

WHAT IF  
THE  
SMARTEST  
DECISION  
WAS  
**TO INVEST  
IN THE  
PLANET?**

**SUSTAINABILITY REPORT 2019**



BUSINESS AS UNUSUAL

## **Non-Financial Information Statement 2019**

The enclosed Non-Financial Information Statement, prepared in compliance with Law 11/2018 of 28 December which incorporated the European Parliament's Directive 2014/95/UE in the Spanish law, is an inseparable part of ACCIONA's Consolidated Directors' Report for the 2019 fiscal year. This document is a layout version of the Non-Financial Information Statement. In the event of a difference between the two documents, the text of the Non-Financial Information Statement included in the Spanish version of the Consolidated Directors' Report prevails.

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BUSINESS AS UNUSUAL

**4**

---

**Letter  
from the Chairman**

**8**

---

**The first company  
of a new sector**

**24**

---

**Degree of fulfilment  
of commitments**

People **38**  
Risks and opportunities  
of the climate emergency **64**  
Environmental impact **80**  
Innovation **96**  
Customers **104**  
Social impact **112**  
Respect for Human  
Rights **130**  
Supply chain **134**  
Tax information **150**  
Corporate Governance **152**  
Ethics and anti-corruption **158**

**208**

---

**Other ACCIONA  
Businesses**

**216**

---

**Materiality  
analysis**

**222**

---

**About  
this report**

166 184

---

The Energy  
Business

---

The Infrastructure  
Business

224 236 256

---

Annex of Itemized  
Indicators

---

GRI and Law 11/2018  
content indexes

---

Independent Assurance  
Report



# Letter from the Chairman

José Manuel Entrecanales  
CHAIRMAN OF ACCIONA

4

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Dear friends,

I am pleased to present ACCIONA's Sustainability Report for 2019, a year in which we've seen an encouraging progress in raising awareness on many of the global challenges of our era, all while the urgent need to address some of them has become a real emergency.

An emergency certified by science in its constant calls to pay attention to the increase in the planet's global temperature, the concentration levels of CO<sub>2</sub> or extreme atmospheric phenomena, for example. Effects that are clearly being caused by the ever-increasing emissions of greenhouse gases, which have risen by more than 20% in the last five years alone.

I agree with the slogan embraced by the COP25 held in Madrid this year: the time for action is now. We are living at a time when it is urgent to review the growth models of the past in order to embark on a new phase of more sustainable and inclusive prosperity, which will allow us to act in a more coordinated and effective way in the face of these global challenges.

In this regard, the Sustainable Development Goals (SDGs) continue to be the best approach for jointly addressing the challenges and issues of this global agenda. An agenda whose success depends largely on the ability to develop the infrastructure necessary to achieve it.

This year, we've made our own calculations in order to extensively and precisely estimate the investment effort required to achieve this objective. We have reached to the conclusion that, in most regions, public investment and development assistance alone will not be enough to come even remotely close to the volumes of investment required.

The only possible alternative is the collaboration of the private investment sector. But even so, the investment required is of such magnitude that it is essential to create a genuinely favourable environment to promote and stimulate the private investment towards the right direction.

A significant step forward was taken in 2019 with the promotion of sustainable financing; especially as a result of the efforts made to promote the transition to a low-carbon economy, particularly in Europe.

Initiatives by regulators and supervisors, which include the climate factor in the prudential calculations of financial and insurance companies, or the growing interest in labelling activities as low-carbon, are powerful instruments for channelling investment and making it visible. For this reason, it is with a great deal of interest that we have been following the work being done by the European Union institutions on the development of a taxonomy on low-carbon activities.

The taxonomy and other incentives for sustainable finance can become a good example of how to design appropriate risk-benefit environments which are attractive to the private sector, and this in turn, can accelerate results related to climate neutrality and other future environmental goals. It is a clear signal for markets to align financing with the climate agenda and avoid the temptation to resort to cosmetic practices which, sadly, are so common when we rigorously assess improvements in this field.

The application of the principles and metrics of the European taxonomy onto ACCIONA's businesses confirm that our commitment and investment strategy are consistent with a low carbon economy

5

This year, ahead of the regulations planned for 2022, we have projected the principles and metrics of the European taxonomy onto ACCIONA's businesses. For the first time at the end of the 2018 fiscal year and now in this report for 2019 results, the conclusions presented on these pages confirm that our commitment and investment strategy are consistent with the development of activities focused on fostering the transition.

Our advanced Sustainability Master Plan, in place since 2010, calls for continuous improvement on our social and environmental performance, which is linked to our professionals' incentives since 2015, an effort that has allowed us to comply with demanding international standards and objective-based work. Following this line, I would like to highlight some of our main accomplishments this year.

Firstly, ACCIONA's continued leadership in the climate change field, having avoided the emission of 13.1 million tonnes of CO<sub>2</sub> thanks to renewable production, 77 times more CO<sub>2</sub> than we produce.

In addition, over the last two years we've reduced emissions by 22%, and we hope to accomplish the assumed target of a 60% reduction by 2030, even before the deadline. Together with 100 other companies, we've made a commitment to further reduce the remaining emissions by meeting the most strict targets

set by science and by our commitment to decarbonisation and offsetting to neutrality, which we have maintained since 2016.

ACCIONA continues working on offering solutions to confront global environmental challenges such as water stress, climate adaptation, promotion of the circular economy and biodiversity conservation. We have treated 519 hm<sup>3</sup> in water-stressed areas and reduced water consumption by 61% compared to 2017. And we've reduced the generation of non-hazardous waste by 61% compared to 2015, 75% of which is recovered.

ACCIONA continues working on offering solutions to confront global environmental challenges such as water stress, climate adaptation, promotion of the circular economy and biodiversity conservation

In regard to our people, the company endeavours to achieve real and effective equality of opportunity for all employees and to integrate diversity as a strategic element of our people management. Diversity Committees have been set up in all strategic businesses and countries. Through them, a working group has been set up to design a Global Diversity and Inclusion Plan. In addition, we've managed to reduce the number of fatal accidents at our facilities to zero.

For ACCIONA, managing the social impact of our projects and services is one of the key strategic aspects of our sustainable business model. This year we evaluated 124 projects in 27 countries using our Social Impact Management (SIM) methodology. We also reformulated the volunteer model, with a greater emphasis on this initiative in strategic markets.

Progress continues to be made in the deployment of the company's compliance model to guarantee its full effectiveness. This year we've expanded training programmes and intensified awareness campaigns, appointing specialized managers. This effort will be reinforced in the coming months with the certification of ACCIONA's core businesses according to the UNE 19601 and ISO 37001 standards.

6

In the field of innovation, we reported an innovation figure of €230.4 million, which represents an innovation intensity ratio of 3.2%, more than double the European average (1.5%) and have made progress in integrating advanced technologies such as 3D printing, mixed reality, blockchain or data science into our projects.

We could mention many other targets in the Sustainability Master Plan, which is entering its final phase this year; or some of the recognitions received, such as the highest sustainability rating in the S&P RobecoSAM assessment, the selection of our company as the world's greenest utility by Energy Intelligence, or our inclusion on the list of the 100 most sustainable companies in the opinion of Corporate Knights, among others. These achievements are a reflection of the clear commitment of ACCIONA and its team to improve every day, in every business and on every project.



We carry out this report with the essential purpose of sharing information with you about that commitment. I hope you will find in its pages that the information is sufficient and rigorous enough to form a solid and reliable opinion on the evolution of our performance, our objectives and our efforts to remain at the forefront of sustainable transformation.

