storage
Hydraulic
Technology solutions for micro networks
Blockchain to energy
Life extension

CONSTRUCTION



Materials
Digital innovation
Construction procedures

WATER TECHNOLOGIES




Desalination and new technologies
Wastewater treatment and reuse
Water purification and chemistry



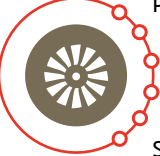
Further information can be found in the 'Innovation in renewables' section of the chapter entitled 'ACCIONA Energy's Commitment' and in 'Innovation at the service of Sustainability' within the chapter on 'ACCIONA Infrastructure's Commitment'

ENGINEERING




Design using new materials
Engineering and energy efficiency methods
New construction procedures

INDUSTRIAL



Photovoltaic
Biomass
Biofuels
Hydrogen
Waste to energy
Solar thermal

SERVICES



Client management applications
Smart cities (smart mobility)
Process tracking and control
Improved service efficiency

Sharing innovation

Open and collaborative innovation

The year 2018 saw the launch of two new editions of the ACCIONA Open Innovation programme, I'MNOVATION #Startups, to respond to the challenges faced by ACCIONA's different business units. 92 startups nationally and internationally were presented, of which 11 were selected and, at the end of the year, the proposed challenges have developed into 12 pilot projects.

This initiative prompts the co-creation of solutions to strategic challenges facing the company, combining internal knowledge and the external technical capacities provided by startups and other stakeholders. Additionally, it allows for the creation of opportunities, new knowledge and synergies that enable ACCIONA to position itself as one of the most innovative companies within the sectors in which it operates.

The startups selected develop their pilot projects over three months, during which time they have the collaboration, mentoring and funding from ACCIONA. They have fast-track purchasing, which has streamlined the implementation of pilots and the commercial relationship. Finally, pilot extension agreements have been reached with at least three of them.

Another event that took place during the year was the signing of new strategic collaboration partnerships with the Startup Europe Partnership (SEP) and Autodesk for the launch of the first European digital construction and infrastructure platform.

**I'MNOVATION #STARTUPS IS
THE FIRST CORPORATE STARTUP
ACCELERATOR OF INFRASTRUCTURES
AND RENEWABLE ENERGIES
IN SPAIN**

I'MNOVATION #CHALLENGES

I'MNOVATION #Challenges is an entrepreneurship programme whose aim is to turn employees into innovators and create new business models in the company. This initiative promotes professional development through cross-cutting and multidisciplinary collaboration, thereby encouraging teamwork.

In 2018, 23 employees worked together to respond to the challenges set out by Management and in line with the company's strategy. Following the exploration of a series of strategic areas of interest and the definition of a series of challenges with regard to these areas, five ideas were selected that tackled the challenges facing the company. The purpose of this was for the intrapreneurs to work on potential new business models for the company.

Virtual crowdfunding platform

In addition, any employee who wishes to can take part in the programme, submitting their ideas through a specific web page where a series of challenges are openly proposed based on areas of opportunity.

The most active workers within this initiative may be invited to take part in the following edition of the entrepreneurship programme.

Advanced and Digital Innovation Hub

Since 2017, the Advanced and Digital Innovation Hub (AADIH) has been developing projects focused on digital technologies and their applicability in ACCIONA's businesses, thus contributing to the dissemination of knowledge and its use in the company's operations. The AADIH is structured around six skill centres. It is important to point out that over 25 % of the projects carried out in 2018 have been put into practice in the business.

2018 HIGHLIGHTS OF THE ADVANCED AND DIGITAL INNOVATION HUB BY SKILL CENTRE

- **3D Printing**

Construction of the first home in Spain printed using contour crafting technology (in partnership with the Bemore 3D startup within the INNOVATION #Startups programme).

- **Mixed reality**

ACCIONA turns "House Shopping" into a 3D virtual reality experience at the SIMA 2018 Awards.

- **Connected Things**

Implementation of IoT technology to improve OHS security in its businesses.

- **Data Science**

New demand estimate and simulation models to optimise the assistance of persons with reduced mobility (PRM) at Barajas airport.

- **Robotics & AI**

Signing of a new agreement with MWC for the use of 5G technology in Construction and Industrial Logistics.

- **Blockchain and new technologies**

Finalisation of the first blockchain project to improve tracking in third-party procurement.

Strategic partnerships and acknowledgements

ACCIONA has renewed and extended certain strategic partnerships with world-renowned universities and technology centres, in particular: Consejo Superior de Investigaciones Científicas (CSIC), Centro Nacional de Energías Renovables (CENER), Transport Research Laboratory (TRL), INECO, TECNALIA, Pontifical Catholic University of Chile, Massachusetts Institute of Technology (MIT), University of Queensland, and the Polytechnic University of Catalonia, among others.

It should be noted that ACCIONA is a member of the Board of Directors of the Water supply and sanitation Technology Platform (WssTP) and of the European Desalination Society (EDS).

OVER

+25 %

OF THE PROJECTS CARRIED OUT IN 2018 HAVE BEEN PUT INTO PRACTICE IN THE **BUSINESS** IN THE ADVANCED AND DIGITAL INNOVATION HUB

Acknowledgements

- ACCIONA Agua has been presented with two Distinction Awards, for the Sarroch (Italy) and the Umm Al Houl (Qatar) desalination plants, at the 2018 Global Water Intelligence Awards, one of the most important awards in the sector.
- Open Innovation Innovative Approach Award for its innovative approach to the development of open innovation and recognition as one of the most innovative companies in Europe by Startup Europe Partnership.
- National UNE Award for the Integration of Standardisation and Innovation for ACCIONA Construction's Technology Centre.
- 100 best ideas of the year award in the category of Sustainability to ACCIONA's storage facility in Barásoain (Navarra), which has a system of batteries integrated into a network-connected wind farm.

ACCIONA HAS **RENEWED**
AND EXTENDED CERTAIN STRATEGIC
PARTNERSHIPS WITH WORLD-
RENOWNED **UNIVERSITIES AND**
TECHNOLOGY CENTRES

ACCIONA Energy's Commitment

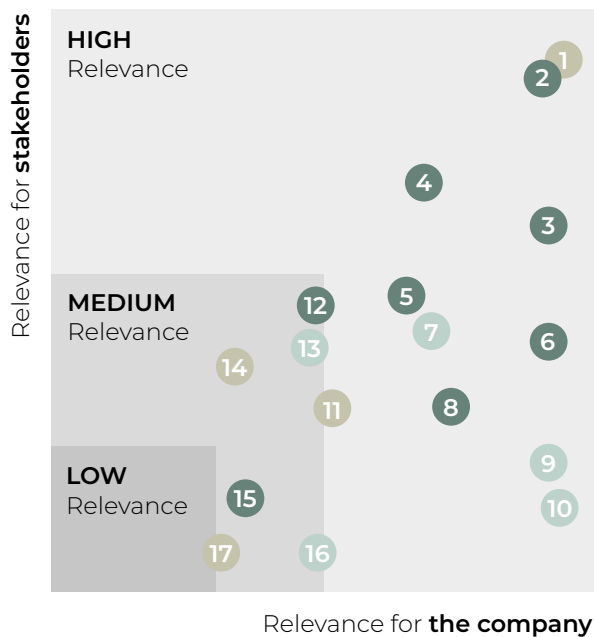
The following grid shows the results of the materiality analysis, which is used to generate the content index of the chapter.

ACCIONA ENERGY MATERIALITY ANALYSIS

- Economic Dimension
- Environmental Dimension
- Social Dimension



Further information on how this grid is generated can be found in the 'Materiality analysis' chapter.



1. Climate change
2. Investment in renewable energies
3. Energy transition and regulatory frameworks
4. Innovation and new business opportunities
5. Economic performance
6. Safety and quality of electricity supply
7. Local communities
8. Ethics and anti-corruption*
9. Human rights*
10. Health, safety and well-being
11. Environmental management and biodiversity
12. Non-financial risks
13. Human capital
14. Water use
15. Supply chain
16. Equality and diversity among employees
17. Waste and circular economy

* The performance in Ethics and anti-corruption and Human rights are described in the 'Corporate Governance' chapter.



**HIGHLIGHTS
IN
2018**

ECONOMIC

- › The index of **satisfied customers** is 100 %.
- › **94 % of the suppliers are local.**
- › A total **innovation** figure of **EUR 61.8 million.**

SOCIAL

- › Implementation of the **Social Impact Management methodology in 17 projects** and 11 countries.
- › The **accident frequency** rate of employees and contractors has **reduced by over 40 %.**
- › **More than 264,700 beneficiaries** of the social initiatives carried out in projects.

ENVIRONMENTAL

- › **100 % renewable energy** production through five renewable technologies.
- › **Avoided the emission** to the atmosphere of a **total of 14.7 million tonnes of CO₂.**
- › **8 projects** registered for **Clean Development Mechanisms (CDM).**



**ACCIONA ENERGY
IN 2018**

ACCIONA Energy is the largest global operator dedicated to the production of electricity exclusively from renewable sources.

1,587

EMPLOYEES

9,627 MW

RENEWABLE INSTALLED
POWER

22,087 GWh

PRODUCED

WITH ASSETS IN **16**
COUNTRIES ON FIVE
CONTENTS

€ 2,206 million

SALES

€ 743 million

EBITDA

ACCIONA ENERGY'S PRESENCE IN 2018



WIND



PHOTOVOLTAIC



HYDROELECTRIC



SOLAR THERMAL














BIOMASS

AMERICA

- Canada 
- United States  
- Mexico  
- Chile  
- Costa Rica 



EUROPE

- Croatia 
- Spain    
- Hungary 
- Italy 
- Poland 
- Portugal  
- Ukraine 

AFRICA

- Egypt 
- South Africa  

ASIA AND OCEANIA

- Australia 
- India 

Investing exclusively in renewable energies

Climate change

The most remarkable characteristic of ACCIONA Energy is its firm, confident choice to produce exclusively renewable energy. This is the basis of the business model, a fact that produces a positive impact and provides an intrinsic value in the fight to curb climate change.

Investment in renewable energy, thanks to its technical and economic competitiveness, contributes to reducing CO₂ emissions that cause climate change, and is presented as the best sustainable energy solution in the long term.

Given the nature of its activity, ACCIONA Energy is not a relevant emitter. However, it works towards achieving the carbon neutrality objective for the whole group, offsetting 100 % of the emissions it generates (37,782 t CO₂e in 2018).

THE WORLD'S GREENEST ELECTRICITY COMPANY FOR THE FOURTH YEAR RUNNING

ACCIONA has once again this year renewed its position as the 'greenest' electricity generation company in the world, a title it has held since 2015 in the New Energy Top 100 Green Utilities ranking. This ranking is produced on a yearly basis by Energy Intelligence, an independent consultant specialised in energy markets.

The ranking selects 100 of the biggest electric power production companies in the world and classifies them according to their CO₂ emissions and their installed capacity in renewable technologies (not including hydroelectric) in order to determine their degree of involvement in the transition to a low-carbon electrical system.

The consultant draws three conclusions: the prominence of the European market in the ranking (with five companies on the continent in the top 10), the GHG emissions ratio below 500 kgCO₂/MWh for all companies evaluated and the growing development of renewable power installed, which has almost tripled in the past seven years.

EMISSIONS AVOIDED BY COUNTRY BY RENEWABLE ELECTRICITY GENERATION IN 2018

Countries	Installed capacity (MW)	Production (GWh)	Emissions avoided (tCO ₂ e)
Australia	435	1,072	955,254
Canada	181	481	363,077
Chile	291	532	417,329
Costa Rica	50	285	193,928
Croatia	30	78	53,211
United States	785	2,334	1,542,299
Egypt	165	-	-

Continues >

Countries	Installed capacity (MW)	Production (GWh)	Emissions avoided (tCO ₂ e)
Spain	5,681	13,242	8,439,812
Hungary	24	42	28,988
India	164	392	351,930
Italy	156	223	116,494
Mexico	1,144	2,282	1,304,076
Poland	101	227	190,247
Portugal	165	347	216,626
South Africa	232	550	575,069
Ukraine	24	-	-
Total	9,627	22,087	14,748,341

ACCIONA Energy produces and sells renewable energy only, helping to displace fossil fuels in national electricity mixes. The division committed to investing USD 2,500 million in the 2016–2020 period in renewable generation to reach a total capacity of 10,500 MW in order to avoid the emission of more than 20 million tonnes of CO₂ per year. In 2018, ACCIONA reached 9,627 MW of installed capacity and avoided the emission to the atmosphere of a total of 14.7 million tonnes of CO₂. Between 2016 and 2018, ACCIONA Energy accumulated an investment over EUR 1.4 billion, in line with its commitment for the 2016–2020 five-year period.

With over 20 years of experience in the sector, the company has a stake in the main renewable technologies, covering activities that include the entire value chain: development, engineering and construction, operation and maintenance, and marketing of energy.

CONTINUOUS IMPROVEMENT IN MAINTENANCE OF EQUIPMENT WITH SF₆

Sulphur hexafluoride or SF₆, is a high-density inert gas whose high global warming potential makes it stand out as a source of anthropogenic greenhouse gas emissions.

This gas is used as an insulator in electricity transformation and distribution equipment. Much of the necessary equipment for discharge to the renewable energy grid contains this type of gas.

The *Intergovernmental Panel on Climate Change (IPCC) Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories* estimates that, each year, the leaks due to maintenance of equipment with SF₆ reach 2 % of the total volume of gas that they contain. Yet, this figure has been significantly reduced at ACCIONA, thanks to the continuous improvement efforts carried out in maintaining this equipment. As such, during 2018, leaks of this type of gas in the company constituted a reduction in emissions compared to the theoretical value equivalent to almost 11,500 t CO₂.

Regulatory frameworks: trading of CO₂ emission rights

In 2018, ACCIONA Energy sold its solar thermal facilities subject to the EU emission trading scheme, the only ACCIONA centres that were subject to such regulations.

ACCIONA actively participates in the development of projects associated with the fight against climate change, and supports the transfer of clean technologies through the use of flexible mechanisms, such as the Clean Development Mechanism (CDM). In 2018, the group had 8 CDM projects registered in Mexico, India, Chile and Costa Rica, for a total of almost 750 MW of renewable installed capacity. The company also plays a role in the voluntary carbon market through the Verified Carbon Standard (VCS) programme, with 2 wind power projects in the US with a joint capacity of 255 MW.

Safety and quality of supply as a matter of confidence with customers

ACCIONA Energy's Renewable Energy Control Centre (CECOER) guarantees the maximum availability and quality of energy, in a predictable form and in compliance with the current legislation in each of the countries in which it operates. It does so through its control, supervision and permanent operation, 24 hours a day, 365 days a year.

ACCIONA ENERGY CERTIFICATES

- 100 % certifiable installed MW¹ are ISO 9001 and ISO 14001-certified.
- 100 % of the renewable energy commercialisation and sale activity with guarantee of origin accredited by the CNMC.

¹ Certifiable capacity is understood to be any installation in the operations phase one year after its start-up and owned by ACCIONA Energy.

Long-term agreements

Three factors make the corporate procurement of green energy a powerful lever in the transition towards a decarbonised economy: the competitiveness of renewable technologies, companies' interest in guaranteeing energy supply at a stable price over time and corporate climate change policies.

In this sense, in 2018, the company has continued to reinforce its strategy of selling renewable energy to large corporate customers that want to reduce their carbon footprint, obtaining new agreements for long-term renewable energy supply.

Power Purchase Agreements (PPA)

In 2018, through the PPA (power purchase agreement) modality, ACCIONA Energy reached agreements with Apple, Empresa Nacional de Minería (ENAMI), Aguas Chañar and LATAM Airlines, among others, to which it will sell long-term renewable energy, in a business segment in which it expects to register significant growth in the coming years.

PPAs OFFER CUSTOMERS BETTER RISK COVERAGE IN A VOLATILE ELECTRICITY MARKET, COMPETITIVE PRICES AND A RELIABLE ELECTRICITY SUPPLY

ACCIONA Energy also develops turnkey projects for customers through Engineering, Procurement and Construction (EPC) contracts, as well as the management of renewable plant operation and maintenance.

Customer relations and services at their disposal

ACCIONA Green Energy Developments, a subsidiary of ACCIONA Energy, manages the sale of 100 % renewable energy produced by the group's facilities. It also manages the sale of other independent renewable energy producers that benefit from the group's technical capacity and experience, adapted to the customer's needs.

ACCIONA Green Energy has extensive experience in the sale of energy in wholesale markets, with an annual volume of some 16,000 GWh.

In addition to the commercialisation service, customers receive support and assistance in a bid to offer them the most appropriate contracting method and optimise their bill. On top of the ability to download bills and the 24/7 telephone service, the main associated services include the option to view the consumption history and the price forecast, and the information related to avoided CO₂ emissions. The company has a Customer Relationship

Management (CRM) system that manages the customer relationship, thereby contributing to providing a service and ensuring optimum follow-up adapted to the characteristics of each customer.

Customer satisfaction and loyalty

The division once again this year achieved a 100 % index of satisfied customers².

EVOLUTION OF CUSTOMER SATISFACTION

	2015	2016	2017	2018
Satisfied customers	100 %	94 %	100 %	100 %

In 2018, changes were introduced to the ways in which satisfaction is measured, with a view to better meeting its customers' needs. Specifically, ACCIONA Green Energy widened the information it gathers through its satisfaction surveys to include the type of services requested, the level of recommendation of ACCIONA among peers (which stands at 81 %) and the quality of information provided on electricity bills (which scored 4.77 out of 5), among others.

ACCIONA Solar, a subsidiary of the Energy division for the comprehensive maintenance of activities related to third-party photovoltaic production, has worked on defining a procedure to standardise, improve and expand the information in the communications received from customers and related to technical issues.

With regard to claims management, ACCIONA Green Energy customers are provided with both a 24-hour telephone line and access to a customer-specific website so that they can make a claim whenever they wish. In the wind farms in Chile, a form is available that can be completed at the plants. The division received 61 B2B claims, 89 % of which were resolved. ACCIONA Solar resolved 100 % of its claims (21 of a total 3,500 solar farm owners) within an average of 24 hours.

RENEWABLE ELECTRICITY TRACKING FOR CUSTOMERS USING BLOCKCHAIN TECHNOLOGY

ACCIONA Energy has created a project to implement renewable electricity generation tracking with blockchain technology, so that customers who wish to can check in real time that 100 % of the electricity supplied is clean. This system boosts their trust and promotes the increase of this type of contract.

To date, it has been introduced in five wind power and hydraulic facilities in Spain, tracking the electricity until it is supplied to four corporate customers in Portugal, thereby becoming the first company to do this in these countries.

² This includes ACCIONA Green Energy, ACCIONA Solar and ACCIONA Energy Mexico.

Continuous improvement

In 2018, 60 improvement groups have been running at ACCIONA Energy, with the direct involvement of over 950 employees. The Best Value improvement groups, for example, are working platforms comprising different departments for the purpose of implementing activities to reduce the levelised cost of electricity (LCOE) of the wind power and photovoltaic projects. The LCOE reductions achieved in 2018 were very significant both in wind power and in photovoltaic technology.

Furthermore, the implementation of lessons learned and good practices in the area of project execution has been systematised. The methodology has been set out in the *Lessons Learned Management Plan*, which states how to carry out the process of identifying, analysing and recording them, as well as the roles that are important in the process. In 2018, 666 lessons learned were recorded.