We believe that ACCIONA is ideally positioned to play a leading role in promoting a new generation of transformational infrastructure assets, capable of accelerating the achievement of the objectives of the global agenda defined by the SDGs and multiplying the real positive impact of our activity. It is an approach that is certainly unusual from the perspective of traditional economic sectors, but nonetheless an ACCIONA hallmark: a dynamic company that evolves and adapts to changing times, which has managed to maintain its focus on the development of basic infrastructure over the last 100 years, aimed at improving the quality of life of the people and communities in which they live.

# The first company of a new sector

## Business Model

ACCIONA is a company focused on the development and operation of basic infrastructure assets that enable the achievement of the Sustainable Development Goals.

8

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## **BUSINESS AS UNUSUAL: A DIFFERENT WAY OF DOING BUSINESS**

The global agenda is guided by the United Nations' Sustainable Development Goals (SDGs) which were approved by the UN General Assembly in September 2015. There are 17 overall goals and 169 targets to be achieved by 2030, with the aim of eradicating poverty, protecting the planet and ensuring prosperity for all as part of a new sustainable development agenda.

### **The need to invest and the availability of capital**

Investments in infrastructure have a direct or indirect influence on the achievement of all SDGs. According to recent studies, infrastructure development is tied to the achievement of at least 72% of SDG targets, beyond its effects on productivity and job growth.

More than 7.6% of global GDP must be invested per year from 2015 to 2030 in order to achieve SDG targets and fulfil the Paris Agreement. With annual investment in infrastructure currently at 5.5% of global GDP, that means an annual gap of 2.1% of global GDP. This investment effort is only possible with the participation of private capital.

## Connecting supply and demand

The disconnection between the availability of capital (supply) and the need for investment (demand) is a symptom of the existence of barriers to the flow of funds to sustainable infrastructure. These barriers affect different risk profiles differently and vary depending on the infrastructure's stakeholders (users, governments, operators or investors, among others).

There are few operators with the technical capacity, international presence and balance structure able to connect supply and demand, to address the challenges of the SDGs and to make the opportunities for integrated solutions a reality.

## Invest in the planet

Because of the complexity and the interconnection between the Agenda 2030 overall targets, these challenges cannot be tackled efficiently from traditional sectors (business as unusual). The problems posed by water, climate change or mega-cities, for example, require new approaches capable of looking beyond one-off projects and solutions that integrate capital, talent, technique and technology in a different way than has been done in the past.

This is why ACCIONA does not see itself as a construction company that has diversified into the energy business, or an energy company with a construction legacy. Rather, it is a company operating in a new sector that focuses its strategy and solutions on the needs and opportunities for the development of the sustainable agenda defined by the SDGs and the conversion to a low-carbon economy.

**A new sector in which ACCIONA can be considered the first company and the reference.**

One example of this is the group's activities contributing to a low-carbon economy that have been identified and catalogued by the European Union through a specific "taxonomy". ACCIONA's business approach explains and aligns the portfolio of solutions better than any other traditional sector. Thus, 93% of the company's investments, 83% of its EBITDA<sup>1</sup> and 58% of its revenue in 2019 are eligible for inclusion in the European taxonomy, which in itself defines a new economic sector that transcends traditional sectors: the one that develops infrastructure to drive a low-carbon economy and meet the objectives of the 2030 Agenda.

9

## ACCIONA profile

ACCIONA is one of the leading Spanish companies in the IBEX 35, present in more than 40 countries. The company is an expert 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 develops its activity with nearly forty thousand professionals and sales that reach 7,191 (million €) and 1,356 (million €) of gross operating result or EBITDA in 2019.

<sup>1</sup> This figure has not been verified since the EU's Technical Expert Group (TEG) on Sustainable Finance does not include this variable among the ones that can be used to calculate the percentage of business that meets the taxonomy's requirements.

## Experts in designing a better world

### **ACCIONA is a developer and operator with a proven ability to successfully manage essential infrastructure projects and assets**

ACCIONA's ability to develop infrastructure assets is a very scarce skill which very few companies can claim. It is one of the few global operators, prepared to understand and address the needs and opportunities of the sustainable agenda and to transform its challenges into attractive infrastructure assets that contribute to sustainable and inclusive growth.

Its unique and innovative approach to market response, thanks to an integrated understanding - SMART SOLUTION - and to its strengths, make ACCIONA a global reference in development and basic infrastructure solutions operations for a sustainable future.

### **Proven experience and international presence**

With almost one hundred years of history behind it, one of ACCIONA's major strengths is its proven ability to turn ideas into attractive infrastructure assets anywhere in the world.

ACCIONA has demonstrated incomparable skills in developing profitable opportunities linked to real needs by multiplying the positive impact that infrastructure has on sustainable development models. With offshored opportunities that are increasingly significant, the right dose of technical and management expertise is required to match their complexity.

To that end, the company is organized as a vertically integrated infrastructure developer and operator, carrying out truly transformational projects all over the world, from Dubai to Quito, from Vancouver to Torre Vieja and from Santiago de Chile to the Norwegian fjords.

### **A balanced project portfolio designed to develop investor potential**

10

ACCIONA has a resilient portfolio that allows it to create the right conditions for project initiation and development.

The project portfolio has a balanced risk profile and attractive returns. The company is capable of maintaining a strong competitive position and a solid capital structure, which allows it to be on the lookout for added value opportunities at all times.

The configuration of ACCIONA's business activities can be explained by the three risk profiles from which its operating results are derived; from lowest to highest risk.

- › The long-term assets business such as renewable energy facilities or social, water or transport concessions.
- › Efficient services activity which is associated with intermediate and recurring risk.
- › Greenfield development or EPC business: civil engineering projects which require less capital but by nature pose a higher risk.

### Capacity to amplify innovation

At ACCIONA, innovation is the driving force behind evolution, adding value to processes and products in all its areas, businesses, employees and countries. The new open innovation platform, I'MNOVATION #Startups, is the first corporate accelerator for energy and infrastructure start-ups in Spain and one of the first in Europe. This program places the company at the centre of the innovation ecosystem in its business sectors, which converts it into a leading agent for the future.

### International benchmark of talent for its technical competence

ACCIONA's team are an international technical reference when it comes to the execution of highly complex technical and financial infrastructure projects.

ACCIONA's solutions are based on the idea of transformation and having an additional positive impact on the community. A transformation that is only possible by combining the type of talent that bring a diverse and multidisciplinary approach.

The capacity to manage and articulate large civil engineering, energy, social or service projects is attested to by the experience and results accumulated over the last hundred years.

### Vocation and consistency in leading the change to an inclusive and decarbonized economy

ACCIONA's infrastructure acts on the basic aspects of social prosperity through decarbonized technology and responsible practices. The Enhanced Impact Solutions are capable of turning traditional projects into assets that are well-suited to the challenges of transformation to a sustainable economy.

ACCIONA develops opportunities linked to real needs by multiplying the infrastructure's prosperity. To attract market interest, the company acts on basic needs through low-carbon solutions such as new desalination technologies, the circular economy or electrical mobility, even though these activities may traditionally belong to unconnected economic sectors (see European Commission taxonomy).

ACCIONA's solution design approach contributes to improving the productivity of resources, protecting the climate, creating more resilient economies and facilitating greater social inclusion, in order to better serve its customers and the community.

11

## BUSINESS STRATEGY

In response to the challenges of developing basic infrastructure such as access to clean energy, urban development and mobility, ACCIONA offers solutions.

Solutions capable of turning traditional projects into assets that multiply its value for the community in fundamental areas such as energy, transport, water, waste management or social infrastructure.

## ACCIONA solutions



### Clean energy

**ACCIONA is the world's largest energy operator working exclusively with renewable energy.** With more than 30 years of experience in the sector, the company owns and operates more than 10 GW of onshore wind, photovoltaic, biomass, hydroelectric and solar thermal power facilities in 16 countries on 5 continents.