Excellence in projects and assets in use

ACCIONA Energy has made progress in its system for assessing the excellence of projects and assets in use through the following actions:

- Consolidation of the Business Excellence area and the incorporation of experts in critical areas.
- Development and standardisation of the 'Quality Level' ranking model covering the entire value chain.
- Incorporation of new disciplines in the list of critical products and services.
- Implementation of the new 'Project Quality Coordinator' figure to ensure the quality at each stage of a project.
- Leadership in implementing the '8D critical quality problems' methodology and extension of the methodology to the Production and Engineering and Construction areas.
- Design of the 'ThinkQuality' programme to be rolled out in 2019.

Workers' health

ACCIONA Energy's workplace health and safety risks arise from two of its core activities: construction and the operation and maintenance of renewable energy facilities.

As such, an Integrated Management System is maintained for the entire division, which sets out the minimum health and safety requirements to be met by all its companies and countries. This system is certified under standard OHSAS 18001 and covers 99 % of the activity. Work is planned to begin in 2019 to attain the new standard ISO 45001 certification.

99 % OF THE ENERGY
ACTIVITY IS CERTIFIED UNDER
OHSAS 18001

In Spain, the Health and Safety Commission offers support to employees, with the equal participation of company management and employee representatives. In addition, there are different forums for consultation and participation that fulfil the legal requirements of each country or region.

In 2018, the division focused on improving reporting of near-misses establishing quantitative targets for their monitoring within the control panel for Management. Equally, a mobile application was launched to allow the heads of each centre to more easily report near-misses that are presented at their facility.

OCCUPATIONAL RISK IDENTIFICATION AND MANAGEMENT

The identification of potential occupational risks, their assessment and the control measures to minimise the likelihood of their occurrence are all recorded in specific procedures for each ACCIONA Energy facility according to its Management System. The risk analysis identifies the critical points and associated measures for each centre, which covers not only company employees but also contractors and partners of the division.

Furthermore, the facilities have their own emergency plans with guidelines on how to act in emergency situations. Company or outsourced employees can report an unsafe situation that they discover using the email safety.energy@acciona.com or the division's occupational risk prevention management tool.

As a noteworthy good practice, the Energy division prepares and publishes safety alerts on its website regarding incidents from which lessons have been learned that may be of interest to the sector (<https://www.acciona-energia.com/sustainability-innovation/health-and-safety/>).

ACCIONA ENERGY PUBLISHES ON ITS WEBSITE **RELEVANT SAFETY ALERTS** FOR THE SECTOR BASED ON LESSONS LEARNED

Meanwhile, and in line with the corporate activity, ACCIONA Energy runs initiatives to encourage and promote health.

ACCIONA Energy chairs the Global Wind Organization (GWO) for the promotion of global occupational health and safety standards in the wind energy sector. Its activity focuses on improving the safety profiles of sector professionals, particularly in countries with a lower level of technical qualification.

THINK SAFE: PROMOTING THE PREVENTIVE CULTURE

The THINK SAFE programme, launched in 2017, aims to improve the culture of prevention among employees through an innovative learning system in which the active participation of the learner allows them to become more aware of their safety.

Employees who took part in 2018 gave positive feedback on the initiative. Its national rollout covers 93 % of the workforce.

It is estimated that over 2019, THINK SAFE will also be implemented internationally.

All of these initiatives ultimately aim to reduce the division accident rates. Nevertheless, in 2018, the frequency and severity rates showed an upswing compared to the previous year. Taking contractors into account, the rate reduced by over 40 %.

Thus, a total of eight accidents occurred among company employees, all of which involved males, and three of which were at the international level. Looking beyond this, no cases of occupational illnesses in the division were detected, nor were there any fatal accidents.

**EVOLUTION OF ACCIDENT INDICATORS
FOR ACCIONA ENERGY EMPLOYEES**

	SEVERITY RATE				FREQUENCY RATE			
	2015	2016	2017	2018	2015	2016	2017	2018
Energy	39.8	17.1	7.9	17.7	1.6	0.5	0.4	0.5

Severity rate (no. of days lost due to work accident/hours worked) x 200,000.
Frequency rate: (no. of accidents with loss of work/hours worked) x 200,000.

Among the objectives defined by ACCIONA Energy for 2019, the following merit special attention:

- To reduce the accident frequency rate with the loss of company and outsourced employees by 5 %, and increase the report of near-misses in the application of QSE by 5 %.
- To improve suppliers' performance by including specific health and safety criteria in internal audits and the definition of a new excellence audit model to carry out critical jobs.
- To complete the global rollout of THINK SAFE.
- To certify 10 % of companies that make up ACCIONA Energy under the standard ISO 45001.

Health and safety in the energy supply chain

ACCIONA Energy's work safety policy establishes that the requirements to prevent risks are the same for company employees as for outsourced employees. When they are contracted, every supplier must undergo a health and safety performance evaluation in order to minimise risks and set plans of actions to address any shortcomings detected during the audit. The company contract is conditional upon its effective implementation.

During this year, new measures were introduced in relation to contractors' performance in occupational health and safety across the entire project phase, from the bid to its completion. Some of the key measures are:

- To limit suppliers' and contractors' frequency rates in bids.
- To create a personalisation programme for tasks to be completed by contractors and carry out periodic on-site compliance assessments.
- Periodic monitoring of the contractor accident rate, requiring immediate action to be taken if the performance declines.
- To send letters of reprimand and impose contractual fines on contracted companies demonstrating repeated shortcomings.
- Final occupational health evaluation of the manager and the procurement area for future bids.

Furthermore, the division periodically organises 'Meeting Points' with suppliers to exchange experiences and agree on the action criteria on health and safety.

In 2018, contractors of ACCIONA Energy experienced a total of 43 accidents, none of which were fatal. All of those injured were male, and were 53 % at the international level.

EVOLUTION OF ACCIDENT INDICATORS FOR ACCIONA ENERGY CONTRACTORS

	SEVERITY RATE				FREQUENCY RATE			
	2015	2016	2017	2018	2015	2016	2017	2018
Energy	55	46.7	3.6	22.0	1.6	1.9	1.1	0.6

Severity rate (no. of days lost due to work accident/hours worked) x 200,000.
 Frequency rate: (no. of accidents with loss of work/hours worked) x 200,000.

Contribution to society

ACCIONA Energy contributes to improving society with its projects as a leading company in the transition towards a renewable-based energy model. The positive impacts generated by its activity include different social dimensions: effects on people, in community life or in the generation of wealth and employment in the region. More than 264,700 people have benefited from the various initiatives carried out in ACCIONA Energy projects in 2018.

In order to manage and measure these impacts, the company uses three basic tools: Social Impact Management, measurement of the socioeconomic and environmental impact, and project-related social investment.

Social impact management

ACCIONA applies its own Social Impact Management (SIM) methodology, whereby, right from the tender or design phase, it knows the social risks that its works, operations or service provisions may cause in the areas of influence of its projects. Its aim is to generate positive impacts and minimise negative ones on the local communities and environment in which it operates.



Further information can be found in the section 'ACCIONA's Social impact management' in the 'Society' chapter

In 2018, ACCIONA Energy developed its social impact management in 17 wind farm and photovoltaic plant projects in 11 countries.

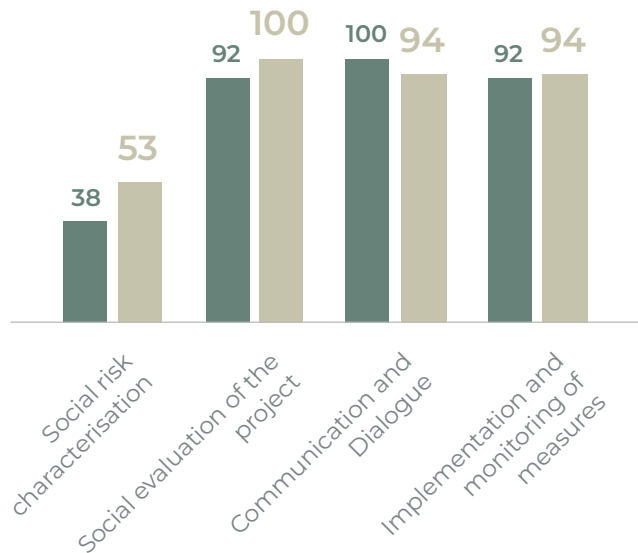
EVOLUTION OF THE IMPLEMENTATION OF THE SIM METHODOLOGY IN ACCIONA ENERGY

	2015	2016	2017	2018
No. projects	2	18	13	17

**STATUS OF THE IMPLEMENTATION
OF THE PHASES OF THE SIM METHODOLOGY
AT ACCIONA ENERGY**

(Percentage of the total projects of the Energy division with SIM)

■ 2017
■ 2018



Furthermore, external audits were performed on two Energy projects, with the aim of assessing the degree of implementation of the SIM methodology.

In 2018, ACCIONA Energy Australia signed the 'Best Practice Charter for Renewable Energy Developments' document as part of its participation in the Australian Clean Energy Summit. This is set out in a series of voluntary commitments to execute projects in a sustainable and responsible way, taking into account the values of the communities and trying to contribute positively to their development.

**ACCIONA ENERGY AUSTRALIA
HAS SIGNED THE 'BEST PRACTICE
CHARTER FOR RENEWABLE
ENERGY DEVELOPMENTS'
DOCUMENT THROUGH WHICH
IT UNDERTAKES TO CONTRIBUTE
POSITIVELY TO COMMUNITY
DEVELOPMENT**

ACCIONA Energy assumes the Equator Principles as a tool for dialogue with stakeholders. The sixth principle establishes the need to create a Complaints Mechanism for the different stakeholders to express their concerns over a given project. ACCIONA Energy, in response to this commitment, makes a public form available to the people or groups that are considered affected, through which they can send queries and/or suggestions regarding any project promoted by the company. (<https://www.accion-energy.com/sustainability-innovation/queries-or-suggestions/>).

Specific communications channels are also established by project. In 2018, communications channels were identified in 100 % of SIM projects, through which the stakeholders affected by a project can submit their queries and/or suggestions, such as web forms, emails, telephones, suggestions boxes and community service offices, among others.

Socioeconomic impact of projects

ACCIONA has been measuring the socioeconomic and environmental impact of its projects since 2015. With the aim of finding out and enhancing the benefits that they generate throughout their entire life cycle, the company uses an economic model based on input-output tables (analysis of relationships between the various industries), in order to obtain quantitative results of the direct, indirect and induced impact of its activity on the employment and GDP contribution figures of each country, as well as on the environment and local communities.

In 2018, this methodology was used to measure:

- The impact of all of ACCIONA Energy's assets in 2018.
- The socioeconomic impact on 20 wind power and photovoltaic projects for their entire life cycle in Croatia, India, Australia, Chile, Mexico, United States, Ukraine and Spain.



Further information about the methodology in the 'Society' chapter

Projects with noteworthy social actions in 2018



WIND FARMS AUSTRALIA

ACCIONA Energy operates four wind farms in Australia, totalling 434.5 MW of installed capacity: Cathedral Rocks in South Australia (64 MW), Gunning in New South Wales (46,5 MW), and Waubra and Mt. Gellibrand in Victoria (192 MW and 132 MW respectively). On top of these projects in 2018, there was also the award of Mortlake South, which will increase the installed wind capacity in the country by 35 % to 592 MW.

SOCIOECONOMIC IMPACT

The socioeconomic impacts revolve around the local contribution to the GDP and employment generation during the entire life cycle of each of the projects. The aggregated indicators for all of the assets are listed below.

- Contribution to GDP: € 549 million.
- Employment generation: 4,730 job / year*.
- Emissions avoided: 1.9 M t CO₂ per year.
- Water saved: 2.9 M m³ water per year.
- Improvement of air quality: 12,980 t of SO₂ and NO_x avoided per year.

SOCIAL IMPACT MANAGEMENT

Managing the social impact on the Australian wind farms revolves around the company's commitment to maintaining a positive relationship with the community.

Through the community relationship plans established in the projects, the company hopes to achieve the following:

- Identify the main stakeholders in the projects.
- Create stable relationships with the community.
- Ensure that all stakeholders are informed and involved throughout the process.
- Detect any potential negative and positive impacts the project might have and propose measures to mitigate and/or enhance them.
- Provide two-way communication channels and dialogue between the company and the local communities, such as newsletters, community focus groups during the construction stage, events with the communities and free telephone information, among others.

These actions contribute to improving the participation of stakeholders and promote mutual trust.

SOCIAL ACTION INITIATIVES

In 2018, the following actions are worthy of special mention, which together benefited over 107,700 people:

- Creation of a specific fund for the improvement of community infrastructure and running social events.
- Study grants to promote university attendance.

* Jobs/year: full-time equivalent jobs for one year.



PUERTO LIBERTAD (MÉXICO) PHOTOVOLTAIC PLANT

Construction of the Puerto Libertad photovoltaic complex, which has one of the largest capacities in the country and in Latin America with 317.5 MW nominal power.

SOCIAL IMPACT MANAGEMENT

During the construction stage, positive and negative impacts were detected for which measures were put in place to mitigate or enhance them, as the case may be.

Some of the social measures carried out in 2018 include:

- Creation of a local labour exchange to maximise the positive impact on employment.
- Execution of a study on the capacity of local services and implementation of mitigation measures such as: ensuring access to water, healthcare services and the creation of stockpiling areas to collect urban waste.
- Communication and dialogue with communities and stakeholders before and during the construction of the project through:
 - Participation surveys.
 - A communication programme linking the company to communities located in the project's area of influence.
 - Ongoing community liaison in construction and operations.
 - Information seminars open to the general public.
- The implementation of the Sustainability Workshop, an environmental education programme for primary and secondary school pupils, which has benefited 400 children.

SOCIOECONOMIC IMPACT

The socioeconomic impacts revolve around the local contribution to the GDP and employment generation during the entire life cycle of the project.

- Contribution to GDP: € 240 million.
- Employment generation: 7,463 jobs/year*.
- Emissions avoided: 403,208 t CO₂ per year.
- Water saved: 619,615 m³ water per year.
- Improvement of air quality: 1,908 t SO₂ and NO_x avoided per year.

* Jobs/year: full-time equivalent jobs for one year.



JELINAK (CROACIA) WIND FARM

Wind farm with 20 wind turbines totalling 30 MW of power, capable of supplying energy equivalent to the consumption of some 30,000 Croatian homes.

SOCIOECONOMIC IMPACT

The socioeconomic impacts revolve around the local contribution to the GDP and employment generation during the entire life cycle of the project.

- Contribution to GDP: € 29 million.
- Employment generation: 948 jobs/year*.
- Emissions avoided: 48,542 t CO₂ per year.
- Water saved: 97,619 m³ water per year.
- Improvement of air quality: 397 t SO₂ and NO_x avoided per year.

* Jobs/year: full-time equivalent jobs for one year.

Social investment associated with the projects

Another way in which ACCIONA Energy manages its contribution to society, which it continued to push in 2018, is the development of social projects in the communities where it operates.



EL CORTIJO (MEXICO) WIND FARM

First project linked to electricity auctions as part of the Energy Reform, which will generate clean energy equivalent to the electricity consumption of some 458,000 Mexican homes, avoiding the annual emission of over 429,000 tonnes of CO₂ into the atmosphere.

The following social initiatives in 2018 benefited a total of 4,600 people:

- Improvement of infrastructure in schools and health centres in areas bordering the wind farm.
- Vaccination campaigns.
- Educational campaigns for children as part of the Sustainability Workshop.
- Informational campaigns for young people through the 'Safe and Healthy Generation' drawing competition.

ACCIONA ENERGY DONATES THE FIRST PHOTOVOLTAIC PLANT CONNECTED TO THE GRID ON EASTER ISLAND (CHILE)

ACCIONA Energy has donated a solar photovoltaic plant to Easter Island, the first to be connected to the electricity grid on the island, with the aim of creating a more sustainable electric system in this enclave, which currently uses diesel to generate all of the electricity it consumes. This initiative will avoid 8 % of the diesel consumption thus far devoted to electricity generation, and it will contribute to the development of the Rapa Nui community.

The installed photovoltaic system has 400 panels and was designed and built by ACCIONA. It will benefit approximately 7,750 inhabitants of the island.



TUPPADAHALLI, ARASINAGUNDI AND ANABURU (INDIA) WIND FARMS

In the state of Karnataka in India, ACCIONA Energy runs social initiatives around the wind farms of Tuppadahalli, Arasinagundi and Anaburu, which, in 2018, benefited over 1,460 people:

- Launch of the 'Vocational skills training' programme for young people who have finished school to become certified in professional activities that improve their standard of living in the future.
- Creation of two computerised classrooms in two schools near the Tuppadahalli wind farm.
- Provision of material to give specific training courses to members of the community.
- Specific professional development courses for 300 young people in the communities bordering the project.

At the Bannur wind farm, in the same region, the infrastructure of some schools has been refurbished and improved. In addition, the second stage of the 'Read India' project was launched, which has helped over 1,530 boys and girls.

In the area of humanitarian aid, through the NGO ChildFund, ACCIONA Energy has contributed to the distribution of basic care kits to the homes most affected by the 2018 floods in the districts of Kerala and Kodagu, benefiting over 550 people. Furthermore, educational kits were distributed to the children affected.

Environmental management and biodiversity

ACCIONA Energy's environmental management is hinged on the principle of improving environmental performance. Having strong management systems and a structure of responsibilities adapted to the reality of each country in which it operates is essential in order to perform with the highest environmental management quality standards.

With this aim, the various areas establish specific measures to minimise the environmental impact of their activities.

Protection and conservation of biodiversity

The Energy division has its own fauna and flora conservation initiatives. The following stand out among those developed in 2018:

- Renovation of the 'El Cabrito' wind farm, Spain. ACCIONA Energy has concluded the renovation of this wind farm located in Tarifa, by replacing 90 obsolete wind farms with 12 equipped with the latest technology. Dismantling the old wind farm meant removing all the foundations, platforms, unnecessary roads and transformers, as well as the removal and management of waste and the topographical restoration of the land. By reducing the number of turbines by 7.5 times, it has significantly reduced the visual impact of the wind farm as well as the sound level, also aided by the improved technology of the turbines. Furthermore, the greater distance between the turbines and the slower blade rotation speed allows birdlife to pass through more easily.
- Ocelot Protection Plan, United States. As a result of the construction and operation of the 'Palmas Altas' wind farm, ACCIONA Energy has carried out a specific plan to protect the ocelot, a species categorised as endangered by the United States Fish and Wildlife Service. This plan involved technical training for all staff involved and establishing specific measures to avoid and minimise potential impacts on the species. For example, there is a speed limit for traffic and night visits are kept to a minimum, artificial light is reduced and a reporting, coordination and documentation process has been implemented in the event of sightings as well as a monitoring protocol.

Risk management in sustainability

ACCIONA Energy ensures the adequate management of risks in terms of sustainability through a series of activities that are part of the continuous process of risk control and management.

Project risk management

General project risk management procedure

This procedure begins by evaluating new opportunities covering risks of all kinds, including over 30 environmental, social and good governance (ESG) scenarios. In 2019, a pilot project will be carried out to evaluate the ESG risks of a project in greater depth.

Rating a project's social risk

As part of the Social Impact Management across all projects, a project's social risk is profiled according to various parameters, such as the type of activity, the country and other social issues as a step prior to the social management of the project throughout its life cycle.

Other related risk control processes

Analysis of environmental risks

In 2018, we updated the environmental risk analysis of our assets, achieving a certain reduction in risk as a result of the various action plans. Another key activity was the monitoring of those plans that were dedicated, among other aspects, to mitigating the impact on the fauna of the wind farms, to reducing the sound impact of the turbines or the number of forest fires.

Climate change and water risk analysis

There are also other risk control processes aimed at covering other more specific aspects, but that are closely related to sustainability risks. Specifically, water risks and climate change risks are analysed on an annual basis. Both analyses ensure these crucial risks are managed properly in order to make sure the division acts correctly in its sustainability performance.

General risk control processes

Annual ESG risk assessment

A general ESG risk assessment is carried out each year. This assessment includes approximately 30 scenarios and is specific to each region in which it operates. In 2018, this assessment was consolidated by considering the changes in the company's operations and in its context.

Consolidated risk map

In 2018, the first edition of this consolidated map was created, which encompasses the division's main risks and includes, at a high level, those risks that affect the sustainability of our activity.

RISK MANAGEMENT IN SUSTAINABILITY



Innovation in renewables

At ACCIONA Energy, innovation is an essential cornerstone through which to maintain a leading position in an increasingly competitive sector. Thus, the accredited innovation figure in 2018 amounts to EUR 61.8 million.

The savings verified by operational improvements in the processes amount to EUR 4.7 million.

THE ACCREDITED
INNOVATION FIGURE IN 2018
AMOUNTS TO

61.8

EUR MILLION

EVOLUTION OF THE R+D+i FIGURE IN ACCIONA ENERGY

	2015	2016	2017	2018
Figure in Energy R+D+i (€M)	63	73.3	66.4	61.8

RENEWABLE ENERGIES INNOVATION CENTRE

The Energy Innovation Centre, based in Pamplona with teams in Madrid and Mexico, carries out the innovation activity for ACCIONA's renewable energies in the areas of wind and solar energy, biomass, electricity storage and grid system integration. The company tests, characterizes and integrates the best technologies available on the market and collaborates with different manufacturers in new products to improve the cost and reliability of the energy generated.

Among the main milestones achieved in 2018, the following are noteworthy:

Blockchain to energy

- ACCIONA Energy has applied blockchain technology to confirm the 100 % renewable origin of the energy injected in to the electricity grid from two facilities with storage in Navarra.



Further information can be found in the section 'Customer relations and services at their disposal' in this chapter.

- As part of the I'MNOVATION #Startups programme, ACCIONA Energy has developed a pilot project for a sales demonstrator that tracks renewable energy generated in Spain and customers in Portugal.

Electrical storage area

- The wind energy storage plant with ACCIONA Energy batteries in Barásoain (Spain) was the first in the world to obtain total certification of its entire grid system. It is accredited under the GRIDSTOR procedure.

On-shore wind area

- Maximisation of the power curve by implementing innovative control strategies for various models of turbines operated by ACCIONA Energy. In this regard, it has also worked on studying, implementing and validating noise reduction in wind turbines with different brands of blades.

- Installation in wind turbines of the first two 3D printed parts.

TURBINE FOR LIFE

The company is firmly committed to improving the efficiency and extension of the useful life of the wind turbines in the most safe and reliable environment. With this in mind, the Turbine for Life programme seeks to carry out a diagnostic of the turbines' state of health, it provides predictive insight into their behaviour and facilitates recommendations relating to decisions on their operation and maintenance. This programme is based on the application of Big Data, machine learning and artificial intelligence techniques, as well as the use of physical and hybrid predictive models.

The programme contributes to reducing the operation and maintenance cost and to extending the useful life of those assets.

THE COMPANY IS **FIRMLY**
COMMITTED TO IMPROVING THE
EFFICIENCY AND EXTENSION OF THE
USEFUL LIFE OF THE WIND TURBINES
IN THE MOST SAFE AND RELIABLE
ENVIRONMENT

Solar photovoltaic area

- Progress in the operation and maintenance of photovoltaic plants during the year using robotics for cleaning and the recommendation of optimum cleaning frequency in desert environments.

LEAN PV CONSTRUCTION AT THE PUERTO LIBERTAD PHOTOVOLTAIC PLANT

The activities carried out in the construction of the Puerto Libertad photovoltaic plant apply the lean manufacturing methodology to optimise the construction stage of large photovoltaic facilities. The goal is to reduce costs and deadlines in the construction of the plants, as well as to minimise the risks and variability of the processes and designs without compromising quality or safety.

In 2018, the cost reduction was strongly underpinned by a significant reduction in man-hours, as a result of contracting the aforementioned logistical model, as well as a drop in the machinery man-hours. The process improvements put in place allow the project to achieve a noticeably optimised execution time.

Hydropower area

- 3D modelling of channels for their digitalisation and improvement in safety.
- Noise reduction in hydroelectric plants: the first active noise mitigation system prototype, as a preliminary step before applying it in a real plant environment.

ACCIONA Infrastructure's Commitment

The following table shows the combined results of the materiality analysis of the five businesses in the division. This table is used to generate the content index of the chapter.

ACCIONA INFRASTRUCTURE MATERIALITY ANALYSIS

SMP AREA	MATERIAL ISSUES	INFRASTRUCTURE	CONSTRUCTION	CONCESSIONS	WATER	SERVICES	INDUSTRIAL
Society	Local communities			•			
Climate change	Climate change	•	•	•	•	•	•
Environment	Environmental management and biodiversity	•	•	•	•		
	Water use				•		
	Waste and circular economy	•				•	
	Materials	•					•
Corporate governance	Non-financial risks			•	•		•
	Ethics and anti-corruption	•	•	•	•	•	•
	Human rights	•			•		•
	Economic performance	•	•	•	•	•	•
People	Equality and diversity of employees						•
	Human Capital	•	•	•	•	•	•
	Health, safety and well-being	•	•	•	•	•	•
Value chain	Quality of water supplied to the customer				•		
	Service quality and customer satisfaction	•	•			•	•
	Supply chain			•		•	•
Innovation	Innovation and new business opportunities	•	•	•	•	•	•

Note: performance in Human capital, Human rights, Equality and diversity of employees, Ethics and anti-corruption and Supply chain are described in the 'People', 'Corporate Governance' and 'Value chain' chapters.



**HIGHLIGHTS
IN
2018**

ECONOMIC

- › Index of **satisfied customers of 96 %** for all of Infrastructure.

Construction only encompasses data from Spain. Concessions includes the Vigo Novo Hospital and the Infanta Sofia Hospital.

- › **86 % of suppliers are locals.**
- › A total **innovation** figure of **EUR 161.8 million.**

SOCIAL

- › Implementation of the **Social Impact Management methodology in 81 projects** and 20 countries.
- › **Reduction in commuting** and on mission **accidents** (road safety).
- › **Socioeconomic impact measured** on the Pan-American Highway (Panama) and the desalination plant RAF-A3 (Qatar).

ENVIRONMENTAL

- › **790 hm³** of desalinated, treated and purified water
- › **Over 37 % of the water treated** in countries or regions with water stress.
- › **100 % of emissions** generated were **offset** (398,390 t CO₂e).



**ACCIONA
INFRASTRUCTURE
IN 2018**

ACCIONA Infrastructure has extensive experience in the development and execution of large-scale projects throughout the world. Its activities are broken down into five main business lines: Construction, Concessions, Water, Services and Industrial.

35,596

EMPLOYEES

€ 137 million

PROFIT BEFORE
TAX

10,846 M€

IN PORTFOLIO

ACTIVITY IN **37**
COUNTRIES ON FIVE
CONTENTS

€ 5,059 million

SALES

€ 419 million

EBITDA

**PRESENCE OF ACCIONA
INFRASTRUCTURE IN 2018**



CONSTRUCTION



CONCESSIONS



WATER



SERVICES



INDUSTRIAL







AMERICA

- Canada    
- United States  
- Mexico     
- Brazil     
- Chile    
- Colombia   
- Costa Rica 
- Ecuador  
- Nicaragua 
- Panama  
- Paraguay 
- Peru   
















EUROPE

- Germany 
- Andorra 
- Denmark 
- Spain     
- Italy  
- Norway 
- Poland  
- Portugal   
- United Kingdom 
- Romania 
- Turkey 

AFRICA

- Algeria 
- Cape Verde 
- Egypt 
- Kenya 
- Morocco 
- South Africa 

**ASIA
AND OCEANIA**

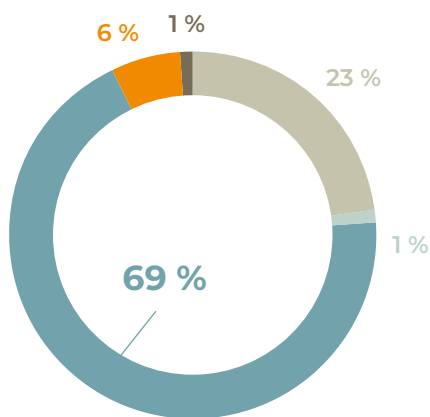
- Saudi Arabia 
- Australia   
- Qatar  
- Philippines  
- New Zealand  
- Oman 
- Singapore 
- United Arab Emirates    

Fighting climate change with energy efficiency

ACCIONA Infrastructure's priority is to respond to global demand for sustainable infrastructures. In this regard, the division implements solutions in the energy efficiency field at its own centres and for its customers, optimising consumption and reducing the related CO₂ emissions.

EMISSIONS GENERATED BY THE DIVISION IN 2018

(tCO₂e)



- ACCIONA Construction
- ACCIONA Concessions
- ACCIONA Agua
- ACCIONA Service
- ACCIONA Industrial

Scope 1 and scope 2 emissions are included (market-based).

ACCIONA Infrastructure works towards achieving the carbon neutrality objective, offsetting 100 % of the emissions it generates (398,390 t CO₂e in 2018).

The Infrastructure business implements different emission-reduction solutions, for example:



ACCIONA CONSTRUCTION USE OF BIODIESEL IN WORKS OF ENVIRONMENTAL EXCELLENCE

Looking towards the future Expo 2020, ACCIONA is designing and constructing the extension of the Dubai Metro Red Line, which includes the execution of 3.2 km of perforated tunnel, 1.2 km uncovered and almost 11.8 km of elevated tracks, as well as seven stations, depots and shuttles.

The project, whose stations are developed under strict controls in order to achieve the LEED Gold certification, has a carbon-management plan that includes various measures for mitigating climate change.

For example, the use of B20 biodiesel for all of the static equipment (mainly generators) in the works, such that during 2018, 1.5 million litres consumed prevented the emission of 800 tCO₂e into the atmosphere.



ACCIONA AGUA ISO 50001 FOR WATER TREATMENT: DETECTION OF ENERGY-SAVING MEASURES

As a result of implementing ISO standard 50001 in the water centres and services managed by the company, in 2018 it managed to identify up to 17 opportunities to improve energy saving.

The measures monitor actions such as the sectorisation of energy consumption, the implementation of telemanagement systems or the efficient renovation of filters, motors, pumps, starters or lighting systems.

With these changes, the Water business would manage to reduce energy consumption by some 387 MW per year and GHG emissions into the atmosphere by 118 t CO₂e. Their implementation would lead to action in six of the centres managed by ACCIONA.



ACCIONA INDUSTRIAL
**MODIFICATIONS TO PROJECTS
 THAT REDUCE EMISSIONS
 IN THE WORKS STAGE
 FOR TWO WIND FARMS
 IN MEXICO**

ACCIONA Industrial carries out tasks in civil works, the medium-voltage grid, transmission lines, substations and interconnection in wind power projects in Reynosa and Mesa La Paz in Mexico.

In this context, road works in both projects envisaged removing topsoil and replacing it with filler material, which would have required transporting up to 11,000 heavy goods vehicles and over 14,000 hours' work with excavation and compacting machinery.

Instead of this solution, ACCIONA proposed using geosynthetics on the topsoil as an alternative. This variant presents clear environmental advantages, as it avoids a large volume of the fuel consumption expected for this task and allows, once the wind farm's useful life is over, the natural ground to be restored.

It is estimated that this action has avoided the emission of over 545 tCO₂e into the atmosphere.



ACCIONA SERVICE
**ACCIONA DEPLOYS OVER
 1,000 ELECTRIC MOTORBIKES
 IN MADRID**

ACCIONA assumes the challenge of sustainable mobility through ACCIONA Mobility, with the launch of a shared motorbike service in the city of Madrid. The company runs a fleet of over 1,000 electric motorbikes.

After ending their journey, the user can use the app in real time to find out the CO₂ emissions that have been avoided using these electric motorbikes. Using them as a means of transport instead of a private vehicle may generate annual savings of over 500 tCO₂.

In addition, it is important to note that the fleet of vehicles and machinery that underpins the service is entirely electric.

Health and safety at infrastructure

ACCIONA Infrastructure's health and safety management is grounded in the development of a transformation of a corporate culture through Smart Prevention. This strategy encompasses a wide range of programmes, emerging technological tools and procedures that are adapted to the needs of each business, with the aim of effectively promoting health, safety and well-being among employees.

ACCIONA Infrastructure has a comprehensive management system, maintaining a flexible balance between local demands and those of customers. This balance translates to cost savings in the area of certifications as it unifies all of the process methodologies under the OHSAS 18001 model. At the close of 2018, 91.30 % of the activity was endorsed by this standard and in 2019 the system is expected to achieve further certification under the new ISO 45001 standard. Similarly, the Division has other local, voluntary certifications that add value to the business.

Among the main developments in occupational health and safety in 2018, the following stand out:

- Consolidation of prevention plans such as the Voluntary Protection Programme (VPP), Behaviour-Based Safety For You (BBS4U) and the LEADER project.
- The use of new technologies applied to health and safety: the use of predictive models and indicators, Internet of Things (IoT) or Building Information Modeling (BIM), as well as new technological supports that cut down distances, like Remote OHS.
- First Occupational Health and Safety Convention with expert speakers and OHS teams from various countries. At this meeting, the latest developments in occupational prevention were analysed as well as the technological advances applied to health and safety.
- Over 305,000 training hours for company employees.
- Simplification of the occupational risk prevention tools to facilitate their use by employees and collaborators.

**SMART PREVENTION.
CULTURAL TRANSFORMATION**

- Collaborating firms
Value chain
- Operators
- Middle managers
- Executives and managers



Learning

Gamification induction programme

- Based on the 12 Rules



Management indicators

MVS and FAST MVS

Management Valuation System

12 Rules

Valuation system based on the 12 Rules

NOSACQ-50

Safety Climate Measurement

Accident Rate



Procedure

CAP

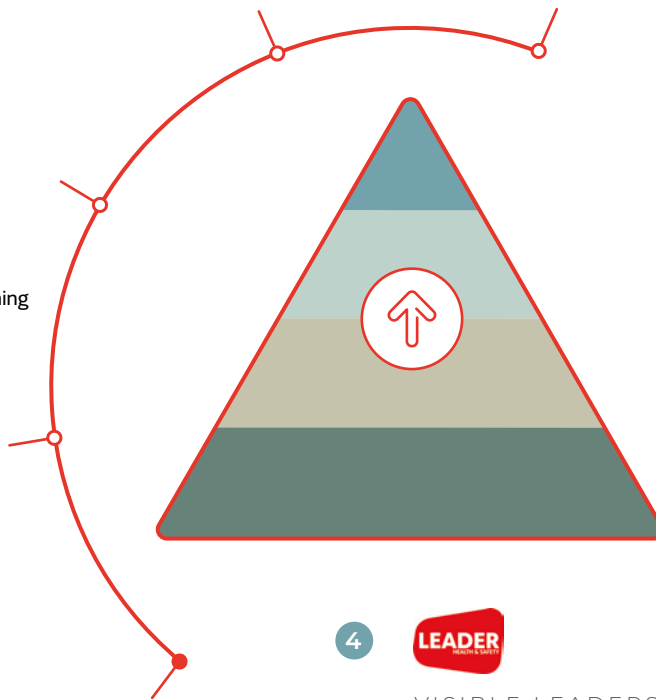
- Critical Activities Planning
- Simplification and efficiency in planning



Technical Standards

ESA Plus

- Standards and Processes



Technological applications

- Smart MVS (Big Data)
- Virtual and Augmented Reality
- Internet of Things, Zero IoT and sensor systems
 - MVS App
 - Remote OHS



4



VISIBLE LEADERSHIP
PROGRAMME EXECUTIVES

3



LEADERSHIP PROGRAMME
PROGRAMME MIDDLE MANAGERS

2



BEHAVIOR-BASED
SAFETY PROGRAMME

1



VOLUNTARY PROTECTION
PROGRAMME

IDENTIFICATION OF OCCUPATIONAL HEALTH AND SAFETY RISKS

Occupational prevention risk management covers the entire life cycle of projects, from the tender stage until their completion. As such, it includes an analysis for initial risk identification, as well as periodic reviews and inspections of working conditions, and internal and external audits.

The main risks and impacts detected by ACCIONA Infrastructure in its area of action primarily have to do with the technical complexity of projects, the social conditions of the countries where it operates or the level of qualification of the local workforce.

Among the measures that help minimise these risks are period meetings and informative panels, as well as communication and awareness-raising campaigns that strengthen and give visibility to the corporate safety culture with simple and participative actions. There are also specific technical instructions for situations that require a greater level of safety, such as working at heights or in confined spaces, through work permits.

EXPERT REMOTE PREVENTION PROGRAMME

In line with the company's digital transformation strategy, ACCIONA Infrastructure has the Expert Remote Prevention programme. This facilitates the communication and transfer of knowledge between health and safety experts and the ACCIONA Infrastructure teams that require it for safety monitoring inspections at centres or accident investigations, among other reasons.

The Health and Safety Expert can connect to devices made available by the Technician (smartphones or smart glasses) from any part of the world with their computer, providing the accurate knowledge required in each situation quickly and accessibly.

Under this preventive management model, reporting of and response to incidents is key. The established communications channel:

(pri.infraestructuras@acciona.com) has streamlined the management of those incidents.

THE EVOLUTION OF THE ACCIDENT RATE INDICATORS FOR ACCIONA INFRASTRUCTURE EMPLOYEES

	SEVERITY RATE				FREQUENCY RATE			
	2015	2016	2017	2018	2015	2016	2017	2018
Infrastructure	120.7	111.3	142.4	165.5	4.3	4.0	4.8	5.0
• Construction*	38.6	64.5	53.9	49.2	1.5	1.9	1.6	1.1
• Concessions	27.9	64.2	111.9	139.5	1.7	2.3	2.7	3.1
• Water	92.3	108.8	119.0	172.7	4.1	4.1	4.4	4.4
• Services	156.4	126.5	194.4	212.0	5.2	4.5	6.8	6.7
• Industrial	73.8	0	5	0	0	0	0.5	0

Severity rate: (no. of days lost due to work accident/hours worked) x 200,000.

Frequency rate: (no. of accidents with loss of work/hours worked) x 200,000.

* Until 2015, Concessions was included under Construction.

Following the work of previous years, in 2018, various road safety initiatives were carried out to prevent the occurrence of occupational commuting and on mission accidents. At the Water division, 11 theory/practical road safety courses took place, where 96 workers received a total of 768 training hours.