### Transport

**Having built more than 10,000 km of roads, ACCIONA is a benchmark in the infrastructures construction and operation sector,** including passenger and cargo transport (roads, bridges, railways, tunnels) as well as data.



### Water

**ACCIONA is a leader in the water treatment sector,** with the capacity to design, build and operate drinking water treatment plants, wastewater treatment plants, tertiary treatments for reuse and reverse osmosis desalination plants.



### Social

**ACCIONA develops infrastructure solutions for health, education and cultural engineering,** as well as for the preservation and cleanliness of the natural environment with a focus on people and the environment.



### Cities

**For ACCIONA, cities are the places where the greatest transformations of our time are taking place.** The company has a specially-defined and an integrated approach for taking on the challenges of construction, transport, water management or the circular economy.



### Real estate

**The company is committed to real estate development and offers supplemental services** aimed at supporting sustainable population growth, in line with global trends. ACCIONA's real estate activity focuses on the development and management of real estate complexes - backed by solid technical and professional experience - in Spain, Poland, Mexico and Portugal.



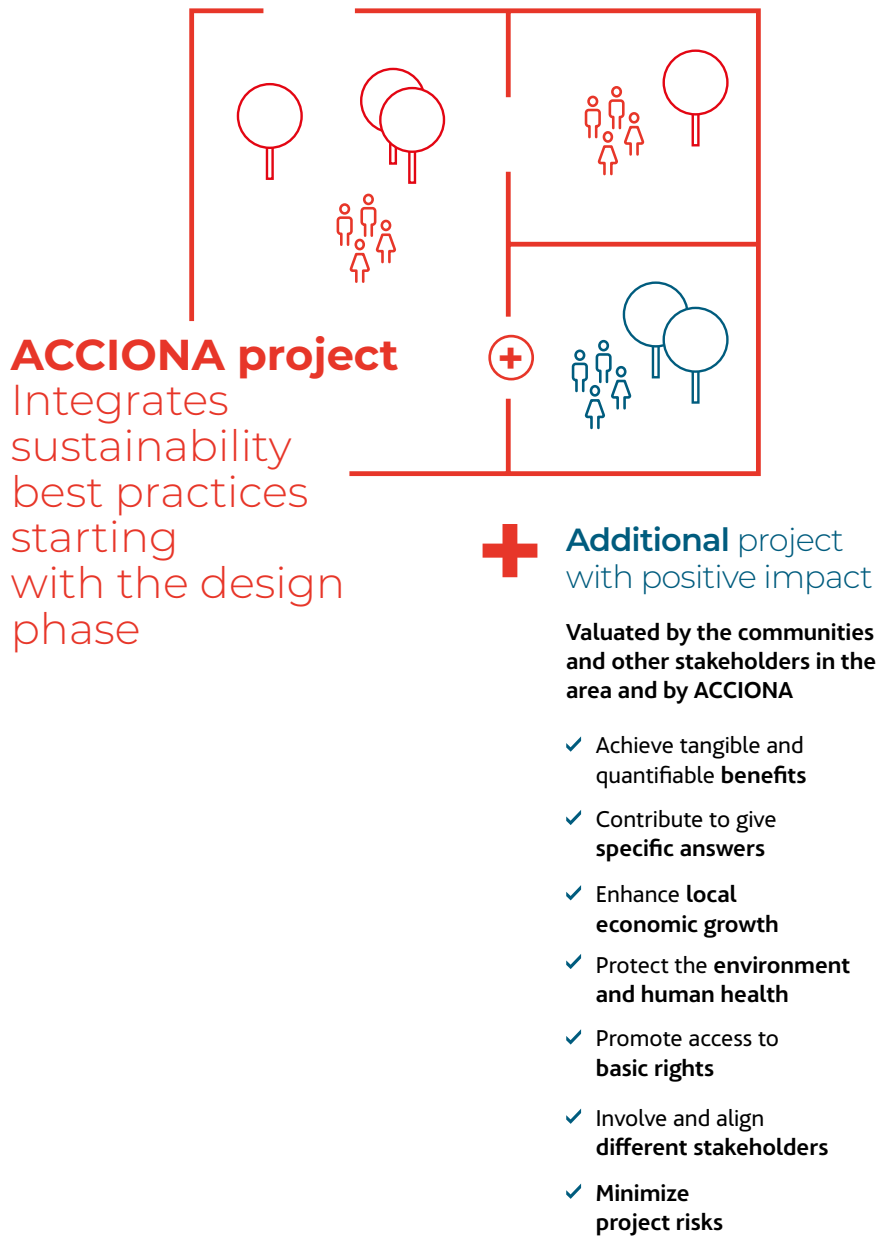
### Other solutions

The group is also dedicated to **capital solutions** through Bestinver and the **production of high quality wines** through Grupo Bodegas Palacio 1894.

**Enhanced Impact Solutions**

ACCIONA seeks to maximize the sustainable impact of its projects. In line with this vision, the company has designed its Enhanced Impact Solutions: business solutions that include additional projects implemented by ACCIONA during the execution of the main project to generate an additional positive social and environmental impact. This solution improves the living conditions of the population and/or the environment, considering not only the direct impact of the infrastructure itself but, above all, the additional indirect impact on the environment closest to the infrastructure or service provided.

**Enhanced Impact Solutions**



Through these projects, ACCIONA aims to reduce the existing gaps and generate an additional positive impact locally, using the 169 targets of the 17 Sustainable Development Goals (SDGs) as a reference. To that end, effectively using the best practices in sustainability already demonstrated on traditional projects, the company also draws on the knowledge, expertise and resources available at corporate level, such as ACCIONA's University or ACCIONA's R&D centres.

These actions, in addition to those identified in the original project, are designed to provide a service that is sustainable over time, either through development as a new business model or through partnerships with third parties to ensure the operation and maintenance of the infrastructures and the additional services.

Additional projects with a positive impact respond to **local needs** to advance the Sustainable Development Goals

### Contribution to SDGs

Infrastructure development is directly or indirectly linked to the achievement of the Sustainable Development Goals. The Enhanced Impact Solutions approach helps to channel the investment needed to achieve the SDGs into corporate projects that contribute to the global sustainable agenda. In addition, with this approach the company places even greater emphasis on reducing potential risks. It acts directly on social gaps such as gender equality or the inclusion of disadvantaged groups, entrepreneurship, lack of access to basic services such as water, energy or telecommunications, or other measurable and quantifiable benefits for the population and seeks the community's involvement to drive inclusive economic growth.

### Pilot projects and workshops

For the implementation of the first Enhanced Impact Solutions, the corporation worked with the business lines of the Infrastructure division (Construction, Concessions, Water and Services).

14

As of the end of 2019, the first pilot project proposals have been identified and they are being characterized. The purpose of this is to validate the planned work model. This approach, is based on the knowledge and experience of each line of business addressing pilot projects and their potential benefits in terms of resource productivity and market demand.

Each pilot project begins with a detailed analysis of the need to contribute to the SDGs in the project's area of influence, including the characteristics of the community. The study results are then aligned with existing or anticipated development plans, capacity analysis, internal resources and possible financing models.

### Working tools

To carry out the Enhanced Impact Solutions, the company puts in place a series of tools and equipment:

To standardize and facilitate the development of these Enhanced Impact Solutions, ACCIONA began to work on a Solutions Catalogue in 2019 which will detail previously characterized standard projects. The information included for each project consists of the definition of the objective, model and context, beneficiaries, milestones, internal capacities, partners, investment and financing model.



As for the teams involved, the projects are coordinated by the corporate sustainability area, the local project teams, the business' sustainability departments and the innovation centres.

Likewise, the acciona.org Foundation works in coordination with these groups to contribute with its experience in sustainable projects for the provision of basic services and infrastructure (energy, water and sanitation) to people and communities in situations of social exclusion. The foundation may even participate in the execution of projects that fit in with its corporate purpose.