A key figure in 2018 was the 40 % reduction in on mission accidents. The commuting accidents remained in line with the previous year. In this regard, the road safety campaigns that took place in the business are particularly noteworthy.

EVOLUTION OF ACCIONA INFRASTRUCTURE OWN EMPLOYEES IN COMMUTING ACCIDENTS

(With and without work leave)

	2015	2016	2017	2018
Infrastructure	79	178	158	148
• Construction*	28	13	9	10
• Concessions	8	4	9	3
• Water	11	14	0	1
• Services	29	146	140	133
• Industrial	1	1	0	1

* Until 2015, Concessions was included under Construction.

EVOLUTION OF ON MISSION ACCIDENTS AT ACCIONA INFRASTRUCTURE

	2015	2016	2017	2018
Infrastructure	31	100	15	9
• Construction*	6	0	4	6
• Concessions	1	0	3	0
• Water	24	62	2	0
• Services	0	38	5	3
• Industrial	0	0	1	0

* Until 2015, Concessions was included under Construction.

Health and safety in the infrastructure supply chain

There is full collaboration from contractors or subcontractors and suppliers in almost all prevention activities, given that they participate in the company's

normal management system procedures. Overall, the accident rate indicators of Infrastructure contractors remained practically the same in 2018 compared to 2017.

EVOLUTION OF ACCIDENT RATE INDICATORS FOR ACCIONA INFRASTRUCTURE CONTRACTORS

	SEVERITY RATE				FREQUENCY RATE			
	2015	2016	2017	2018	2015	2016	2017	2018
Infrastructure	19.7	29.5	19.1	18.6	1.7	1.9	0.9	0.9
• Construction*	30.1	30.4	15.8	16.1	2.8	2.0	0.8	0.8
• Concessions	43.2	71.4	16.9	32.3	2.8	2.8	0.7	0.9
• Water	2.5	12.3	43.9	30.7	0.3	1.6	2.0	1.9
• Services	53.2	0.0	1.6	0.0	2.1	0.0	0.8	0.0
• Industrial	1.5	6.8	19.8	10.6	1.5	1.0	0.8	0.6

Severity rate: (no. of days lost due to work accident/hours worked) x 200,000.
Frequency rate: (no. of accidents with loss of work/hours worked) x 200,000.

THE **VOLUNTARY PROTECTION PROGRAMME (VPP)** IS INTENDED TO ENSURE SUPPLIERS IMPROVE THEIR OHS STANDARDS



ACCIONA INFRASTRUCTURE
VOLUNTARY PROTECTION PROGRAMME

In 2018, ACCIONA Infrastructure consolidated its Voluntary Protection Programme for collaborating firms, which aims to improve occupational risk prevention standards in the supply chain. Through a seal that certifies those who adhere to the programme as a 'safe company', they are

also ratified as a supplier. Furthermore, suppliers who sign up receive technical advice, training and support specialised in occupational risk prevention. Throughout 2018, 84 improvement agreements were signed.

Innovation at the service of sustainability

ACCIONA Infrastructure is at the cutting edge in R&D&I, applying specific technologically-advanced solutions to solve every issue that arises in its activities. In 2018, the figure confirmed by the division amounted to EUR 161.8 million, 14 % higher compared to the previous year. Ongoing process improvement thanks to innovation enabled verified savings of EUR 20.9 million.

EVOLUTION OF R&D&I FIGURE PER BUSINESS AT ACCIONA INFRASTRUCTURE

(EUR million)

	2015	2016	2017	2018
Infrastructure	114.7	119.9	142.4	161.8
• Construction	54.4	63.8	78.2	73.4
• Water	18.3	35.6	19.7	20.7
• Services	16.5	2.6	3.5	0.6
• Industrial	25.5	18	41.0	67.1

ACCIONA Infrastructure has two Technology Centres in Spain: the ACCIONA Construction Technology Centre and the Water Technologies Centre. The innovation function is also present through the development of projects in the other Infrastructure businesses.

ACCIONA CONSTRUCTION TECHNOLOGY CENTRE

Located in Madrid, this technology centre is devoted to improving construction processes, as well as incorporating new technologies and more efficient materials into works, which give them an edge over other companies in the sector and reduce their environmental impact. The main lines of research are: roads, railways and tunnels, maritime operations and structures, concrete, new materials, digital innovation and support for other businesses of the company.

The main milestones reached in 2018 are as follows:

- New circular economy models have been worked on by executing two test sections in order to validate the technologies for soil stabilisation using ash.
- Work has been done in concrete with improved performance in extreme climates.

WATER TECHNOLOGIES CENTRE

The Barcelona Technology Centre develops state-of-the-art solutions for water purification, desalination, reuse and distribution. The facilities are a technological benchmark, boasting the most modern analytical and characterisation techniques for the study of new processes and the design of more efficient pilot plants. Its main strategic lines are: desalination and new technologies, wastewater treatment and reuse, drinking water purification and chemistry of water.

The main milestones in 2018 include:

- The EGENOM project optimises the removal of natural organic material, the main membrane contaminant, through various pre-treatments. In 2018, several predictive models of high interest for optimising desalination plant operations were obtained.
- The WATINTECH project demonstrates the applicability of direct osmosis membranes to the direct treatment of wastewater. This innovative treatment entails the reduction of implementation costs by 50 % and makes it possible to obtain reusable water of adjustable quality.

Some of the projects in 2018 that contributed to cost savings or generated income for the Infrastructure division:



ACCIONA CONSTRUCTION

- Recovery of waste from other industries such as raw materials substitutes like lime and cement in works, which was able to be used to achieve significant savings in soil stabilisation.

- The development of technology for non-destructive test applications in tunnels has generated savings of over EUR 0.6 million.
- The knowledge obtained in recent years in concrete technology has generated savings in works of over EUR 0.5 million.
- The design of the Reynosa wind farm has reduced the cost of structural foundations by 5 % as a result of the reduced need for concrete for the structure.



ACCIONA INDUSTRIAL

- In 2018, the Geotextil road project was carried out in Mexico, based on the use of geosynthetics that avoid having to remove the topsoil and replace it with surplus filler material. This optimisation saved the division EUR 1.1 million.



ACCIONA SERVICE

- Development of a new 'motosharing' service geared towards sustainable cities as an alternative to using private vehicles by users for getting about in urban areas. This service contributes to reducing CO₂ emissions, improving the quality of life in cities and promoting sustainable means of transport, as well as generating income for the company.





ACCIONA AGUA

- Evaluation of different filter beds with the aim of increasing the filtration speed in the ACTIDAFF® system for dissolved air filtration-flotation. Conditions have been identified that reduce the area required for gravity filtration by 50 %, with the resulting savings in CAPEX.
- Analysis of reverse osmosis (RO) membranes: A structural and functional analysis of the reverse osmosis membranes of certain manufacturers was carried out. Consequently, an agreement was reached with the manufacturer for it to assume the cost of replacing the modules, thereby saving some EUR 3 million.

Quality as a matter of confidence with customers

ACCIONA Infrastructure holds certificates for its Quality Management Systems (ISO 9001) and Environmental Management Systems (ISO 14001), as well as other certifications, to ensure its technical capacity, guarantee competitiveness and improve its processes.

MAIN CERTIFICATIONS OF ACCIONA INFRASTRUCTURE IN 2018

 <p>CONSTRUCTION</p>	<p>ISO 9001 and ISO 14001: 100 % activity in Spain, Chile, Brazil, Mexico, Colombia, Canada, Poland, Australia, United Arab Emirates, Ecuador, Peru and Panama¹.</p> <p>Socially Responsible Company Seal ESR® in Construction Mexico and PBQP-H certification (Brazilian Habitat Quality and Productivity Program) in Brazil.</p>
 <p>CONCESSIONS</p>	<p>ISO 9001 and ISO 14001: 90 % of directly managed concessions.</p> <p>ISO 27001: in Gran Hospital Can Misses (Ibiza, Spain).</p> <p>ISO 39001: in Concession Company for A2, section 2 and Autovía de la Plata.</p>

¹ The scope is widened to rail works in Ecuador, Peru and Panama.

Continues >



WATER

ISO 9001 e ISO 14001: 100 % of water treatment activities in Spain, Italy, Australia (100 % Chile in ISO 9001). 100 % complete water management services in Spain.

ISO 50001: in 13 centres, three of which are new: Villarrubia de los Ojos Water Services, Gartzeta DWTP and Falset WWTP.



SERVICES

ISO 9001 and ISO 14001: 100 % of the ACCIONA Urban and Environmental Services activity in Spain and Mexico. 100 % of the Energías Renovables Operación y Mantenimiento (EROM) [Renewable Energy Operation and Maintenance] activity. 100 % of the ACCIONA Rail Services train and station cleaning operations. 100 % of the international transit activity under ISO 9001 (ACCIONA Forwarding). 100 % of the Airport Services passenger boarding bridge handling and driving activity in Spain, Germany (ISO 9001 in Düsseldorf) and Chile (ISO 9001 in Andes). 100 % of the ACCIONA Producciones y Diseño activity. 100 % of the ACCIONA Facility Services activity in Spain, Portugal and Mexico.

ISO 50001: 100 % of the energy services supplier activity.

SA 8000: Social responsibility management system in technical cleaning and maintenance operations at its central offices and six centres in Spain.

Forwarding safety management: international **authorised economic operator (AEO)** and **Known Dispatcher for air cargo** in Spain.

EMAS: at the central offices and one service in León.

AENOR EA 005 specification: ACCIONA Facility Services approved as an energy services provider in consultancy and energy auditing.

GWO (Global Wind Organisation) Standard: Qualification of two EROM schools to deliver basic training in electricity, mechanics and hydraulics.

DGERT: AFS Portugal is certified in occupational risk prevention, protection of people and goods and, in 2018, it widened the scope of the certificate to the area of conduct.



INDUSTRIAL

ISO 9001 and ISO 14001: 100 % of the activity.

Customer relations and services at their disposal

Bearing in mind the diversity of ACCIONA Infrastructure customers, communication and relations with them are conducted via a wide variety of channels from in-person customer service to web spaces for each of the division's businesses.

Likewise, the company carries out various actions to strengthen links with its customers. Of note in 2018 are the periodic meetings at the Vigo Novo Hospital with the authorities involved to analyse matters related to the compliance of the technical specifications of the concession.

ACCIONA Services, through its Healthcare Services activity, has launched the innovative application ACTOR, aimed at improving the response and organisation of the medical teams in the healthcare provision contracts in which it participates. With regard to its new 'motosharing' business, a multitude of channels have been created for interacting with the customer: for instance, a website where they can check their trips, download bills or buy voucher; an app that can be used to sign up to the service; a free telephone line and presence on social networks.

Customer satisfaction improvement targets

Concerning claim and suggestion management, in 2018, ACCIONA Infrastructure sought to improve incident response and resolution times for its customers. The results:

- The claim resolution times of the ACCIONA Urban Services contract in Torrejuela were between 0 and 1 days (target: not more than 5 days). In Gandia, the average response time reduced to 7 days compared to 15 in 2017.
- The concession company Novo Hospital de Vigo received 127 claims, all of which were resolved within 7 days.

RECOGNITION OF THE QUALITY OF EROM OPERATIONS

The organisation Energías Renovables Operación y Mantenimiento (EROM) [Renewable Energy Operation and Maintenance] was recognised in 2018 as the best independent renewable energy asset maintenance company in the annual opinion poll carried out by the magazine *Energías Renovables*.

This poll measures the level of satisfaction of wind farm owners with their maintenance companies, rating various aspects of the service such as value for money, accessibility of the technical team and the quality of the work.



QUALITY OF WATER SUPPLIED TO THE CUSTOMER. ACCIONA AGUA

ACCIONA Agua's customers have different channels to submit claims, complaints, suggestions and resolve incidents including websites for customers and virtual offices in the ACCIONA Agua Servicios concessions.

During 2018, ACCIONA Agua carried out a new consultation with its customers in order to review its tariffs for 2018 and 2019, as well as to match its pricing structure to European regulations. The level of satisfaction obtained was generally high.

In 2018, no sanctions were received in relation to the quality of the water supplied to customers.

AQUA+ZAFRA

ACCIONA Agua, in partnership with Zafra Town Council and the Environmental Consortium of Badajoz County Council, promotes the role of new technologies in rural areas.

This project is part of the pilot proposal to improve the water meters in the municipality of Zafra to increase the water performance of its grid. The proposal involves developing a system for continually registering the consumption of household meters and of the sector's control meter, as well as centralising the information recorded.

The information gathered will facilitate weekly water reports (currently quarterly) and the early detection of potential incidents, improving the water system's efficiency.

Some indicators of note in the area of customer satisfaction during the year include:

- In all of the surveys received by ACCIONA Industrial, customers state that they would award the project to the company again.
- 90 % of ACCIONA Facility Services customers in Spain would contract the company again.
- 90 % of the beta tester users for the ACCIONA Mobility 'motosharing' service would be happy to use the service again.
- 100 % of customers who completed the ACCIONA Producciones y Diseño survey would contract the company again.
- 100 % of customers who completed the satisfaction survey would recommend ACCIONA Industrial.

In this regard, it is also significant to note how ACCIONA customers ranked it compared to its competitors. With respect to this, 93 % of the customers asked by ACCIONA Construction believe the business is 'better or much better' than its competitors. In the case of ACCIONA Industrial, this figure reaches 100 %.

Customer satisfaction and loyalty

In 2018, the percentage of satisfied ACCIONA Infrastructure customers was 96 %.

Throughout 2019, ACCIONA Infrastructure will continue to work to promote long-term relationships with its customers. For example, the Services division will work on developing a new tool to manage satisfaction surveys, adapting it to the specific characteristics of each business.

INFRASTRUCTURE CUSTOMER SATISFACTION

	2018
Infrastructure	96 %
• Construction*	100 %
• Concessions**	100 %
• Agua	100 %
• Services	86 %
• Industrial	100 %

* Includes works in Spain and AMISA.

** Includes the Vigo Novo Hospital and Infanta Sofia Hospital.

Improvement tools

In 2018, ACCIONA Infrastructure launched new improvement groups and identified lessons learned with the aim of documenting and sharing the acquired knowledge and devising new innovative solutions for the company.

With this in mind, it is worth highlighting the technical standardisation group in ACCIONA Agua (in which 70 employees took part) for the identification and cataloguing of documents used as a reference during the development of the different project stages. This documentation is available to all employees in the knowledge space of the intranet.

As part of the lessons learned, the Water line has promoted new virtual debate spaces on the intranet to facilitate the dissemination of technical knowledge. In 2018, 60 professionals took part in these forums, with 9 active spaces at the end of the year covering issues such as desalination, R&D&I and treatment plant simulation, among others.

ACCIONA Construction prepared a total of 43 lessons learned proposals (4 in Spain and 39 in Australia). All of them are related to quality, the environment, tender proceedings, contract management, relations with stakeholders, and health and safety, etc. They are disseminated by email, through a mailbox used for sending information requests.

Improved management system procedures and document management

ACCIONA Agua has implemented new procedures, such as those for the construction of the Sabanitas and Howard purification plants (Panama). ACCIONA Industrial has reviewed and updated over 30 procedures related to the process map.

In 2018, considerable progress was made in document management, automating it and facilitating access to the documentation of the different management systems such as in ACCIONA Construction, where the company's Knowledge Portal was set up, available on the corporate intranet.

In addition, there have been developments in the implementation of the management models for processes and in the review of the process maps, for instance:

- ACCIONA Agua has reviewed and proceduralised its processes for the creation of the new process map, following the PMI (Project Management Institute) standards.
- ACCIONA Construction has finalised the PMP (Project Management Plan) processes model. Information has been imparted on it both online and in person in every country where ACCIONA Construction operates. The PMP is in place in all of the new works awarded in 2018, and in 2019, a protocol will be developed that defines the scope of the PMP in small and medium projects based on a risk analysis.

Environmental management and biodiversity

The division's environmental management is based on the principles of improving the business's environmental performance. All the businesses have environmental objectives that are reviewed annually in line with the Sustainability Master Plan 2020 (SMP 2020).

Protection and conservation of biodiversity

ACCIONA Infrastructure's activities may have an effect on biodiversity. Therefore, the businesses identify and assess the possible effects at each phase of the projects implemented, in order to put the necessary preventive and corrective measures in place.



STUDYING AND MONITORING THE PYRENEAN DESMAN (SPAIN). ACCIONA CONSTRUCTION

For the construction works on the Pedregales Viaduct in Zamora (Spain), ACCIONA Construction studied and monitored the Pyrenean desman, a bioindicator species of the river ecosystem conservation status that is endangered or vulnerable, according to the region in Spain, over six different stretches of river. Initial work has enabled to determine the areas where the species is present, which has led to identify the most appropriate spots for capturing, marking and taking biological samples of the specimen. This study has allowed the analysis of the use of the habitat and dispersive capacity of the local populations along the stretches of river. The continuation of this work in 2019 will expand the knowledge on the species in the river network of the study area.



PROTECTION AND CENSUS OF PROTECTED SPECIES (SPAIN). ACCIONA CONSTRUCTION

The Construction business, as part of the Mularroya reservoir works in Zaragoza, Spain, has developed a three-stage species protection plan. The first stage involved a study that was carried out on the use of the habitat by various species of bat and a census of various colonies of bats in different refuges around the works. Secondly, a species of Bonelli's eagle was marked and tracked by satellite, which enabled us to learn the path covered, its preferred areas of use and the location of the roosts. The final stage entailed tracking the griffon vulture, confirming the reproductive success of the colony studied and even the increase in population.



**REFORESTATION WITH
NATIVE SPECIES PLAN
(PANAMA).**

ACCIONA AGUA

During the construction of a new purification plant in Villa Darién, Panama, ACCIONA Agua developed a Reforestation Plan with native species. This plan involved planting a total of 2,160 adaptable and fast-growing species of seedling, such as the guayacán, the cabimo and the national mahogany. This last species has been classified as vulnerable by the IUCN and is a refuge for numerous birds, including the harpy eagle, which is currently in decline. These plantations, which cover a total surface area of 16 ha, were carried out at educational centres with the participation of students, to make them aware of the importance of preserving the environment. Furthermore, they will enjoy the fruit collected in their dining halls and cultural activities.

Circular economy:
resource use and waste
management

The Infrastructure division's activities and different business lines include key elements of the circular economy, such as the efficient use of materials and the minimisation and recovery of waste.

**CONSUMPTION OF MATERIAL IN 2018
AT ACCIONA INFRASTRUCTURE**

	2015	2016	2017	2018
Recycled or renewable resources* (tonnes)	1,392,542	1,614,318	1,763,063	5,058,438
Recycled or renewable resources (%)	18 %	14 %	21 %	29 %
TOTAL resources (tonnes)	7,602,924	11,954,024	8,548,722	17,389,443

* Recycled/renewable: biomass, certified wood (FSC or similar), land, aggregates and recycled steel.

The relevance of the circular economy for the Services and Construction business line is high. The following aspects stand out as proof of this:

- Platforms for shared resource usage: ACCIONA Service in 2018 launched a shared electric motorbike service in Madrid.
- Reuse of organic waste: ACCIONA Service managed to recycle 95 % of its plant remains. Furthermore, the temporary joint venture Canfranc, of which ACCIONA Construction is a part, managed to benefit from what could be considered plant remains meant for landfill. The material extracted from the logging and clearing stage was sent to a paper plant, which processed them to manufacture packaging and paper bags.
- Search for alternatives for waste recovery: the temporary joint venture Tunel Glories Tram 1, in which ACCIONA Construction participates, found an alternative solution to landfill where 6,000 m³ of excavated material was supposed to be sent, which was to send them to another ACCIONA worksite after verifying that it meets the prescribed technical requirements.