A digital information tool was introduced in 2019 with cartographic representations and data analysis that will allow to obtain a detailed analysis of the particular and local needs of each additional project, on the one hand; and on the other hand, to keep track of all relevant sustainability information of all the company's projects and production centres.

As these Enhanced Impact Solutions are carried out, ACCIONA will build a network of partners with whom it will actively collaborate for the execution and operation of these additional projects. Such partners may include multilateral development banks, impact and innovation funds, NGOs, cooperation agencies, public administrations and other foundations and companies.

Finally, to ensure the credibility and transparency that characterizes ACCIONA, the group is developing an internal methodology for measuring impact in line with the SDGs in order to objectively and rigorously identify the positive impacts generated, and to manage and mitigate any potentially negative impacts throughout the project. This system is based on internationally recognized standards and metrics such as: IFC's Impact Principles, GIIN (Global Impact Investing Network), Lean Data tools, Impact Management Project, etc. The tool will allow ACCIONA's contribution to local economic, social and environmental growth through Enhanced Impact Solutions to be quantified quickly and rigorously.

## 2019 RESULTS



### ENERGY

15

The Energy division is a unique global operator in the renewable energy sector, with a significant presence in more than 15 countries on five continents. Special focus on emerging countries with needs for sustainable solutions to boost their development.

The company works exclusively with renewable technologies, with heavy emphasis on five types: wind, photovoltaic, solar thermal, hydraulic and biomass. It produces clean and emission-free energy for the equivalent of 6.6 million homes.

	2018	2019
Turnover (million €)	2,206	1,976
EBITDA (million €)	743	845
Installed capacity (MW)	9,627	10,117
Total production (GWh)	22,087	22,994



## INFRASTRUCTURE

### Construction

Construction is at the forefront of R&D and is among the leading companies in the sector, using some of the most highly advanced techniques available on its projects. This line of business covers all aspects of construction through specialised business units (bridges, roads and special structures; railways and tunnels; and finally, ports and hydraulic works), as well as engineering and other businesses areas.

	2018	2019
Turnover (million €)	3,548	3,315
EBITDA (million €)	228	289
No. of employees	11,053	11,330

*Industrial consolidates its numbers within the Construction.*

### Concessions

Concessions is one of the world's leading companies in private infrastructure development, in terms of both projects and turnover. This company has accumulated experience in more than 40 concessions throughout its history, with a team that takes a global approach which is fully adapted to local needs and peculiarities.

	2018	2019
Turnover (million €)	108	78
EBITDA (million €)	49	33
No. of concessions	24	22

16

### Water

The water business line leads the field in water treatment. Its activity focuses on serving communities, ranging 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.

	2018	2019
Turnover (million €)	639	758
EBITDA (million €)	113	66
Treated water (hm <sup>3</sup> )	790	1,030

## Service

Service provides a broad range of integral service solutions to its customers. Thanks to the knowhow acquired over 50 years' experience in performing and managing services, it has positioned itself as a preferred service partner of major domestic and international companies. Service's flexibility enables 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.

	2018	2019
Turnover (million €)	800	719
EBITDA (million €)	30	43
No. of employees	20,106	21,997



## OTHER BUSINESSES

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

	2018	2019
Turnover (million €)	392	345
› Bestinver	102	98
› Real Estate	84	137
› Corporate and other	45	49
› ACCIONA Producciones y Diseño*	N/A*	61
EBITDA (million €)	86	84

17

\* The shipping company Trasmediterranea only contributed to consolidated figures until 31 May 2018, when it was sold.

\* ACCIONA Producciones y Diseño consolidated within Services in 2018.

The sales were  
**7,191 million euros**  
in 2019

EBITDA was

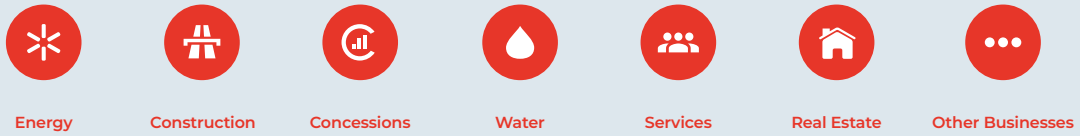
**1,356**

million euros

## ACCIONA IN THE WORLD

Present in over 40 countries  
on 5 continents





	North America	Central South America	Spain	Rest of Europe	Asia and Oceania	Africa
Revenues (million €)	747	525	2,969	1,038	1,826	85
Energy produced (Total GWh)	5,627	1,002	12,791	1,079	1,630	886
Water treated for customers (hm <sup>3</sup> )	4	26	321	132	318	230
R&D&I (million €)	92.9	26.6	95.7	7.1	8.2	0
ISO 9001 (Certified revenue%)	92	74	97	75	73	80
Emissions avoided (thousands of tonnes CO <sub>2</sub> )	3,473	771	6,044	680	1,437	696
Emissions generated (thousands of tonnes CO <sub>2</sub> )	39	13	51	10	49	3
Equivalent workforce (No. employees)	1,382	8,412	20,870	5,054	3,832	117

## CONTRIBUTION TO THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS IN 2019

ACCIONA belongs to the sector of sustainable infrastructure developers who promote the achievement of the Sustainable Development Goals (SDGs). 72% of the SDGs targets are considered to be linked to the development of enabling infrastructure.

- › Developing inclusive growth
- › Strengthening access to basic services
- › Promoting environmental protection

### Relationship of infrastructure to the SDGs



Source: *Delivering on Sustainable Infrastructure for Better Development and Better Climate, Global Economy and Development program at the Brookings Institution.*

#### Enhancing access to basic services

- Ending poverty in all its forms worldwide.
- Achieving gender equality and empowering all women and girls.
- Ending hunger, achieving food security and improved nutrition, and promoting sustainable agriculture.
- Ensuring the availability and sustainable management of water and sanitation for all.
- Ensuring healthy lifestyles and promoting well-being at all ages.
- Ensuring access to affordable, safe, sustainable and modern energy for all.
- Ensuring inclusive, equitable and quality education and promoting lifelong learning opportunities for all.

**Promoting environmental sustainability**

- Making cities and communities inclusive, safe, resilient and sustainable.
  - Ensuring sustainable consumption and production patterns.
  - Taking urgent action to combat climate change and its effects.
- Protecting oceans, seas and marine resources responsibly for sustainable development.
  - Managing forests sustainably, combatting desertification, halting and reversing soil degradation and halting the loss of biodiversity.

**Supporting inclusive growth**

- Revitalizing the Global Alliance for Sustainable Development.
  - Promoting just, peaceful and inclusive societies.
  - Reducing inequality within and between countries.
- Promoting resilient infrastructure, sustainable industrialisation and innovation.
  - Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

With this approach, there are five objectives on which ACCIONA has developed solutions in 2019 prominently:

- › **ACCIONA SDG 6 solutions**  
Availability and sustainable management of water and sanitation through advanced technologies.
- › **ACCIONA SDG 7 solutions**  
Access to affordable, reliable, sustainable and efficient energy.
- › **ACCIONA SDG 9 solutions**  
Development of resilient infrastructure, promotion of inclusive and sustainable industrialization and fostering innovation.
- › **ACCIONA SDG 11 solutions**  
Services that contributed to the inclusive, safe, resilient and sustainable development of cities.
- › **ACCIONA SDG 13 solutions**  
Development of integrated solutions to combat climate change and its effects.

**ACCIONA belongs to the sector of sustainable infrastructure**

SDGs targets are considered to be linked to the development of enabling infrastructure

**72%**

## Measuring the contribution to the local agenda for achieving the Sustainable Development Goals.

ACCIONA conducted an analysis of the most relevant indicators with the greatest impact on the goals included in each SDG. In addition, each country's needs in respect of the SDGs, was analysed using the information contained in the *SDG Index and Dashboards Report 2019*<sup>2</sup>.

ACCIONA's contribution in the key countries where it operates is shown below. Only the most notable impacts on SDGs are shown, i.e., those, where significant or major challenges still exist in the country. The last column shows whether ACCIONA has had an increased, decreased or similar impact as the year before.

### Local impact on SDGs

SGD    ↑↓→ Annual evolution of impact



	<input type="checkbox"/> Context	ACCIONA's activity	ACCIONA's impact	
MEXICO	<input checked="" type="checkbox"/> Access to: safe drinking water: 43% safe sanitation: 45% Ratio of collected water: 26%	Boca de Río water treatment Atotonilco WWTP	+10,5 million people served	↑
	<input checked="" type="checkbox"/> Renewable energy: 9%	Five wind farms	2,864 GWh of renewable power	→
	<input checked="" type="checkbox"/> Expending R&D as% of GDP: 0.5% Transport infrastructure quality: 2.8/5	Innovation projects Two roads	66.8 M€ million in innovation 60 Km of roadways	↑
	<input checked="" type="checkbox"/> Concentration of PM 2.5: 21 µg/m³	Five wind farms	1,039 tNOx, 1,453 tSOx and 20.1 tPM10 avoided	↑
	<input checked="" type="checkbox"/> CO <sub>2</sub> emissions: 3.9 tCO <sub>2</sub> e per capita	Five wind farms	1.66 million tCO <sub>2</sub> avoided	↑
AUSTRALIA	<input checked="" type="checkbox"/> Renewable energy: 9%	3 wind farms Waste to energy in Kwinana	1.234 GWh of renewable power	↑
	<input checked="" type="checkbox"/> Expending R&D as% of GDP: 1.9% Transport infrastructure quality: 4.0/5	Innovation projects Two highways Sidney light rail	€0.6 million in innovation 60.5 km of roadways 12 km light rail	↓
	<input checked="" type="checkbox"/> CO <sub>2</sub> emissions: 15 tCO <sub>2</sub> e per capita	3 wind farms	1.1 million tCO <sub>2</sub> avoided	↑
CHILE	<input checked="" type="checkbox"/> Hospital beds: 2.2 per 1,000 inhabitants	Two hospitals	More than 300 beds	↑
	<input checked="" type="checkbox"/> CO <sub>2</sub> emissions: 4.8 tCO <sub>2</sub> e per capita	2 wind farms El Romero solar plant	0.57 million tCO <sub>2</sub> avoided	↑

Continues >

<sup>2</sup> Prepared by the Sustainable Development Solutions Network (SDSN) and Bertelsmann Stiftung.



	Context	ACCIONA's activity	ACCIONA's impact	
USA	Renewable energy: 9%	7 wind farms, Nevada Solar One (solar thermal plant)	2.284 GWh of renewable power	→
	CO <sub>2</sub> emissions: 16 tCO <sub>2</sub> e/capita	7 wind farms, Nevada Solar One (solar thermal plant)	1.46 million tCO <sub>2</sub> avoided	↓
CANADA	Access to safe sanitation: 77%	North Shore treatment plant Saint John DWTP	270,000 people served	→
	CO <sub>2</sub> emissions: 15 tCO <sub>2</sub> e per capita	4 wind farms	0.35 million tCO <sub>2</sub> avoided	↓
SPAIN	Expending R&D as% of GDP: 1,2% Transport infrastructure quality: 3,8/5	Innovation projects 9 roads	€95.7 million in innovation 65 Km of roadways	↑
	Concentration of PM 2.5: 21 µg/m <sup>3</sup> Hospital beds: 3 per 1,000 habitantes Satisfaction with public transport: 65%	213 renewable facilities 6 hospitals (approximately 3,000 beds) 5 cities with Motosharing	5,031 tNOx, 9,621 tSOx and 92 tPM10 avoided	↓
	CO <sub>2</sub> emissions: 3,9 tCO <sub>2</sub> e per capita	131 wind farms	6 million tCO <sub>2</sub> avoided	↓
	Ratio of collected water: 472-2,347%	3 desalination plants in operation	3.4 million people served	→
OTHER COUNTRIES	Expending R&D as% of GDP: 0,5 a 1,0% Transport infrastructure quality: 3 a 4/5	Innovation projects Dubai Metro, UAE	€7.6 million in innovation 15 km of metro	↓
	Egypt Ratio of collected water: 160 Treated wastewater: 28%	Gabal Al Asfar treatment plant New Cairo DWTP	8 million people served	→
	South Africa Renewable energy: 6%	Gouda wind farm Sishen photovoltaic plant	538 GWh of renewable power	↓
	Norway Transport infrastructure quality: 3.7/5	Follo line tunnels	20 km of railway tunnel	→
	Ecuador Concentration of PM 2.5: 15 µg/m <sup>3</sup> Satisfaction with public transport: 74%	Quito metro	400,000 people/day	→
	Poland CO <sub>2</sub> Emisiones: 7.7 tCO <sub>2</sub> e per capita	3 wind farms	200,238 tCO <sub>2</sub> avoided	↑
	Cooperation Council for the Arab States of the Gulf			

# Degree of fulfilment of commitments

People **38**

Risks and opportunities of the climate emergency **64**

Environmental impact **80**

Innovation **96**

Customers **104**

Social impact **112**

Respect for Human

Rights **130**

Supply chain **134**

Tax information **150**

Corporate Governance **152**

Ethics and anti-corruption **158**

## Sustainability governance

ACCIONA has a model for monitoring and managing its sustainability commitments, with the main objectives being transparency and continuous improvement.

24

Since 2009, the Board of Directors in ACCIONA has a Sustainability Committee 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 executing** plans for the 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 topics discussed at the meetings held in 2019 were as follows:

- › Monitoring, approval and analysis of the progress made on the Sustainability Master Plan (SMP) during 2019.
- › Approval of the *2018 Sustainability Report* and the *2018 Statement of Non-Financial Information Report*.
- › Approval of the annual targets for 2019.
- › Presentation and analysis of the results of the consults carried out with third parties and, in particular, with investment communities and analysts.

Since 2012, the contents of the *Sustainability Report* have been subject to review and approval by the General Shareholders' Meeting. The *2018 Statement of Non-Financial Information* was also submitted to a vote in 2018, as required by Law 11/2018. This way, issues relating to sustainability are brought to the attention of the General Shareholders' Meeting. Shareholders have the opportunity to express their opinion on the initiatives and performance described above, thus providing the Board of Directors with their views on this matter. In May 2019, the General Shareholders' Meeting approved the two reports with 99.94% of the capital in attendance at the meeting in both cases.

The Corporate Sustainability Area coordinates and promotes the initiatives and commitments contained in the SMP 2020, defined as specific targets for each one of ACCIONA's business lines. This area reports directly to the Sustainability Committee and one of the members of the Management Committee, who is the corporate representative responsible for sustainability.

The corporate sustainability function has evolved from an ESG reporting approach to one that is geared towards maximizing the impact of the company's solutions. This approach is aided by higher performance efficiency thanks to digitization and an effort to highlight ACCIONA's leadership on non-financial questions.

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. Those responsible for business sustainability, together with the Corporate Sustainability Department, meet monthly at the Global Sustainability Leaders Meeting. Corporate strategy is coordinated and the group's most important projects are discussed at these meetings.

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.

25

## COMPLIANCE WITH THE 2020 SUSTAINABILITY MASTER PLAN OBJECTIVES

ACCIONA's sustainability strategy is outlined in the Sustainability Master Plan (SMP).