Materials

The increase in the amount of resources consumed in 2018 is mainly due to a higher consumption in ACCIONA Construction works of aggregates, soils, recycled soils and concrete, which represent around 84 % of the total resources.

ACCIONA Construction presents examples of good practices in the use of materials, such as the following:

- In the Padornelo Tunnel works in Spain, the company recovered over 86,000 tonnes of granite material from the blasts through crushing and chipping with a hammer to be used in road surfaces.
- The Sydney Light Rail project used prefabricated modular shelters in order to minimise the on-site work, reduce the use of materials and expand this space in the future if necessary.
- As part of the PAPERCHAIN project financed by the H2020 Programme, coordinated and participated in by ACCIONA Construction, a surface was renovated with a stabilised soil layer with 5 % fly ash from the paper industry instead of cement.



ACCIONA TO BUILD THE FIRST WASTE-TO-ENERGY PLANT IN AUSTRALIA.
ACCIONA INDUSTRIAL

ACCIONA is to build a waste-to-energy plant in Kwinana (Western Australia), the first large-scale venture of its kind in the country, which is a milestone in waste recycling as

it reduces landfill storage and uses it for the generation of renewable energy. The facility will process up to 400,000 tonnes of waste a year and will have a production capacity of 36 MW, equivalent to the consumption of 50,000 homes. This contract is part of ACCIONA's long-term work in Australia on projects based on cutting-edge technologies, geared towards sustainability and protecting the environment thanks to the implementation of the circular economy principles.

Management of water resources

Through the management of the full water cycle, ACCIONA is responding to one of the largest environmental challenges faced by humanity: access to water and sanitation for millions of people across the world. In 2018, the treatment plants managed by ACCIONA Agua desalinated, made drinkable and purified 790 hm³ of water, which is a slight increase compared to 2017.

EVOLUTION IN THE VOLUME OF WATER MANAGED BY ACCIONA AGUA

(hm³)

	2015	2016	2017	2018
Desalinated water	111	196	296	318
Purified drinking water	133	218	199	26
Treated sewage water	390	358	279	445
Total	634	772	775	790



**EFLUCOMP PROJECT
FOR TREATING INDUSTRIAL
EFFLUENTS WITH COMPLEX
COMPOSITIONS**
ACCIONA AGUA

The EFLUCOMP research project is co-funded by the EU's European Regional Development Funds as part of the 2014-2020 ERDF Operational Programme in Catalonia. The study aims to develop innovative systems that increase sustainability and decrease the costs associated with managing and treating industrial effluents with complex compositions.

As part of this project, ACCIONA Agua leads the activities related to processing currents from mining or steelworks, which have a high metal content. Flotation, oxidation/reduction, precipitation and/or adsorption technologies will be researched and integrated, determining the optimum conditions. Furthermore, a tool will be developed to aid in the decision to select the most appropriate treatment line according to the quantity of metal in the water inflow and outflow. In so doing, the metals should be efficiently separated from the water to be treated, reducing the consumption of chemicals by 10 % and energy consumption by 20 %.

**Use of drinking water at ACCIONA
infrastructure**

In relation to the use of drinking water, the figure in 2018 increased 10 % compared to 2017, with Construction being the business with the highest consumption rate - 70 % of Infrastructure's total.



**RECYCLED WATER FOR
SERVICE PROVISION IN THE
SANITATION NETWORK**
ACCIONA AGUA

ACCIONA Agua carried out inspection, conservation and improvement efforts in the Canal de Isabel II sanitation network in the city of Madrid.

Among the tasks included in the contract are the maintenance and cleaning of the network, which involves using significant volumes of water. For this task, ACCIONA Agua uses water from different treatment plants in the network, which is accumulated in tanks strategically placed in different points throughout the city.

In 2018, this practice led the service to achieve savings of almost 20,000 m³ of water.



**EARLY DETECTION OF LEAKS
IN THE WATER DISTRIBUTION
NETWORK OF ZAFRA,
BADAJOZ**
ACCIONA AGUA

According to the latest Spanish National Statistics Institute (INE) survey on water supply and sanitation, up to a third of the supply is lost during its distribution. The causes of these losses are numerous, and estimates suggest up to 60 % are due to leaks or breaks.

With this in mind, the municipality of Zafra's water supply management stands out, which ACCIONA Agua runs jointly with PROMEDIO (Environmental Management Consortium of Badajoz County Council).

Through a centralised system that continuously records meter consumption in households and their corresponding water network, the company can detect any incident in the distribution network ahead of time and immediately address it, which decisively increases the hydraulic system's efficiency.

Additionally, the system provides its users information on potential water leaks in the networks of their homes, thereby improving the efficiency of private installations.

**Water treatment in regions with water
stress**

ACCIONA again this year contributed to guaranteeing access to drinking water in areas with high water stress and to the sustainability of the environment in areas with low levels of sanitation through the construction, operation or maintenance of treatment, desalination and purification plants. In 2018, over 37 % of the water treated was generated in areas with water stress.



ACCIONA AGUA
**JEBEL ALI AND AL KHOBAR
DESALINATION PLANTS.
UAE AND SAUDI ARABIA**

ACCIONA has continued to respond to the demand for water treatment infrastructure in regions with water stress or that project shortages due to climate change.

With this in mind, ACCIONA Agua will build the Jebel Ali desalination plant in the United Arab Emirates. The facility, which will be finalised in May 2020, will boast reverse osmosis technology and will have a capacity of almost 182,000 cubic metres, which will make it one of the biggest in the UAE.

The company is also working on the Al Khobar desalination plan (Saudi Arabia), in Dhahran, some 400 kilometres from Riyadh. The facility, which will be finalised in two years, will have a daily capacity of almost 210,000 m³ and will serve a population of some 350,000 inhabitants.

Risk management in sustainability

ACCIONA Infrastructure takes into account sustainability criteria in all of its business units. From a risk management perspective, the company's model defines six different phases: 1) Identification, 2) Analysis and assessment, 3) Planning, 4) Treatment and management, 5) Follow-up and control and 6) Improvement.

In the identification phase, possible factors generating risks and opportunities within the construction process (design and execution) are characterised by addressing economic, social, environmental, ethical and cultural impacts, among others, that the project may have on the community.

Below, the risk events evaluated based on the likelihood of them occurring and their consequences, are reflected in a risk matrix divided into four categories: low, moderate, significant and high. As well as this framework, the valuation is completed with six categories of consequences to estimate impact:

- Economic: on the cost and result of the project.
- Timing: on programming, milestones and deadlines.
- Environmental and community: on the natural environment and third parties.
- Reputation: on the image of the company or customer.
- Health and Safety: on people.
- Compliance and development of the infrastructure: on the functionality of the infrastructure, its design, execution, location, internal organisation, performance, etc.

In 2018, ACCIONA Infrastructure made the following progress in risk management:

- Consolidation of the risk management process in Construction, by analysing risks and opportunities in their projects and business processes, thereby acting pursuant to the latest revision of the ISO 9001 and ISO 14001 standards.
- Identification and analysis of the most significant climate change, water resource and environmental responsibility risks. The mitigation measures proposed after the analysis have directed the action policies towards the proper management and performance of the division in terms of sustainability.
- General ESG risk assessment on a yearly basis for each business unit and country where ACCIONA Infrastructure operates. This test assesses the level of exposure to different risks considering approximately 30 types.
- Significant progress in widening the scope of analysis for Agua and Industrial, and collaboration in implementing the risks and opportunities management system in Engineering.
- Update of the IT tools used for risk analysis with proprietary internal development.
- Appropriate compliance with the percentage of projects, in both the execution and the tender stage, in which risks are analysed.
- Improvement and expansion of the country risk analyses performed.
- Consolidation of ACCIONA's perceived risk rating for the businesses in a total of 85 countries.

Contribution to society

ACCIONA Infrastructure contributes to the improvement of society through its projects. The benefits generated affect many types of issues: impacts on people, community life or wealth and employment in the region. More than 581,700 people have benefited from initiatives carried out in ACCIONA Infrastructure projects in 2018.

In 2018, three types of actions were carried out to manage and measure these impacts through Social Impact Management, the measurement of the socioeconomic and environmental impact and the social investment associated with the projects.

Social impact management

ACCIONA applies its own Social Impact Management (SIM) methodology, whereby, right from the tender or design stage, it knows the social risks that its works,

operations or service provisions may cause in the areas of influence of its projects. This procedure will generate positive impacts and minimise negative ones on the local communities and environment in which it operates.

In 2018, ACCIONA Infrastructure had 81 projects, in 20 countries, where it implemented social impact management. The types of project vary greatly: linear infrastructure, hospitals, tunnels, metro lines, integral water management services and cleaning services, among others.

EVOLUTION OF THE IMPLEMENTATION OF THE SIM METHODOLOGY AT ACCIONA INFRASTRUCTURE

(No. projects)

	2015	2016	2017	2018
Construction	29	43	50	42
Water	12	17	26	10
Service	2	3	6	24
Industrial	2	1	5	5

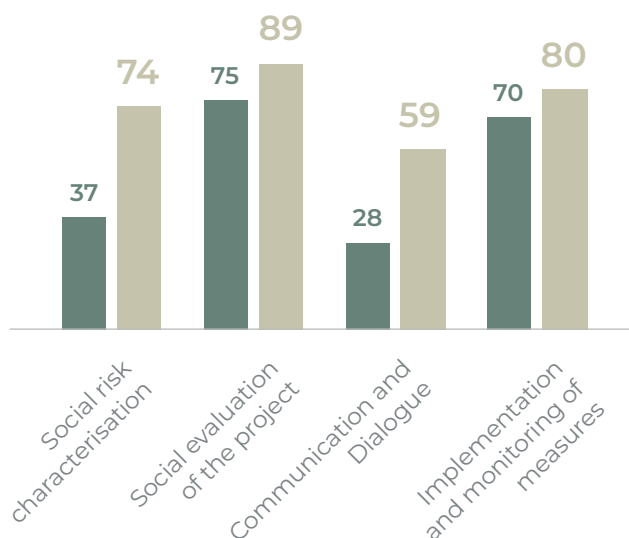


Further information can be found in the 'Social impact management' section of the 'Society' chapter.

STATUS OF THE IMPLEMENTATION OF THE PHASES OF THE SIM METHODOLOGY AT ACCIONA INFRASTRUCTURE

(Percentage of all Infrastructure projects with SIM in 2018)

2017
2018



External audits were carried out, in six Infrastructure projects, with the aim of assessing the degree of implementation of the SIM methodology.

The Infrastructure division currently establishes suggestions and complaints channels in each business line in those projects in which the customer requires or allows it. In 2018, 65 % of the projects in which SIM is utilised had these channels (web forms, emails, telephone lines, suggestions boxes, community customer service offices) through which the stakeholders affected by a specific project can submit their queries and/or suggestions.

INFRASTRUCTURE HAS 81 PROJECTS IN 20 COUNTRIES WHERE IT CARRIES OUT SOCIAL IMPACT MANAGEMENT

Socioeconomic impact of projects

Since 2015, ACCIONA Infrastructure has been measuring the socioeconomic and environmental impact of its projects in different countries to identify and foster the benefits generated by such projects throughout their life cycle. Using an economic model developed based on input-output tables (analysis of relationships between different industries), the company obtains quantitative results of the direct, indirect and induced impact of its activity in terms of employment generation and the contribution to the country's GDP, as well as taking into account other positive effects on the environment and communities.



Further information about the methodology in the 'Society' chapter

In 2018, studies were carried out on two projects in the Infrastructure business: the RAF-A3 desalination plant in Qatar and a stretch of the Pan-American Highway in Panama. Given the nature of the infrastructure work, the reports were produced based on the duration of ACCIONA's contract.

Projects with key social actions in 2018



ACCIONA AGUA LA PRADERA PUMPING STATION (ECUADOR)

The project falls under the Sewerage System Universalisation programme, which will cover a third of the total population of the city of Guayaquil. The new station will have equipment capable of managing the future water flows projected to be up to 6.40 m³/second.

SOCIAL IMPACT MANAGEMENT

In the context of this project, communications channels were set up to keep the affected community informed about the progress of the works. These channels can also be used to submit any potential complaints and suggestions:

- Opening of the community information office, holding of Citizens' Assemblies, 'door-to-door' visits to introduce the project and implementation of the claim management and consultation system.
- Local hiring of 60 % of the qualified workforce.
- Hiring of 65 % local services.
- Employee training campaigns on the Code of Conduct and good environmental practices.

SOCIAL ACTION INITIATIVES

Social initiatives have also been carried out that contribute to improving the relationship with the community. In this vein, the following stood out in 2018:

- Educational talks and interactive activities with children to raise awareness about water supply, access to sustainable energy, fighting against inequality and climate change.
- 'Dance therapy' and face painting activities with children in the community.
- Donation of sports equipment.



ACCIONA CONSTRUCTION PAN-AMERICAN HIGHWAY (PANAMA)

Extension of the Pan-American Highway capacity with the aim of improving current traffic flow and that estimated in 20 years between the city of Panama and its connections with the west side of the Canal on the Bridge of the Americas – Arraiján stretch.

SOCIOECONOMIC IMPACT

The socioeconomic impacts are calculated on the local GDP contribution and employment generation during the two years of construction and three years of operation and maintenance.

- GDP contribution: EUR 146 million.
- Job creation: 3,887 employees/year*.
- Emissions avoided derived from the 20 % reduction in fuel resulting from improved traffic: 8,148 tCO₂ per year.

* Employees/year: full-time equivalent jobs for one year.

SOCIAL IMPACT MANAGEMENT

During the prior stage of the project, perception surveys were carried out with the local community with the objective of finding out their opinion on the project.

Subsequently, during the construction stage, the following measures were established to mitigate in some cases and enhance in others the negative and positive impacts detected:

- Agreement with the Arraiján District Community Association to hire a 30 % local workforce.
- Community Relations Office, with specialist staff to deal with consultations and complaints.
- Informational campaigns about the project in the media and via billboards, as part of the Disclosure and Transparency Plan.
- Training for employees of subcontractors to raise awareness of the importance of social management within the project.

SOCIAL ACTION INITIATIVES

Around 5,000 people benefited in 2018 from initiatives such as the study of infrastructure improvement needs in three soup kitchens or the donation of construction materials, food and toys to the most disadvantaged members of the community.



ACCIONA AGUA
**RAF-A3 DESALINATION PLANT
(QATAR)**

Design, construction and operation over 10 years under a turnkey contract for a desalination plant in Qatar with a capacity of 164,000 m³/day based on reverse osmosis technology.

SOCIOECONOMIC IMPACT

The socioeconomic impacts mainly concern the local contribution to GDP and the employment generation during the year of construction and the 10 years of operation and maintenance that correspond to the company's period of responsibility:

- GDP contribution: EUR 87 million.
- Job creation: 4,345 employees/year*.
- Emissions avoided per year: 296,905 t CO₂.
- Improvement of air quality: 491 t of SO₂ and NO_x avoided per year.

* Employees/year: full-time equivalent jobs for one year.

Project-related investment

Related to Social Impact Management, the Infrastructure division also carries out social projects in the communities in which it is present.



ACCIONA CONSTRUCTION
**CARRETERA FEDERAL 15
HIGHWAY (MEXICO)**

This includes the extension and modernisation of part of the Carretera Federal 15 highway that links Mexico City to the State of Sonora. In 2018, various humanitarian aid initiatives were carried out, which have benefited over 240 people, mainly from the indigenous Yaqui community:

- Donation of material for the reconstruction of homes and food for those affected by hurricane Sergio.
- Donations of fuel vouchers for the Yaqui community with the aim of supporting the people's mobility to the city of Guaymas.



ACCIONA INDUSTRIAL
**LILYVALE SOLAR PLANT
(AUSTRALIA)**

Situated in the state of Queensland, this will provide clean energy to over 45,000 homes in the region. In 2018, the following initiatives were carried out:

- Participation in 'Clean Up Australia' volunteer day.
- Monthly meetings with members of the community, as well as informational sessions and visits by members of the community and local associations to the area where the project is being carried out.
- Social events to raise money for the community.



ACCIONA AGUA
LA CHIRA WWTP (PERU)

The project deals with the treatment of wastewater in the city of Lima, which covers 2.5 million people and contributes to the environmental recovery of the coast and to tourism and economic revitalisation of the area. The social initiatives associated with this work benefited a total of 1,355 people in 2018 through the donation of environmental education material and programmes.

Other ACCIONA Businesses' Commitment

ACCIONA pursues other types of business, such as financial services, including fund management and stock brokerage by Bestinver, the production of high-quality wines by Grupo Bodegas Palacio 1894, and the development of real estate properties through ACCIONA Inmobiliaria.



OTHER BUSINESSES IN 2018

438

EMPLOYEES

€ 225 million

REVENUE

€ 86 million

EBITDA

These figures include the three businesses in this chapter: Bestinver, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria.

Bestinver's sustainability performance in 2018

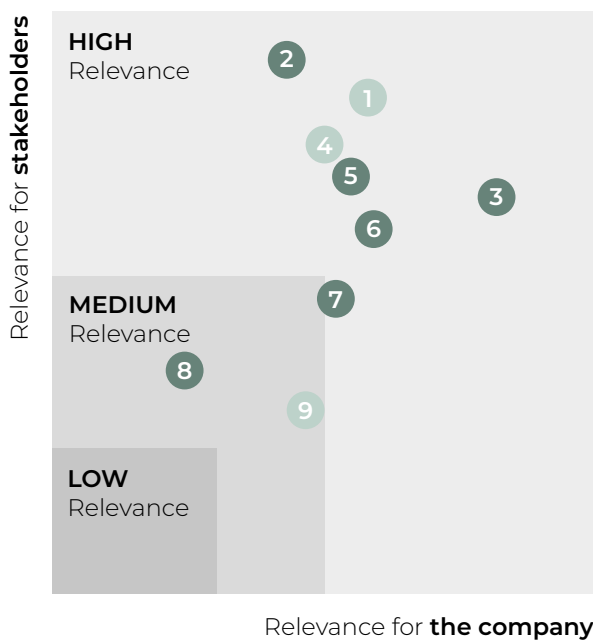
Bestinver is a leading company in management services of investment funds, pension funds and other collective investment institutions. Bestinver focuses on obtaining appealing, sustainable returns through the construction of strong portfolios. The alignment of interests is essential as both investors and managers co-invest with a single

goal: to obtain the best possible returns over the long term. The Bestinver investment philosophy can be defined simply: "to obtain profitability investing in companies that are undervalued through essential analysis, suitable risk management and a long-term time horizon shared by investors and managers".



The 2018 Bestinver materiality matrix, which establishes the relevance of the identified aspects for stakeholders and/or the business, is shown below. This chapter outlines the sustainability performance of the business as regards

the aspects displaying high relevance, whenever there is specific information for the business that has not been detailed in previous chapters.