The current plan, SMP 2020 (<https://smp2020.acciona.com/>), is structured around strategic and operational objectives in the following areas that apply to the entire organization:

- › In **Society**, the objective is to collaborate in improving people's quality of life. To that 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.

- › In regard to 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 terms 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 figure as a percentage of sales that is higher than the European average, ACCIONA aims to progress in the fields of collaborative and operational innovation.

Since 2009, actions and commitments, as well as sustainability targets, have been promoted, approved and monitored by the Board of Directors' Sustainability Committee<sup>3</sup>.

The Management Committee coordinates and promotes the initiatives and commitments of SMP 2020, which are translated into specific targets to be achieved by the different corporate areas and business lines of ACCIONA. Each division has designated people responsible for promoting and monitoring the initiatives established within the framework of the SMP.

The implementation of the company's sustainability strategy and the fulfilment of commitments are linked to a percentage of the bonuses received by directors, managers and some technical and support staff. In this annual evaluation, the achievement of sustainability targets such as the reduction of greenhouse gas emissions, the reduction of on-the-job accident rates or objectives linked to gender equality are considered.




SMP 2020 contains objectives and commitments that will be achieved on a rolling basis over the period 2016-2020. The following shows this evolution through 2019, indicating the targets set for 2020, the degree of fulfilment, as well as the progress made to achieve them in 2019. The degree of compliance is shown for each category as *achieved*, *on track* or *pending*.



<sup>3</sup> Functions, competencies and members of the Sustainability Committee available on the web: <https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/committees/>





- › **Achieved:** the degree of progress is already in line with the target.
- › **On track:** progress is being made as planned to meet the 2020 target. 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 planned.

SMP Area	2020 Targets and Commitments	2020 Achievement Degree	Progress in 2019
 <b>Society</b>	Reinforce the management of the social impact of the company's activities.	On track	<ul style="list-style-type: none"> <li>› Implement Social Impact Management (SIM) across 124 projects in 27 countries.</li> <li>› Conduct Social Impact Management audits of 8 projects.</li> <li>› Measure the socio-economic impact of the entire portfolio of renewable assets in 2018, as well as 14 Energy projects and 1 Infrastructure project.</li> </ul>
	Reinforce the company's Social Action Plan.	On track	Social contribution: more than €12.5 million and almost 3 million beneficiaries.
	Maintain leadership position in international initiatives and continue working on the company's relations with stakeholders.	On track	Participate in international forums and initiatives: COP25, United Nations Global Compact, World Economic Forum, World Bank, Corporate Leaders Group, World Business Council for Sustainable Development, among others. Pending development in certain platform countries.
	Volunteering: promote employee commitment to sustainable development.	On track	Participation of 1,245 ACCIONA volunteers in different initiatives across 18 countries (Volunteer Day, Integra Foundation, Princess of Girona Foundation, Inspiring Girls and acciona.org Foundation, among others).
 <b>Climate change</b>	Carbon neutrality: reduce and offset emissions.	Achieved: carbon neutrality. On track: emission reduction	<ul style="list-style-type: none"> <li>› Achieve carbon neutrality by compensating for emissions that have not been reduced.</li> <li>› Reduce GHGs from base year 2017 by 22% (scopes 1 and 2) and 27% (scope 3 categories on track), in line with the science-based target and the carbon neutral target.</li> <li>› Use the internal carbon price for the analysis of potential new investments or projects.</li> </ul>



SMP Area	2020 Targets and Commitments	2020 Achievement Degree	Progress in 2019
 <b>Climate change</b>	Design and develop climate change risk maps.	On track	<ul style="list-style-type: none"> <li>› Analyse scenarios, risks and opportunities associated with climate change.</li> <li>› Climate change risk maps created.</li> </ul>
	Devise and incorporate climate change risk management and adaptation plans into the business strategy.	Achieved	Climate risk adaptation plans developed and incorporated into the business strategy.
	Training the company in climate change risks and their management.	Achieved	Advanced climate change course launched for company employees and suppliers.
 <b>Environment</b>	Eco-efficiency in operations: advancing a circular economy programme.	On track	<ul style="list-style-type: none"> <li>› 75% of non-hazardous waste is recovered and the generation of waste has been reduced by 61% compared to 2015, the base year for the waste management plan to promote the circular economy.</li> <li>› 9 new LCAs added to the company's portfolio.</li> </ul>
	Improve the efficiency of water consumption.	On track	519 hm <sup>3</sup> treated in water-stressed areas, 32% of water consumed is recycled, tertiary or rainwater and water consumption reduced by 61% compared to 2017.
	Neutral biodiversity footprint.	On track	<ul style="list-style-type: none"> <li>› Biodiversity scorecard elaborated.</li> <li>› Mapping and evaluation of operating facilities completed.</li> <li>› 9 biodiversity action and compensation plans developed.</li> </ul>
 <b>Corporate governance</b>	<p>Ethics</p> <ul style="list-style-type: none"> <li>› Adapt the Code of Conduct to the most highly advanced practices.</li> <li>› Have an International Crime Prevention and Anti-Corruption Model for 100% of businesses.</li> </ul>	On track	<ul style="list-style-type: none"> <li>› Code of Conduct: increase in acceptance to 20,853 employees.</li> <li>› Anti-Corruption Rules: already accepted by 17,150 employees.</li> <li>› Updated criminal risk assessment.</li> <li>› Work has begun on the certification of the group's most important activities, after ACCIONA S.A. obtained the double certification of its Criminal Compliance Management System and Anti-Bribery Management System.</li> </ul>

SMP Area	2020 Targets and Commitments	2020 Achievement Degree	Progress in 2019
 <b>Corporate governance</b>	Implementation of a Human Rights Respect, Protection and Remediation programme for all activities and markets.	On track	<ul style="list-style-type: none"> <li>› Updated human rights risk assessment.</li> <li>› Three human rights training sessions carried out.</li> <li>› Two pilot due diligence projects carried out in the Infrastructure and Energy businesses.</li> <li>› ACCIONA <i>Human Rights Guide</i> being prepared.</li> </ul>
	Most highly advanced good corporate governance practices adopted.	On track	Adoption of Director Selection Policy for which incorporates diversity, origin and nationality as new criteria.
	Include management of non-financial risks (human rights, climate change, anti-corruption and environmental risks, among others) in business management.	On track	ESG (environmental, social and good governance) risk maps drawn. Risk treatment records created.
 <b>People</b>	Transparency: <ul style="list-style-type: none"> <li>› Advance the company's non-financial information reporting on global and local level.</li> <li>› Adopt policies for greater fiscal transparency.</li> </ul>	On track	<ul style="list-style-type: none"> <li>› Reinforce collection of non-financial information through gradual implementation of reporting tools. Develop an environmental data digitalisation project, with 4 operational dashboards.</li> <li>› Include tax risks on ACCIONA's Risk Map.</li> </ul>
	Safety: reduce the accident rate by 15% compared to 2015 figure.	Pending	<ul style="list-style-type: none"> <li>› Increased frequency rate as a result of increase in total number of accidents.</li> <li>› Expanded implementation of prevention programmes aimed at supplier companies in all platform countries.</li> </ul>
	<i>Healthy ACCIONA</i> : providing all employees with access to health and healthy lifestyle programmes.	On track	<ul style="list-style-type: none"> <li>› Video medical appointment implemented in Spain. Published on the intranet.</li> <li>› Healthy Cities project launched: analysis of actions aimed at increasing employees' physical activity.</li> </ul>