1. Human capital
2. Economic performance
3. Service quality and customer satisfaction
4. Equality and diversity among employees
5. Non-financial risks
6. Ethics and anti-corruption
7. Innovation and new business opportunities
8. Supply chain
9. Safety, health and well-being

Investor satisfaction

In order to consistently increase the satisfaction of its customer base, Bestinver relies on an extensive investor relations team, which is in charge of keeping them informed at all times of the status of their portfolios, as well as facilitating their transactions in the management of their investment and pension funds.

Additionally, Bestinver measures the degree of recommendation by its investors of the company, according to the NPS indicator, which analyses responses to the

question: “How likely are you to recommend Bestinver to a friend or acquaintance?”; the NPS obtained was 38 %, in other words, a score nearing “excellent”, since more than one third of all customers promote the company.

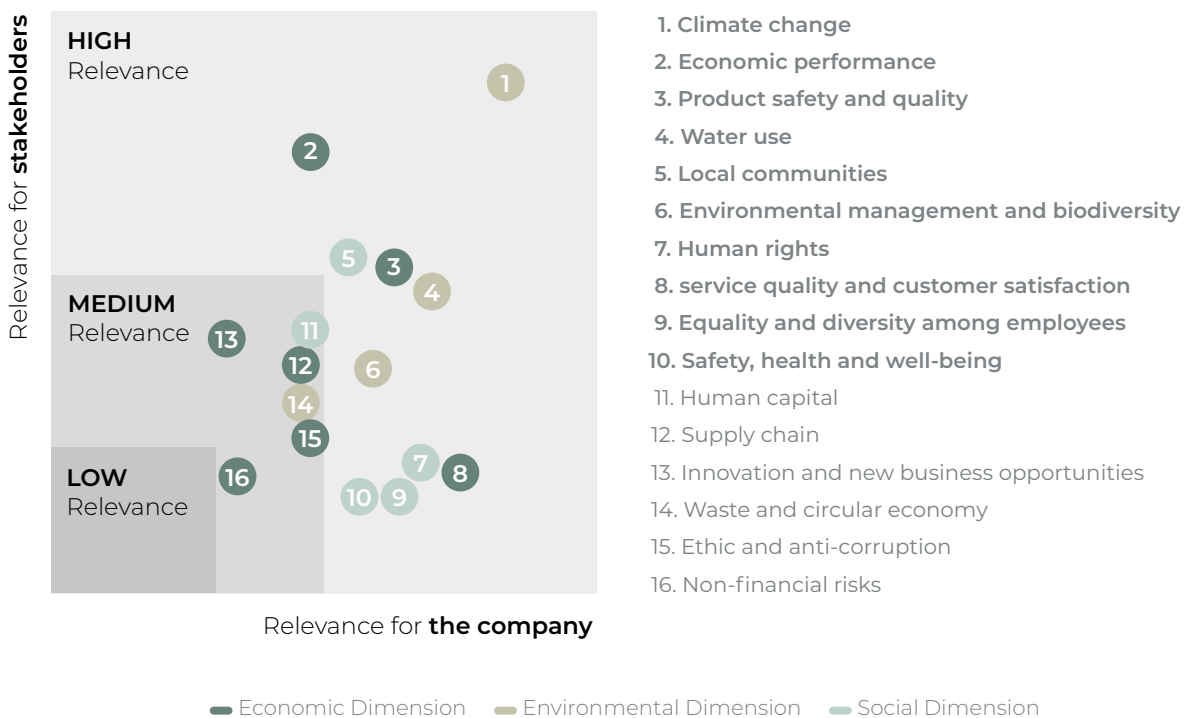
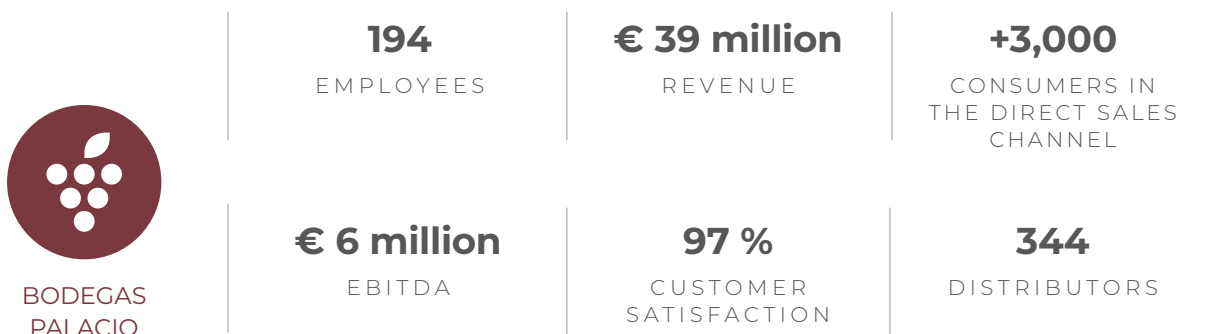
Bestinver has a private area for customers in which on-line operations can be carried out and the “Investment School” section, where key concepts are set out to explain the essential facts necessary when investing in investment funds and pension plans.

This year Bestinver held two conferences for its customers; with 509 people in attendance in Barcelona (January 2019) where returns and portfolio positioning were discussed and participants' questions were answered. 651 people attended the conference of Madrid.

The 2018 Grupo Bodegas Palacio 1894 materiality matrix, which establishes the relevance of the identified aspects for stakeholders and/or the business, is shown below. This chapter outlines the sustainability performance of the business as regards the aspects displaying high relevance, whenever there is specific information for the business that has not been detailed in previous chapters.

AN OVERALL **SATISFACTION ASSESSMENT OF 4 OUT OF 5** WAS OBTAINED FOR THE PRODUCTS AND SERVICES OFFERED

Sustainability performance of grupo Bodegas Palacio 1894 in 2018



Climate change

The wineries in ACCIONA's wine-producing group in Spain have released emissions of just 336 tCO₂e. As is the case with the other businesses in ACCIONA, Grupo Bodegas Palacio 1894 has offset the emissions generated through its activity, thus making it a carbon-neutral company.

The business' wine cellars and vineyards, which have been consuming electricity solely from renewable sources since 2015, continue to progress with measures aiming to reduce the amount of energy used. Notably:

- Replacing the cooling equipment in Peñascal with more energy-efficient equipment. This measure leads to an 18 % reduction of energy consumption.
- Launching measures to enhance the filter system in Peñascal, thereby reducing the energy consumed by 30 %.

Additionally, initiatives were taken to reduce GHG emissions in the value chain, working to reduce the weight of the bottles used for several types of wine. In the Viña Mayor range, the bottle weight was reduced by about 9 %, thus avoiding the use and transport of 103 tonnes of glass. In certain types of Bodegas Palacio wines, the new version of the bottle has 4 % less glass than the previous model.

Commitment to quality and food safety

Grupo Bodegas Palacio 1894 works to offer top quality and safety in the products it offers its customers, as well as to foster responsible consumption, participating in initiatives like Wine in Moderation, an initiative sponsored by the European wine sector that aims to promote moderation and responsible wine consumption and contribute to the prevention of excess consumption or misuse of alcoholic beverages.

Over the past year, Grupo Bodegas Palacio 1894 has revised and enhanced the controls conducted on the quality of its products, placing special emphasis on effective content control, physical and chemical controls throughout the winemaking process and controls of dry materials received¹. In the field of food safety, the requirements relating to the analysis of critical points were updated, specifically, those referring to cleaning processes in certain areas and controls to be done on the water supplied to centres that use well water.

¹Palacio and Peñascal.

CERTIFICATIONS

- **ISO 9001 and ISO 14001:** 100 % of the wine production activity at Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio.
- **Wineries for Climate Protection:** the only specific certification for the wine sector in the area of environmental sustainability and the fight against climate change. The certification involves improvements to processes to reduce emissions and increase energy efficiency. Viña Mayor was the first winery with Designation of Origin Ribera de Duero to obtain this distinction, which was renewed in 2018.
- **Food Safety System Certification (FSSC 22000):** at Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio. This is the international benchmark standard for the management of food safety risks throughout the supply chain. In 2018 the certification was renewed according to the criteria in the new version of the FSSC standard.
- **ISO 22000:** food safety management system at Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio.

The improvement in the quality of group products and services has a direct impact on customer and consumer satisfaction. The initiatives carried out in recent years to improve the Route to Market and the presence of the HORECA channel, such as the change in approach by the sales team and the launch of more modern product ranges, were consolidated in 2018 and helped to raise the level of recommendation of Grupo Bodegas Palacio 1894 to 100 % among HORECA customers. Among final consumers, the level of recommendation reached 94 % this year, and in the food sector, 67 %, with a general satisfaction rate of 97 %.

The 2019 goals for Grupo Bodegas Palacio 1894 related to customers include gaining further knowledge about them and their needs in order to reduce excess stock levels, and revising and updating the returns and claims management processes.

All the quality-related claims received in 2018 have been resolved.

At year-end, Grupo Bodegas Palacio 1894 is not aware of any sanctions relating to safety and the quality of its products.

Environmental management: reduction of water consumption

Water consumption is one of the most important environmental variables in the wine-making business. In 2018, the group accounted for 6 % of ACCIONA water consumption. In particular, the property spanning 400 hectares of vineyard makes managing water resources a strategical aspect.

For this reason, in 2018, measures aimed at reducing water consumption continued to be implemented in the vineyards, leading to a 56 % drop in total water consumption (also strongly influenced by the increase in rainfall during the year). Further progress was made in the implementation of good practices in vineyard irrigation, adjusting the watering intervals and flows to the weather conditions, terrain, soil characteristics, and the grape variety and ultimate use. Specifically, in 2018,

a programming device was purchased for irrigating the Viña Mayor vineyard during hours of little or no sunlight to avoid plant evapotranspiration. This measure affords savings of about one third of the water consumed for this activity.

Contribution to society

For the fourth year in a row, Grupo Bodegas Palacio 1894 participated in the social cooking project, Gastronomix, which facilitates access to educational opportunities and career prospects for young people at risk of social exclusion.

A total of 50 people participated in 2018. The activities carried out by Grupo Bodegas Palacio 1894 included a master class in which the participants learned essential concepts of proper wine conservation and service, basic pairing rules and other techniques to be applied on a daily basis in Cantina Gastronomix.

ACCIONA Inmobiliaria's sustainability performance in 2018

With more than 25 years of experience in the field, ACCIONA Inmobiliaria is one of Spain's leading residential management and development companies, having developed more than 9,000 housing units across Spain, Portugal, Poland and Mexico.

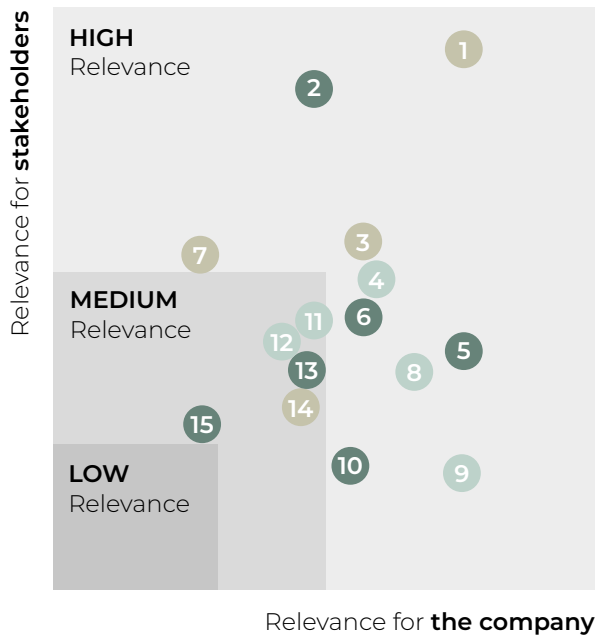


INMOBILIARIA

110 EMPLOYEES	€ 84 million REVENUE	100 % PROPERTY DEVELOPMENT IN SPAIN CERTIFIED UNDER ISO 14001
€ 9 million EBITDA	100 % CUSTOMER SATISFACTION	100 % ACTIVITY IN SPAIN CERTIFIED UNDER OHSAS 18001

The 2018 ACCIONA Inmobiliaria materiality matrix, which establishes the relevance of the identified aspects for stakeholders and/or the business, is shown below. This chapter outlines the sustainability performance of the

business as regards the aspects displaying high relevance, whenever there is specific information for the business that has not been detailed in previous chapters.



1. Climate change
2. Economic performance
3. Environmental management and biodiversity
4. Human rights
5. Service quality and customer satisfaction
6. Ethics and anti-corruption
7. Water use
8. Human capital
9. Safety, health and well-being
10. Supply chain
11. Equality and diversity among employees
12. Local communities
13. Innovation and new business opportunities
14. Waste and circular economy
15. Non-financial risks

— Economic Dimension — Environmental Dimension — Social Dimension

ACTIVITY IN SPAIN

100 %

CERTIFIED
UNDER
OHSAS 18001

Environmental management: eco-efficient housing

In line with the company's policies, ACCIONA Inmobiliaria has for years now been committed to certifying all its new developments with the BREEAM sustainable seal, and it aspires to achieve a score of "Good" or higher for virtually all its projects.

This prestigious sustainability assessment method provides a series of tools and procedures aimed at measuring, analysing and weighing sustainability levels in the design and execution of new buildings.

In 2018, ACCIONA Inmobiliaria handed over 4 residential developments bearing this certification. At present, they all have a score of "Very Good".

The company delivered a total of 180 housing units in the provinces of Madrid and Zaragoza that feature measures in the fields of energy efficiency, water consumption, health and well-being, low environmental impact materials, pollution, transport and waste.

Thanks to the enhancements involved in this certification, the housing units having higher quality ratings than the current market offering, making the investment more attractive. Thus, banks are now offering better mortgage conditions. Furthermore, they can be rented and/or sold more quickly and under better conditions.

Improving customer experience and satisfaction

In 2018, ACCIONA Inmobiliaria continued to progress in the implementation of its CRM, which aims to enhance customer segmentation. Likewise, the company also implemented a new tool integrated into the private area for customers on its website to centralise the claims channel, so that customers can register their incidents, which are forwarded to the after-sales department. The new private area for customers will be operational in the early months of 2019, coinciding with the delivery of new developments.

ACCIONA Inmobiliaria has accomplished the goal of implementing a BPM (Business Process Management) system to automate several internal procedures such as: Opportunity analysis, Project management and Construction management.

In line with the progress made in 2017 in terms of communication with customers, in 2018 the company redesigned its app, offering new functionalities such as the possibility to see both the interior and the exterior of the developments and the virtual reality feature.

100 % OF THE PROPERTY
DEVELOPMENT ACTIVITIES CARRIED
OUT IN SPAIN ARE CERTIFIED
ISO 9001 Y EN ISO 14001 AND
IN POLAND THEY ARE 100 %
CERTIFIED ISO 9001

The improvement in the satisfaction survey score of the five student residences managed by ACCIONA in 2018 deserves special mention, with an overall score that rose by more than 2.5 points compared to the previous year. The most relevant aspects that contributed to these results are the service staff, and the increased bandwidth and number of WIFI hotspots for the students living there.

GOOD PRACTICES WITH THE SUPPLY CHAIN

In relation to the BREEAM certification for all its developments, before starting any project, ACCIONA Inmobiliaria holds a meeting with suppliers to inform them of the expected scope for the specific project in terms of sustainability. In this way, the designer can take into account all the requirements to be met in the fields of energy, water, sustainable materials, pollution, health and well-being, and so on, before undertaking the design work.

Health and safety

The ACCIONA Inmobiliaria safety management system, which is certified OHSAS 18001, is integrated into the whole of the company's organisational structure. At all permanent work centres, there is a liaison officer with the Prevention Service, who monitors health and safety matters. This enables a real integration of the preventive functions at each workplace.

The sphere of influence of the preventive culture includes not only partners but also customers. Information has been included in the contracts of student residences about the risks of the centre and instructions given on prevention and action in the event of an emergency. These actions are supplemented with awareness-raising talks to all staff at the start of the academic year.

It should be noted that a frequency rate of zero has been recorded for the fourth year running, which is an indicator of the implementation of the OHS management system, thereby showing the absence of accidents at work resulting in time off for medical reasons.

Materiality Analysis

FOCUS ON THE MOST RELEVANT ISSUES

Due to the diverse business lines and countries in which it operates, ACCIONA deals with different key issues for each business and its stakeholders.

This chapter provides details on the procedure followed to identify the aspects that are most relevant for ACCIONA and its stakeholders and that potentially have the greatest impact on the business.

This study allows the company to understand the level of importance of aspects relating to business strategy, identify the expectations and needs of stakeholders and define the accountability strategy planning. It combines the internal viewpoint of the different businesses and the external viewpoint of the stakeholders, thus applying the Reporting Principles for defining report content of the Global Reporting Initiative (GRI) in accordance with the GRI 101 Standard: Foundation.

A SPECIFIC MATERIALITY ANALYSIS HAS BEEN CARRIED OUT FOR EACH OF ACCIONA'S BUSINESSES

For the 2018 *Sustainability Report*, the relevant aspects identified the year before have been updated, which drew from the analysis of macro trends performed during the design of the Sustainability Master Plan in 2016. This update has been carried out on an individual basis for each of ACCIONA's business lines: Energy, Construction, Water, Services, Industrial, Concessions, Bestinver, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria.

Methodology

(GRI 102-42; GRI 102-43)



1. IDENTIFICATION

Review and update of the aspects identified in the *Materiality Analysis 2017*, with the aim of examining the most relevant aspects more deeply and widening the scope to include those aspects that have arisen recently.

2. PRIORITISATION

Prioritisation of these aspects on the basis of a twofold analysis:

- External relevance of opinion leaders in the sector, investors and the press.
- Internal relevance from the analysis of the SMP 2020 and consultation with experts selected by the sustainability managers of the businesses.

3. VALIDATION

Review, validation and assessment of the issues by the businesses through a phase of dialogue with its sustainability managers.

Stakeholders consulted

(GRI 102-42; GRI 102-43)

Various competitors, Public Administrations and regulatory bodies, media outlets, employees, investors and analysts, local communities and the scientific community were consulted in carrying out this study.


In addition, these sources reflect the opinion of other ACCIONA stakeholders present in their sectors of activity, as shareholders, partners and customers, amongst others.

1. IDENTIFICATION OF MATERIAL ASPECTS

The *Materiality Analysis 2018* is an update of the aspects identified in the previous fiscal year, using sources of reference information for ACCIONA's sectors. For instance, these include the competitor analysis for its various businesses as well as the different think tanks and directives such as the Financial Stability Board, the Spanish law on non-financial information and diversity or the draft legislation of the European Union entitled Winter Package, among others. Also taken into account were the sector materiality analyses of the Sustainability Accounting Standards Board (SASB) for the following industries:

Renewable Resources & Alternative Energy, Water Utilities, Engineering & Construction Services, Services, Investment Banking and Brokerage, Alcoholic Beverages, Agricultural Products, Real Estate Services and Real Estate Owners, Developers & Investment Trusts.



All of these sources helped to identify the nuances and particularities, obtaining different lists of aspects for each business line. Below you will find a unique list of aspects according to the corresponding area of the SMP 2020, which shows the common aspects (those that do not specify a business) and the business-specific aspects.