Continues >

SMP Area	2020 Targets and Commitments	2020 Achievement Degree	Progress in 2019
 <b>People</b>	<p>Development and incentives: devise specific programmes for attracting, recognising and retaining talent in countries with more than 300 employees.</p>	<p>On track</p>	<ul style="list-style-type: none"> <li>› ACCIONA's Academy implemented at the international level.</li> <li>› Communication plan developed for all executives and managers at a global level to act as ambassadors for internal mobility.</li> <li>› The ACCIONA's Ambassadors Program has been implemented as part of the University Plan.</li> <li>› The <i>Accionate</i> programme has been implemented throughout the organization to promote a culture of inclusion.</li> </ul>
 <b>People</b>	<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"> <li>› Specific corporate structure created for diversity and inclusion issues.</li> <li>› Approval of Global Diversity and Inclusion Plan.</li> <li>› Control mechanism implemented to detect needs to reduce the gap. Analysis and action plan by business and country.</li> </ul>
 <b>People</b>	<p>Training: provide employees with sustainability knowledge and skills so they do their work in a way that is consistent with the company's strategy.</p>	<p>On track</p>	<ul style="list-style-type: none"> <li>› Sustainability courses launched (for different profiles): advanced climate change course, human rights course, social impact management course.</li> <li>› Specific sustainability workshop into M3+ programme: "Keys to a positive environmental impact" for all countries.</li> <li>› Zero Emissions Corporate University.</li> </ul>
 <b>Value chain</b>	<p>Mitigate environmental, social and governance risks in the supply chain and create new sustainable solutions.</p>	<p>On track</p>	<ul style="list-style-type: none"> <li>› Increase the percentage of suppliers on the PROCUR-e platform (99.5% domestic, 76% international). 100% of the suppliers awarded on PROCUR-e have a Risk Map.</li> <li>› Increase the number of supplier audits, focusing efforts on high-risk countries.</li> <li>› 23.4% increase in supplier training on sustainability issues compared to 2018.</li> </ul>



SMP Area	2020 Targets and Commitments	2020 Achievement Degree	Progress in 2019
 <b>Value chain</b>	Mitigate environmental, social and corporate governance risks in relations with partners: consortia and joint ventures.	On track	ESG assessment process for partners implemented: 38 partners evaluated through PROCUR-e 3P.
	Customers: <ul style="list-style-type: none"> <li>› Build long-term customer loyalty and trust based on ACCIONA's commitment to sustainability.</li> <li>› Define No Go policies with sustainability criteria (third party due diligence).</li> </ul>	On track	<ul style="list-style-type: none"> <li>› Dialogue sessions and consultations held with customers on ACCIONA's sustainability performance.</li> <li>› Pending implementation of ESG assessment for ACCIONA customers under the principle of reciprocity.</li> </ul>
 <b>Innovation</b>	Maintain a sales innovation figure above the European average to retain ACCIONA's innovative leadership.	On track	Certified innovation figure of €230.4 million in 2019. The ratio of innovation to sales is 3.2%, which is above the European average (1.5%).
	Collaborative innovation: collaborate with third parties to develop innovative technologies that guarantee the sustainability of the company's business.	On track	<ul style="list-style-type: none"> <li>› Intrapreneurship program: exploration of 2 identified challenges.</li> <li>› New web platform to attract start-ups before the next edition of the I'MNOVATION #Startups acceleration programme.</li> <li>› Advance in the implementation of innovative digital technologies that improve processes in ACCIONA's businesses in collaboration with the Corporate Digital Innovation HUB.</li> </ul>
	Operational innovation: creating and improving efficient processes that generate savings of at least 75 million € (15 million € each year).	Achieved	111.3 million (2016-2019) were obtained by improving operational innovation processes.

SMP 2020 is close to completion. The Exponential Sustainability Leaders program has been launched to prepare SMP 2025. A group of 26 international professionals from different business units will work to define the strategic lines of the new Sustainability Master Plan through a process of co-creation. The members have been selected following strict parameters of diversity and professional excellence by the CEOs of each business. The programme was designed jointly by the Corporate Human Resources Department and the Global Sustainability Department. This process ends in April 2020 with the presentation of the conclusions to the company's Management Committee.

## MAP OF NON-FINANCIAL RISKS AND MATERIALITY

Risk management is a process driven by ACCIONA's Board of Directors that consists of identifying, assessing and managing potential events that can affect the company and the achievement of its objectives. In addition to the Board, the bodies responsible for the Risk Management System are the Audit Committee, the Finance and Risk Department, the Risk Management and Control Units, and the Divisional Management Committees <sup>4</sup>.

Each risk event (financial and economic, strategic, operational and unforeseeable) is assessed by ACCIONA's directors using criteria such as probability, economic-financial impact, impact on image, impact on sustainability and development, the company's ability to manage risk and the company's established risk management policy. The time horizon is one year.

The analysis is conducted from four perspectives: market, financial, emerging trends (including cyber security) and ESG - also known as non-financial or sustainability.

Since 2017, the sustainability risk management methodology has enabled ACCIONA to gain a better understanding of the environments in which it operates, to improve its response to complex and changing scenarios and to reduce costs. Using this methodology, specific issues referring to climate change, environmental, social, labour and governance, and corruption risks are analysed for different countries where the company does business. A total of 26 countries were analysed.

32

Sustainability-related risks are exhaustively identified with the involvement of the directors of Human Resources, Sustainability, Business Development, Corporate Resources, Environment and other areas which are directly or indirectly related.

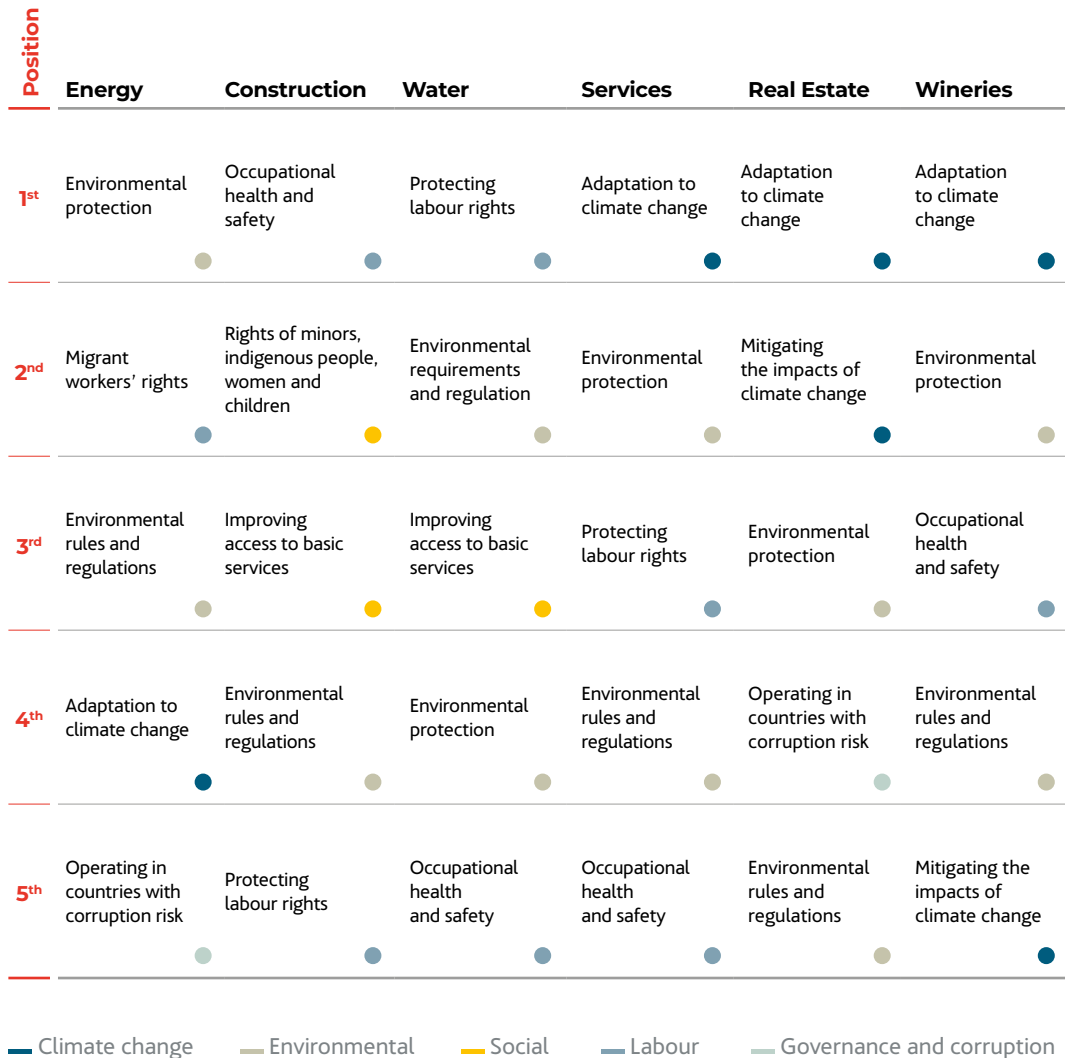
The outcome of the assessments for each of the risks is compared to the exposure that each of the businesses has in the countries where they do business. This exposure is based on external indexes that allow the company to make this contrast to detect potential points to be reinforced.