SMP Area	Material aspects	Definition of the aspects
 <p>SOCIETY</p>	<p>Local communities (Common, except Bestinver)</p>	<p>The negative impact of the company's activities on local communities must be managed, starting with an appropriate dialogue with them. This impact incorporates aspects such as population displacement, noise or dust generated, the visual impact and citizen safety. Furthermore, the company's activities also have positive repercussions on local communities, such as the generation of wealth and local job creation or the hiring of local suppliers.</p>

[Continues >](#)

SMP Area	Material aspects	Definition of the aspects
 <p>CLIMATE CHANGE</p>	<p>Climate change (Common, except Bestinver)</p> <p>Investment in renewable energies (specific to Energy)</p> <p>Energy transition and regulatory frameworks (specific to Energy)</p>	<p>Measures adopted by the company to contribute to mitigating climate change: establishing a policy on the issue, promoting energy efficiency, reducing greenhouse gas emissions, offsetting emissions or buying renewable energy; adapting projects or assets to external weather phenomena; and managing risks and opportunities arising from climate change.</p> <p>In accordance with the company's strategic criteria, it is considered appropriate to identify new investment and business opportunities pertaining to renewable energies. Furthermore, it is essential to have stable frameworks that ensure the cost effectiveness of public-private investment and collaboration.</p> <p>The company's activity is influenced by the energy transition and the continuous regulatory changes. This aspect includes regulatory frameworks that promote and provide security in renewable investments, long-term plans, carbon pricing policies and also the legislation on the tariff deficit.</p>
 <p>ENVIRONMENT</p>	<p>Environmental management and biodiversity (Common, except Bestinver)</p> <p>Water use (Common, except Bestinver)</p>	<p>In order to ensure appropriate environmental management, it is deemed necessary to develop an Environment policy, assess the vulnerability to environmental regulation, establish compliance objectives and manage the potential Environmental Management Systems certifications. Furthermore, management of the company's impact on biodiversity encompasses measures such as establishing policies, analysing the state of the affected ecosystems and developing biodiversity protection measures.</p> <p>An appropriate management of water usage includes catchment, consumption and the related discharge. In order to achieve this, it is recommended that businesses measure their water footprint and set objectives to reduce it.</p>

[Continues >](#)

SMP Area	Material aspects	Definition of the aspects
 <p>ENVIRONMENT</p>	<p>Waste and circular economy (Common, except Bestinver)</p> <p>Materials (specific to Construction, Industrial and Concessions)</p>	<p>An appropriate management of waste involves updating policies, researching new uses for waste and innovation in the field of recycling. The circular economy promotes change towards an economy that is efficient in its use of resources, taking into account an analysis of the full life cycle of the products and services related to the value chain.</p> <p>Managing the use of materials encompasses reducing its use, promoting the use of recycled materials, the management of hazardous materials and the certification of construction materials.</p>
 <p>CORPORATE GOVERNANCE</p>	<p>Non-financial risks</p> <p>Ethics and anti-corruption</p> <p>Human Rights (Common, except Bestinver)</p>	<p>Effective risk management is vital for long-term financial planning and the organisation's flexibility. As such, the companies need to implement mechanisms for risk detection, monitoring and quantification. In the area of sustainability, the analysis of environmental, social and good governance risks is considered relevant, also including the country risk (inherent in transnational operations and contributing to an appropriate international expansion).</p> <p>As part of Corporate Governance, it is considered necessary to create an anti-corruption policy and a code of ethics and conduct, as well as to promote legal compliance, and integrity in bids and tenders. The trend of large Spanish listed companies is to provide increasingly more information on transparency and tax contribution.</p> <p>Measures implemented to respect stakeholders' human rights and mechanisms to resolve potential violations thereof. In addition to defining a policy in this regard, it is considered appropriate to provide training and raise awareness on this issue, and to evaluate the potential impact of projects and investments, including a supply chain analysis.</p>

[Continues >](#)

SMP Area	Material aspects	Definition of the aspects
 <p>CORPORATE GOVERNANCE</p>	<p>Economic performance</p>	<p>Economic sustainability encompasses various factors such as the economic value generated or distributed and the growth of the company, ensuring solvency, profitability and cost effectiveness.</p>
 <p>PEOPLE</p>	<p>Equality and diversity among employees</p> <p>Human capital</p> <p>Health, safety and well-being</p>	<p>Measures that ensure diversity and equal opportunities, from hiring people at risk of social exclusion to training in multiculturalism. In addition, account is taken of the actions carried out to promote work-life balance and to reduce the gender pay gap.</p> <p>Strategy and plans to attract and retain talent, as well as to reduce employee turnover: performance assessment processes, employee satisfaction surveys and investment in training and other motivational tools for this commitment, such as grants or incentives related to targets. Furthermore, measures to promote training in key sustainability issues and to match employee remuneration with the company's sustainability performance are assessed.</p> <p>Managing workers' health, safety and well-being demands a process of awareness raising and training, accompanied by identifying risks and mitigation measures. In addition to reducing workplace accidents, it is important to seek out suppliers who have health and safety certificates.</p>
 <p>VALUE CHAIN</p>	<p>Quality of water supplied to the customer (specific to Water)</p>	<p>Customer satisfaction goes hand in hand with quality of the water supplied. This aspect covers risk management for health and the environment, the policies to minimise those risks, guaranteeing access to water and treating the water.</p>

[Continues >](#)

SMP Area	Material aspects	Definition of the aspects
 <p>VALUE CHAIN</p>	<p>Service quality and customer satisfaction (common, except for Water and Energy)</p> <p>Supply chain</p> <p>Product safety and quality (specific to Grupo Bodegas Palacio 1894)</p> <p>Safety and quality of electricity supply (specific to Energy)</p>	<p>Establishing mechanisms to gather opinions of customers, and thus being able to measure their satisfaction and manage the existing relationship.</p> <p>The environmental, social and ethics criteria must also be applied when managing suppliers. This includes establishing policies, corrective measures in the event of breaches, assessing risks and identifying suppliers' water and carbon footprint. In this sector, local and 'green' procurement is of great importance.</p> <p>Customer satisfaction also goes hand in hand with safety and quality of the product. This aspect takes into account the company's commitment to the customer, innovation in new production technologies, responsible marketing (including labelling that promotes responsible consumption and the description of strategies to manage the use of Genetically Modified Organisms) and initiatives related to developing environmentally friendly products.</p> <p>This aspect is of equal importance in ensuring customer satisfaction. Not only does it encompass the company's commitment to its customers, but also the supply capacity, the state of infrastructure, the diversification of the electricity generation mix, innovation in new production technologies and guaranteeing access to energy.</p>
 <p>INNOVATION</p>	<p>Innovation and new business opportunities</p>	<p>Having a sustainable innovation roadmap leads to new business opportunities. This guide include aspects such as investment in R&D, development of new technologies, establishing measurable targets and collaborating with third parties.</p>

2. PRIORITISATION OF MATERIAL ASPECTS

The prioritisation of these aspects was determined on the basis of a twofold analysis of data sources:

- External relevance given by investors and opinion leaders:
 - Criteria and aspects assessed in the Dow Jones Sustainability Index survey.
 - Expectations of investors in terms of social, environmental and good governance criteria.
 - Analysis of relevant aspects for the stakeholders identified in the press and on social networks.
 - Consultation with international bodies and sector institutions, taking into account the main countries where ACCIONA conducts its business: World Wildlife Fund (WWF), Asociación Mexicana de Energía, Asociación de Empresas de Energías Renovables (APPA), American Wind Energy Association (AWEA), International Energy Agency (IEA), Canada Green Building Council, Australia Green Building Council, World Economic Forum, Ellen MacArthur Foundation, Water Association, Global Compact Chile, Canadian Water and Wastewater Association (CWWA), Asociación Nacional de Empresas de Agua y Saneamiento de México (ANEAS), International Facility Management Association and World Business Council for Sustainable Development (WBCSD).
- Internal relevance based on internal documents and stakeholders:
 - Analysis of the Sustainability Master Plan 2020.
 - Consultations with the sustainability managers of the businesses: the experts selected by each business have provided their outlook on the relevance of the aspects identified.

3. VALIDATION OF MATERIAL ASPECTS

In order to assess and validate the material aspects, a phase of dialogue has been established with the sustainability managers of each of ACCIONA's businesses, which ends with an evaluation contrasting the consistency of the assessments made in the previous phase.

THE MAIN ISSUES AFFECTING ALL BUSINESSES ARE: CLIMATE CHANGE, INNOVATION AND NEW BUSINESS OPPORTUNITIES, ECONOMIC PERFORMANCE, ETHICS AND ANTI-CORRUPTION, AND HEALTH, SAFETY AND WELL-BEING

Results of the analysis by business line (GRI 102-47)

Below you will find an outline of the aspects that have proven to be material for each of ACCIONA's divisions: Energy, Infrastructure (Construction, Concessions, Water, Services and Industrial) and Other Businesses (Bestinver, Grupo Bodegas Palacio 1894 and ACCIONA Inmobiliaria).

Various aspects are important across all ACCIONA businesses: Climate change, Innovation and new business opportunities, Economic performance, Ethics and anti-corruption, and Health, safety and well-being.

Service quality and customer satisfaction are fundamental in all the businesses, and their variants specific to Energy and Water are also of particular importance. Additionally, another aspect that stands out from among those most pertinent in the majority of the business lines is environmental management and biodiversity.

Determining the content (GRI 102-46)

The GRI content index of this Report shows the full list of the identified aspects, along with the related GRI Standards and the coverage of each of them. As can be seen in the previous section, all of the aspects are relevant in one ACCIONA business or another.

SMP AREA	MATERIAL ASPECTS	ENERGY	INFRASTRUCTURE	CONSTRUCTION	CONCESSIONS	WATER	SERVICES	INDUSTRIAL	OTHER BUSINESSES	BESTINVER	WINERIES	INMOBILIARIA
Society	Local communities	•			•						•	
Climate change	Climate change	•		•	•	•	•	•			•	•
	Investment in renewable energies	•										
	Energy transition and regulatory frameworks	•										
Environment	Environmental management and biodiversity	•		•	•	•	•				•	•
	Water use					•					•	•
	Waste and circular economy			•			•					
	Materials			•				•				
Corporate governance	Non-financial risks				•	•		•		•		
	Ethics and anti-corruption	•		•	•	•	•	•		•		•
	Human rights	•		•		•		•			•	•
	Economic performance	•		•	•	•	•	•		•	•	•
People	Equality and diversity among employees						•			•	•	
	Human capital			•	•	•	•	•		•		•
	Health, safety and wellbeing	•		•	•	•	•	•			•	•
Value chain	Quality of water supplied to the customer					•						
	Service quality and customer satisfaction			•	•		•	•		•	•	•
	Supply chain				•		•	•				•
	Product safety and quality										•	
	Safety and quality of electricity supply	•										
Innovation	Innovation and new business opportunities	•		•	•	•	•	•		•		

This Report details all of the GRI Standards associated with the aspects, highlighting those businesses where each aspect in question is relevant. Similarly, the specific chapters for each business provide the materiality matrix for the corresponding business, which is accompanied by more comprehensive information regarding the highly relevant aspects for each line of activity.

About this *Report*

TRANSPARENCY
AND RIGOUR

This *Report* is drafted in compliance with the principles of inclusivity, materiality, responsiveness and impact.

(GRI 102-46)

This *Sustainability Report* presents ACCIONA's performance in relation to sustainability in 2018, as well as the challenges it faces and the management approach. The aim of this Report is to provide a comprehensive and clear vision of all the company's relevant information relating to sustainability for its various stakeholders.

The content of this report takes, as its starting point, the challenges identified in sustainability reports in previous years, and focuses on the progress made during 2018.

This *Report* also describes the company's annual progress in implementing the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption, as well as ACCIONA's contribution to the Sustainable Development Goals (SDGs).

The information published in this document is complemented by the content of other company reports: the *Consolidated Financial Statements and Director's Report*, the *Annual Corporate Governance Report* and the *Integrated Report* (GRI 102-45). Other sustainability content is also regularly updated on ACCIONA's website: www.accionacom.com.

The *Sustainability Report* is published on a yearly basis and has been prepared in accordance with the Principles for the drafting of reports set out within Standard 101 of the Global Reporting Initiative (GRI). Compliance with these guidelines ensures that the information contained in this Report is reliable, complete and balanced. As such, this report has been prepared in accordance with the GRI Standards: Comprehensive option.

THIS REPORT HAS BEEN
PREPARED IN ACCORDANCE
WITH THE **GRI STANDARDS:**
COMPREHENSIVE OPTION

With the aim of ensuring that the information is in line with its stakeholders' expectations and concerns, ACCIONA also complies with the principles set out in the latest 2018 edition of standard AA1000 AP: inclusivity, materiality, responsiveness and impact.

In order to verify the reliability of the data, the correct application of the principles of the AA1000 AP standard and the consistency of the information that responds to the GRI Standards, the company has had an external audit of the *Report* carried out by KPMG Asesores S.L. As in previous reports, ACCIONA continues to increase the number of relevant indicators to be reviewed with a reasonable level of assurance. As a result of the audit process, this *Report* contains an *Independent Assurance Report*, where the objectives and scope are detailed, as well as the procedures used and the conclusions reached.



THE PRINCIPLE OF **INCLUSIVITY**

ACCIONA takes all of its stakeholders into account in the process of updating its Sustainability Master Plan (SMP) and in the consultations conducted in relation to business projects. In the section 'Dialogue and Leadership' included in the 'Society' chapter, the avenues for dialogue are described in more detail, as well as the main initiatives carried out with stakeholders in 2018.



THE PRINCIPLE OF **MATERIALITY**

The *Materiality Analysis 2018*, carried out by ACCIONA under the guidelines established in the GRI Standard 101, allowed the company to identify the economic, environmental and social aspects that have the greatest impact on the development of the company's activities.

As a result of this study, ACCIONA considers that the information included in this *Report* is relevant to the company and its various stakeholders. The chapter on 'Materiality Analysis' includes a description of the development process and methodology carried out to determine the content of the document.



THE PRINCIPLE OF **RESPONSIVENESS**

The company covers the main sustainability issues that concern its stakeholders, acting with transparency in its decisions, actions and operations. The chapters follow the structure of the SMP 2020 working areas: Society, Climate Change, Environment, Corporate Governance, People, Value Chain and Innovation. Additionally, chapters are included with a summary of the most relevant information on the sustainability of the different business lines: Energy, Infrastructure and Other Businesses.



THE PRINCIPLE OF **IMPACT**

The update of the AA1000 AP standard in 2018 requires the inclusion of this new principle, which recommends that organisations measure, monitor and assume responsibility for the impact of all their actions at all levels. ACCIONA monitors the direct and indirect impact of its activities through the indicators reported in the aforementioned chapters, including measurable and assessable targets, both strategic and operational.



SCOPE (GRI 102-46)

Since 2005, ACCIONA has reported information regarding the non-financial performance of its businesses in its *Sustainability Report*. This document describes all its activities by offering an overview by divisions and, as far as possible, also by the geographical areas in which it operates.

Throughout the report, the scope of each indicator shown is specified. In addition, with the aim of facilitating a better understanding of the company's performance evolution, details are also provided from previous years.

The environmental information published in the *Report* comes from ACCIONA's environmental reporting system, which is mainly based in the Metrica tool, used for a centralised control and monitoring of the environmental indicators of ACCIONA's activities. The scope of the environmental data published covers 100 % of ACCIONA's activities, both nationally and internationally. The criterion for the consolidation of environmental information is based on a scheme of financial control, as is defined by the GHG Protocol standard.

GRI Content Index



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Spanish version of the report.

GRI Standard	Contents	Page	Direct response or omission	External assurance
GRI 101: Foundation 2016				
GENERAL DISCLOSURES				
GRI 102: General Disclosures 2016				
1. Organisational profile				
102-1	Name of the organisation		ACCIONA S.A.	●
102-2	Activities, brands, products and services	8-10		●
102-3	Location of headquarters	<i>Corporate Governance Report 2018</i> (p. 1)		●
102-4	Location of operations	14-15		●
102-5	Ownership and legal form	<i>Corporate Governance Report 2018</i> (p. 2-9)		●
102-6	Markets served	8-10, 14-15		●
102-7	Scale of the organisation	12-13		●
102-8	Information on employees and other workers	109-112		●
102-9	Supply chain	104-107, 136-153		●
102-10	Significant changes to the organisation and its supply chain	89-92, 136-140 <i>Consolidated Financial Statements 2018</i> (p. 184-187)	Deconsolidation of Trasmediterranea as of 31 May 2018	●
102-11	Precautionary principle or approach	69 <i>Consolidated Financial Statements 2018</i> (p.223)		●

Continues >

GRI Standard	Contents	Page	Direct response or omission	External assurance
102-12	External initiatives	47-48, 94		●
102-13	Membership of associations	47-48, 51-52		●
2. Strategy				
102-14	Statement from senior decision-makers	4-7		●
102-15	Key impacts, risks and opportunities	22-24, 60-61, 100-103		●
3. Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	8, 93-96		●
102-17	Mechanisms for advice and concerns about ethics	93-96		●
4. Governance				
		89-92		
102-18	Governance structure	<i>Corporate Governance Report 2018</i> (p. 12-13)		●
102-19	Delegating authority	26, 33-34, 91		●
102-20	Executive-level responsibility for economic, environmental and social topics	33-34, 91 <i>Corporate Governance Report 2018</i> (p. 14, 38)		●
102-21	Consulting stakeholders on economic, environmental and social topics	50-55, 220-225		●
102-22	Composition of the highest governance body and its committees	91 <i>Corporate Governance Report 2018</i> (p. 12-13)		●
102-23	Chair of the highest governance body	89-92 <i>Corporate Governance Report 2018</i> (p. 12-13)		●
102-24	Nominating and selecting the highest governance body	<i>Corporate Governance Report 2018</i> (p. 25-26)		●
102-25	Conflicts of interest	<i>Corporate Governance Report 2018</i> (p. 41)		●
102-26	Role of highest governance body in setting purpose, values and strategy	<i>Corporate Governance Report 2018</i> (p. 38)		●

Continues >

GRI Standard	Contents	Page	Direct response or omission	External assurance
102-27	Collective knowledge of highest governance body	33-34		●
102-28	Evaluating the highest governance body's performance	<i>Corporate Governance Report 2018</i> (p. 26-27)		●
102-29	Identifying and managing economic, environmental and social impacts	33-34, 60-61, 220-227		●
102-30	Effectiveness of risk management processes	60-61		●
102-31	Review of economic, environmental and social topics	<i>Corporate Governance Report 2018</i> (p. 43-46)		●
102-32	Highest governance body's role in sustainability reporting	33-34 <i>Board of Directors Regulations</i> (p. 30-31)		●
102-33	Communicating critical concerns	93-96		●
102-34	Nature and total number of critical concerns	93-96		●
102-35	Remuneration policies	92-93 <i>Annual Report on Remuneration of Directors 2018</i> (p. 2-10)		●
102-36	Process for determining remuneration	<i>Annual Report on Remuneration of Directors 2018</i> (p. 2-10)		●
102-37	Stakeholders' involvement in remuneration	<i>Annual Report on Remuneration of Directors 2018</i> (p. 2-3)		●
102-38	Annual total compensation ratio	122		●
102-39	Percentage increase in annual total compensation ratio		Not applicable: first year in which the ratios were measured and published.	●
5. Stakeholder engagement				
102-40	List of stakeholder groups	50		●
102-41	Collective bargaining agreements	127		●
102-42	Identifying and selecting stakeholders	50, 220		●
102-43	Approach to stakeholder engagement	50, 220		●

Continues >

GRI Standard	Contents	Page	Direct response or omission	External assurance
102-44	Key topics and concerns raised	50		●
6. Reporting practice				
102-45	Entities included in the consolidated financial statements	<i>Consolidated Financial Statements 2018</i> (p. 164-179)		●
102-46	Defining report content and topic boundaries	227-229		●
102-47	List of material topics	226		●
102-48	Restatements of information		Historic CO ₂ e data recalculated (as stipulated by the GHG Protocol), due to the fact that Trasmediterranea was deconsolidated from ACCIONA in 2018 and that two centres with significant consumption are no longer attributable to ACCIONA according to energy-management responsibilities agreements and to the emissions apportioning criterion of publicly owned plants consolidated under a scheme of financial control, as per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations".	●
102-49	Changes in reporting		There were no significant changes during the reporting period compared to the previous period in terms of the list of material topics, or their definition or scope. Progress was made in the adaptation of the information compiled for reporting pursuant to the update in 2018 of the GRI standards related to Water and Effluents (GRI 303) and Occupational Health and Safety (GRI 403).	●
102-50	Reporting period		2018 (calendar year, ended 31 December)	●
102-51	Date of most recent report		2017	●
102-52	Reporting cycle		Annual	●
102-53	Contact point for questions regarding the report		<i>responsabilidadcorporativa@acciona.es</i>	●
102-54	Claims of reporting in accordance with the GRI standards	228		●
102-55	GRI content index	230-245		●
102-56	External assurance	246	All of the information concerning the GRI Standards of this content index has been externally audited	●

Continues >

GRI Standard	Contents	Page	Direct response or omission	External assurance
MATERIAL TOPICS				
LOCAL COMMUNITIES (GRI 203: Indirect Economic Impacts 2016; GRI 204: Procurement Practices 2016); GRI 413: Local Communities 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation is linked to the impact through its business relationships 	•
103-2	The management approach and its components	37-39		•
103-3	Evaluation of the management approach	36		•
GRI 203: Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	40-42		•
203-2	Significant indirect economic impacts	39		•
GRI 204: Procurement Practices 2016				
204-1	Proportion of spending on local suppliers	138-139		•
GRI 413: Local Communities 2016				
413-1	Operations with local community engagement, impact assessments and development programmes	37-39		•
413-2	Operations with significant actual and potential negative impacts on local communities	37-39		•
CLIMATE CHANGE (GRI 302: Energy 2016; GRI 305: Emissions 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation is linked to the impact through its business relationships 	•
103-2	The management approach and its components	57-61		•
103-3	Evaluation of the management approach	56		•
GRI 302: Energy 2016				
302-1	Energy consumption within the organisation	66-67		•

Continues >

GRI Standard	Contents	Page	Direct response or omission	External assurance
302-2	Energy consumption outside of the organisation	67		•
302-3	Energy intensity	67		•
302-4	Reduction of energy consumption	66-67		•
302-5	Reductions in energy requirements of products and services	66-67		•
GRI 305: Emissions 2016				
305-1	Direct (Scope 1) GHG emissions	62		•
305-2	Energy indirect (Scope 2) GHG emissions	62		•
305-3	Other indirect (Scope 3) GHG emissions	63-64		•
305-4	GHG emissions intensity	63		•
305-5	Reduction of GHG emissions	62-65		•
305-6	Emissions of ozone-depleting substances (ODS)		Not applicable: ACCIONA does not use ozone-depleting gases in its facilities.	•
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions	64-65		•
INVESTMENT IN RENEWABLE ENERGIES				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation is linked to the impact through its business relationships 	•
103-2	The management approach and its components	171-172		•
103-3	Evaluation of the management approach	171-172		•
ENERGY TRANSITION AND REGULATORY FRAMEWORKS				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation is linked to the impact through its business relationships 	•
103-2	The management approach and its components	65, 173		•
103-3	Evaluation of the management approach	65, 173		•

Continues >

GRI Standard	Contents	Page	Direct response or omission	External assurance
ENVIRONMENTAL MANAGEMENT AND BIODIVERSITY (GRI 304: Biodiversity 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	•
103-2	The management approach and its components	69-72, 80-83		•
103-3	Evaluation of the management approach	68		•
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas or areas of high biodiversity value outside protected areas	81-82		•
304-2	Significant impacts of activities, products and services on biodiversity	82		•
304-3	Habitats protected or restored	83		•
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	83		•
WATER USE (GRI 303: Water and Effluents 2018)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	•
103-2	The management approach and its components	72-77		•
103-3	Evaluation of the management approach	68		•
GRI 303: Water and Effluents 2018				
303-1	Interactions with water as a shared resource	72-73, 77, 205-207		•
303-2	Management of water discharge-related impacts	73, 83		•

Continues >

GRI Standard	Contents	Page	Direct response or omission	External assurance
303-3	Water withdrawal	73-76		●
303-4	Water discharge	73-76		●
303-5	Water consumption	73-76		●
WASTE AND CIRCULAR ECONOMY (GRI 306: Effluents and Waste 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	83-87		●
103-3	Evaluation of the management approach	68		●
GRI 306: Effluents and Waste 2016				
306-1	Water discharge by quality and destination	73-76		●
306-2	Waste by type and disposal method	84-85		●
306-3	Significant spills	72		●
306-4	Transport of hazardous waste	84-85		●
306-5	Water bodies affected by water discharges and/or runoff	83		●
MATERIALS (GRI 301: Materials 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	84-87, 204-205		●
103-3	Evaluation of the management approach	84-87, 204-205		●
GRI 301: Materials 2016				
301-1	Materials used by weight or volume	84-85, 204-205		●
301-2	Recycled input materials used	84-85, 204-205		●
301-3	Reclaimed products and their packaging materials	84-85, 204-205		●

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
NON-FINANCIAL RISKS				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	100-103		●
103-3	Evaluation of the management approach	88		●
ETHICS AND ANTI-CORRUPTION (GRI 205: Anti-corruption 2016; GRI 206: Anti-competitive Behaviour 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	93-97		●
103-3	Evaluation of the management approach	88, 93-97		●
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	93-97		●
205-2	Communication and training about anti-corruption policies and procedures	93-97		●
205-3	Confirmed incidents of corruption and actions taken		In 2018, two reports were filed regarding alleged conflicts of interest or activities that could be classified as corruption. The first case was resolved by ordering that the activity posing a conflict of interest be stopped. The second case is pending resolution of the relevant proceeding.	●
GRI 206: Anti-competitive Behaviour 2016				
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices		The Spanish National Securities Market Commission (CNMC) has asked ACCIONA Construcción, S.A. to furnish information and provide certain details in relation to possible anti-competitive practices in the comprehensive State road upkeep services market consisting in distributing the tender procedures announced by the Ministry of Public Works for these purposes. This request for information represents	●

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
			a preliminary investigation prior to the institution, where appropriate, of disciplinary proceedings, and a response is pending to indicate that the company that submits bids and performs road maintenance is ACCIONA Mantenimiento e Infraestructuras S.A. rather than ACCIONA Construcción, S.A. Other maintenance companies have received similar summons. ACCIONA trusts that, when the non-existence of the anti-competitive nature of the conduct described has been duly evidenced to the CNMC, the case will be shelved.	•
HUMAN RIGHTS (GRI 406: Non-discrimination 2016; GRI 407: Freedom of Association and Collective Bargaining 2016; GRI 408: Child Labour 2016; GRI 409: Forced or Compulsory Labour 2016; GRI 410: Security Practices 2016); GRI 412: Human Rights Assessment 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	•
103-2	The management approach and its components	97-103		•
103-3	Evaluation of the management approach	97-103		•
GRI 406: Non-discrimination 2016				
406-1	Incidents of discrimination and corrective actions implemented	93-95		•
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	97-98, 127, 144, 150		•
GRI 408: Child Labour 2016				
408-1	Operations and suppliers at significant risk for incidents of child labour	97-102, 144-149		•
GRI 409: Forced or Compulsory Labour 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	97-102, 144-149		•

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
GRI 410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures	94-95, 97-99		●
GRI 412: Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	97-103, 144-149		●
412-2	Employee training on human rights policies or procedures	118		●
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	97-99, 144		●
ECONOMIC PERFORMANCE (GRI 201: Economic Performance 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	8-12, 104-107		●
103-3	Evaluation of the management approach	8-12, 104-107		●
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	104-107		●
201-2	Financial implications and other risks and opportunities due to climate change	57-61		●
201-3	Defined benefit plan obligations and other retirement plans	<i>Consolidated Financial Statements 2018</i> (p. 53-54)		●
201-4	Financial assistance received from government	<i>Consolidated Financial Statements 2018</i> (p. 117-118)		●

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
EQUALITY AND DIVERSITY AMONG EMPLOYEES (GRI 202: Market Presence 2016; GRI 405: Diversity and Equal Opportunity 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	124-127		●
103-3	Evaluation of the management approach	108		●
GRI 202: Market Presence 2016				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		ACCIONA's average minimum wage is greater than the official minimum wage (in Spain).	●
202-2	Proportion of senior management hired from the local community		In 2018, 63.3% of the total number of company executives internationally (outside of Spain) are local executives with a local contract.	●
GRI 405: Diversity and Equal Opportunity 2016				
405-1	Diversity in governance bodies and employees	90-91, 110-112, 125-126		●
405-2	Ratio of basic salary and remuneration of women to men	120-121		●
HUMAN CAPITAL (GRI 401: Employment 2016; GRI 404: Training and Education 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	109-124		●
103-3	Evaluation of the management approach	108		●
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	114, 124		●
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	121-124		●

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
401-3	Parental leave		All employees are entitled to maternity/paternity leave. In 2018, virtually all of the employees who exercised this right returned to work at the end of the leave period.	•
GRI 404: Training and Education 2016				
404-1	Average hours of training per year per employee	116		•
404-2	Programmes for upgrading employee skills and transition assistance programmes	114-118		•
404-3	Percentage of employees receiving regular performance and career development reviews	119		•
HEALTH, SAFETY AND WELL-BEING (GRI 403: Occupational Health and Safety 2018)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	•
103-2	The management approach and its components	127-135		•
103-3	Evaluation of the management approach	108		•
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	127, 132-133		•
403-2	Hazard identification, risk assessment, and incident investigation	127, 132-133		•
403-3	Occupational health services	127, 131-132		•
403-4	Worker participation, consultation, and communication on occupational health and safety	133-134		•
403-5	Worker training on occupational health and safety	134		•
403-6	Promotion of worker health	123-124, 131-132		•

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	127, 175-176, 192		●
403-8	Workers covered by an occupational health and safety management system	132-133		●
403-9	Work-related injuries	127-131,135		●
403-10	Work-related ill health	131-132		●
SERVICE QUALITY AND CUSTOMER SATISFACTION ¹ (GRI 416: Customer Health and Safety 2016; GRI 417: Marketing and Labelling 2016; GRI 418: Customer privacy 2016; GRI 419: Socioeconomic Compliance 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	●
103-2	The management approach and its components	153-159		●
103-3	Evaluation of the management approach	136		●
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	157-158, 173-175, 178, 199-203, 215-216, 218		●
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		During 2018, a total of 26 claims related to service provision were received in the area of concessions and hospital services. They are not related to non-compliance with regulations or voluntary codes. Likewise, for the other businesses, no cases of non-compliance were found in this area.	●
GRI 417: Marketing and labelling 2016				
417-1	Requirements for product and service information and labelling	159		●
417-2	Incidents of non-compliance concerning product and service information and labelling		In 2018, no non-compliance with the regulations or voluntary codes was found relating to the information and labelling on products and services, nor in its marketing communications.	●

¹ Includes specific business-related matters: Electricity supply safety and quality (ACCIONA Energy), Quality of water supplied to customers (ACCIONA Agua), Product safety and quality (Grupo Bodegas Palacio 1894).

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
417-3	Incidents of non-compliance concerning marketing communications		In 2018, no non-compliance with the regulations or voluntary codes was found relating to the information and labelling on products and services, nor in its marketing communications.	●
GRI 418: Customer privacy 2016				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		The company has no evidence that any complaints have been raised for breaches of legal regulations or voluntary codes regarding privacy and loss of customer data.	●
GRI 419: Socioeconomic Compliance 2016				
419-1	Non-compliance with laws and regulations in the social and economic area		The company has no history of fines or sanctions for breach of laws or regulations on social and economic matters. Nor are the products, projects and services provided by ACCIONA prohibited on any of the markets on which it operates.	●
SUPPLY CHAIN (GRI 308: Supplier Environmental Assessment 2016; GRI 414: Supplier Social Assessment 2016)				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation is linked to the impact through its business relationships 	●
103-2	The management approach and its components	137-153		●
103-3	Evaluation of the management approach	136		●
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	144, 147-149		●
308-2	Negative environmental impacts in the supply chain and actions taken	144, 147-148		●
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	144, 147-148		●
414-2	Negative social impacts in the supply chain and actions taken	144, 147		●

Continues >

Estándar GRI	Contenidos	Página	Respuesta directa u omisión	Verificación externa
INNOVATION AND NEW BUSINESS OPPORTUNITIES				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its boundary	221-225	<ul style="list-style-type: none"> • Within and outside of the organisation • The organisation contributes directly to the impact 	•
103-2	The management approach and its components	161-167, 185-187, 197-199		•
103-3	Evaluation of the management approach	160		•

Independent Assurance Report



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on 2018 Sustainability Report of Acciona, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the Management of Acciona, S.A.:

We have been engaged by the management of ACCIONA, S.A. (hereinafter ACCIONA) to provide reasonable and limited assurance on the non-financial information contained in the Sustainability Report for the year ended 31 December 2018 (hereinafter "the Report").

The indicators covered by reasonable assurance are GRI 102-8, GRI 102-41, GRI 202-1, GRI 202-2, GRI 204-1, GRI 302-1, GRI 304-1, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7, GRI 401-1, GRI 401-3, GRI 403-1, GRI 403-4, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 410-1, GRI 412-2, on the quantitative information derived from these indicators, related to the progress on complying with 2020 Sustainability Master Plan objectives (hereinafter SMP 2020), and on the qualitative information related to the progress on complying with Sustainability Master Plan objectives. The indicators covered by limited assurance comprise the other indicators described in the GRI Index of the Report.

ACCIONA Management responsibilities

ACCIONA management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), according to the comprehensive option, as described in point 102-54 of the GRI Index of the Report. It is also responsible for compliance with the Materiality Disclosure Service, obtaining confirmation from the Global Reporting Initiative on the proper application of these. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2018 (AA1000 AP 2018); for determining ACCIONA's objectives in respect of the selection and presentation of sustainable development performance, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

These responsibilities include establishing such controls as management determines are necessary to enable the preparation of limited and reasonable assurance indicators that are free from material misstatement whether due to fraud or error.



Our responsibility

Our responsibility is to carry out a review to provide reasonable assurance on the preparation and presentation of the indicators GRI 102-8, GRI 102-41, GRI 202-1, GRI 202-2, GRI 204-1, GRI 302-1, GRI 304-1, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7, GRI 401-1, GRI 401-3, GRI 403-1, GRI 403-4, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 410-1, GRI 412-2, a limited assurance review on the preparation and presentation of the other indicators within the review scope, and to express a conclusion based on the work performed.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement.

KPMG applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also conducted our engagement in accordance with Accountability Assurance Standard AA1000 AS 2008 (Type 2), which covers not only the nature and extent of the organization adherence to the AA1000 AP, but also evaluates the reliability of performance information as indicated in the scope.

Reasonable assurance over reasonable assurance indicators

The procedures selected in our reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement of the indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of ACCIONA's internal control over the preparation and presentation of the Report.

Our engagement also includes assessing the appropriateness of the indicators with the criteria of the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards), obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by ACCIONA, and re-computation of the calculations of the reasonable assurance indicators.



Limited assurance over limited assurance indicators

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures. These procedures included:

- Verification of ACCIONA's processes for determining the material issues, and the participation of stakeholder groups therein.
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business of ACCIONA.
- Evaluation through interviews concerning the consistency of the description of the application of ACCIONA's policies and strategy on sustainability, governance, ethics and integrity.
- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing Universal Standards with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of ten sites through visits and remote review, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Review of the application of the Global Reporting Initiative's Sustainability Reporting Standards requirements in accordance with the comprehensive option.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of ACCIONA.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in AA1000 AP, stakeholder group dialogue and in social, environmental and economic business performance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.



In our opinion, the indicators GRI 102-8, GRI 102-41, GRI 202-1, GRI 202-2, GRI 204-1, GRI 302-1, GRI 304-1, GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-7, GRI 401-1, GRI 401-3, GRI 403-1, GRI 403-4, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 410-1, GRI 412-2, the quantitative information derived from these indicators, related to the progress on complying with Sustainability Master Plan objectives, and the qualitative information related to the progress on complying with Sustainability Master Plan objectives, reviewed with reasonable assurance, are prepared and presented, in all material aspects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative as described in point 102-54 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the limited assurance indicators have not in all material respects, been prepared and presented in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative as described in point 102-54 of the GRI Index, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Additionally, nothing has come to our attention that causes us to believe that as a result of ACCIONA implementing the procedures described in sections 102-43 and 102-44 of the GRI Index Report, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide ACCIONA management with an internal report outlining our complete findings and areas for improvement.

Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

In relation to the INCLUSIVITY principle

The 2020 Sustainability Master Plan of ACCIONA (hereinafter, SMP 2020) includes the main channels of dialogue with company's stakeholders. In addition, the company carries out specific inquiries during the different phases of the life cycle of the business projects, performing external audits for the correct implementation of the measures proposed. During 2018, the social impact management procedure was raised to the rank of corporate standard. This standard includes the minimum performance criteria for the social Management of the projects, responding to the expectations of the company's stakeholders. In this sense, and in the context of this standard, it would be recommended implement measures related to the prioritization of the stakeholders involved.

In relation to the MATERIALITY principle

ACCIONA performs an annual materiality analysis that covers all of the company's business. For each of the business, different national and international prescribers are considered related to the different activities, obtaining different materiality matrixes. However, the identified material issues have not been updated with respect to the latest editions. It would be recommended to establish and adapt the list based on potential new relevant issues derived from market macro-trends.



In relation to the RESPONSIVENESS principle

In 2018 ACCIONA Sustainability Report, the objectives and commitments set out in the SMP 2020 are answered annually. As an orientation to the improvement and due to the new mercantile norm in force related to the disclosure of non-financial information and diversity, the commitments and objectives present in the Plan could be prioritized in order to focus the new expectations on this type of information for the stakeholders. In addition to this, it would be recommended to continue advancing in the alignment of the contents of the Report to guarantee that all detected material issues are reported.

In relation to the IMPACT principle

ACCIONA conducts the identification, evaluation and management of the most significant impacts generated through its activity in the geographies in which it operates. The company links this impact with its contribution to the Sustainable Development Goals through the commitments acquired in the SMP 2020. In addition, ACCIONA has the Social Impact Management Standard that identifies the positive and negative impacts that are generated in local communities and their areas of influence. However, the company could advance in the inclusion of a scorecard for the management, reporting and monitoring of key indicators.

Purpose of our report

In accordance with the terms of our engagement, this Independent Assurance Report has been prepared for ACCIONA in relation to its 2018 Sustainability Report and for no other purpose or in any other context.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

12 April 2019



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