Specific plans are devised to deal with the most significant risks in order to minimize the consequences and/or associated probability. These risk management measures are implemented through the 2020 objectives of the Sustainability Master Plan and by continuously improving the business management systems.

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<sup>4</sup> More information on the Risk Management System can be found in the Corporate Governance Report: <https://mediacdn.acciona.com/media/3544930/acciona-annual-corporate-governance-report-2019.pdf>

Priority areas for sustainability actions, by business line, in 2019



**+** More information on the areas related to climate change in the section titled "Risks and opportunities of the Climate Emergency".

**Since 2017, the sustainability risk management methodology has enabled ACCIONA to gain a better understanding of the environments in which it operates**

Using this methodology, specific issues referring to climate change, environmental, social, labour, and governance, and corruption risks are analysed for different countries where the company does business. A total of 26 countries were analysed



### Social

- › Protecting people's rights to access basic services.
- › Rights of minorities, indigenous people, women and children.
- › Protecting the right to freedom of expression, opinion and religion.

### Climate change

- › Mitigating the impacts of climate change.
- › Adaptation to climate change.

### Labour

- › Protecting labour rights.
- › Occupational health and safety.
- › Migrant workers' rights.
- › Protection against forced labour.
- › Protection against child labour.

### Environment

- › Environmental rules and regulations.
- › Environmental protection.

### Governance and corruption

- › Corporate governance policy standards.
- › Operating in countries with corruption risk.
- › Considering the impact of business in interactions with the community and the environment.

## Long-term risks: consolidated materiality analysis

While the risk analysis is carried out with a one-year horizon, the materiality analyses look at a five-year horizon. These annual analyses are intended to guide the development of capacities and resources. They identify trends, behaviours, regulations, technologies or competitive positions of other companies that could influence the company's strategy.

The result is a set of materiality matrices, one per business line, which serves to prioritize relevant issues. The group's consolidated materiality matrix is prepared by aggregating the business matrices.

The sections from "People" to "Ethics and anti-corruption" are composed of the issues identified as relevant in the consolidated materiality matrix. The order of these sections reflects the priority of the issues they address.

Similarly, the contents of the sections dedicated to each ACCIONA division are determined by the specific matrix for each business.

### Consolidated materiality matrix



More information in the section titled "Materiality Analysis".

### POLICY COMPLIANCE MONITORING

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
- Economic Sphere and Good Governance Area
- Social Sphere
- Environmental Sphere

› **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.









In 2019, it was verified that the existing policies provide coverage for the non-financial risks and material topics identified in the established annual processes in order to strengthen the connection between Risks/ Material topics - Policies - Procedures - Performance Indicators.

### RESULTS OF THIRD PARTY ASSESSMENTS ON SUSTAINABLE PERFORMANCE

The different stakeholders assess the sustainability performance and require, on a regular basis, non-financial information on the company's different activities. Each year, ACCIONA provides an exhaustive account of its sustainability commitments, practices and performance in both the *Sustainability Report* and the *Integrated Report*, which are made public at the Annual Shareholders' Meeting on the corporate website (<http://www.acciona.com>).

ACCIONA also provides sustainability data on a recurring basis to various analysts and investors, and also through surveys. As a result of its sustainability performance and reporting, the company is present in different indices.

**Presence in indexes, rankings and ratings as of date of this report**

 <p>SAM Sustainability Award Gold Class 2020</p>  <p>SAM Sustainability Award Industry mover 2020</p>	<p>ACCIONA is included in the "Sustainability Yearbook 2020 Gold Class 2020" prepared by S&amp;P Global and RobecoSAM. ACCIONA, with a score of 90 points out of 100, was the company with the highest increase in its rating, thanks to an eleven-point improvement in the Utility Sector (Industry Mover 2020).</p>	<p><b>2020 Global 100 Most Sustainable Corporations</b></p> <p><b>Corporate Knights</b></p>	<p>For third year in a row, ACCIONA has been selected as one of the 100 most sustainable companies in the world.</p>
 <p>FTSE4Good</p>	<p>Following the evaluation by FTSE4Good, ACCIONA has revalidated its presence in this sustainability index, which recognizes companies with good social and environmental practices. Within this series of indices, the company belongs to FTSE4Good Europe and FTSE4Good Developed.</p>	 <p>Ethibel Excellence Europe</p>	<p>ACCIONA S.A. has once again been selected as a component of the Ethibel Sustainability Index (ESI) Excellence Europe as of 16/09/2019. This index assesses environmental, social and good governance aspects of business performance.</p>
 <p>CDP A LIST 2019 CLIMATE</p>	<p>ACCIONA is in category A (Climate Change A List), which is made up of the corporations with the best practices and results in reducing emissions, tackling climate change and aligning their activities with a low-carbon economy.</p>	 <p>MSCI ESG RATINGS AA</p>	<p>ACCIONA received an AA rating (on a scale of AAA-CCC) in the MSCI ESG Ratings. This index measures the performance of companies based on environmental, social and good governance factors.</p> <p><i>DISCLAIMER STATEMENT: the use by ACCIONA of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of ACCIONA by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.</i></p>
 <p>CDP SUPPLIER ENGAGEMENT LEADER 2019</p>	<p>ACCIONA has been recognized as a Supplier Engagement Leader in 2019 for its actions to cut emissions and reduce risks related to climate change in its supply chain.</p>	<p><b>The 2018 EU Industrial R&amp;D Investment Scoreboard</b></p> <p><b>European Commission</b></p>	<p>The company is ranked sixth leading Spanish company and 141st in Europe in R&amp;D&amp;I investment efforts.</p>
 <p>ISS ESG Corporate ESG Performance Prime</p>	<p>ACCIONA has qualified for the ISS ESG Corporate rating for its social and environmental performance, which exceeds the sector-specific criteria.</p>	<p><b>REFINITIV</b></p>	<p>ACCIONA is one of the world's top 25 companies in terms of diversity and social inclusion in the workplace according to the 2019 Refinitiv Index of Diversity and Inclusion.</p>
<p><b>New Energy Top 100 Green Utilities</b></p> <p><b>Energy Intelligence</b></p>	<p>ACCIONA has once again validated its position as the world's "greenest" electricity generation company, a spot which it has held since 2015 in the "New Energy Top 100 Green Utilities" ranking drawn up annually by Energy Intelligence, an independent consultancy firm specializing in energy markets.</p>	<p><b>Study on the Sustainability Reporting Performance</b></p> <p><b>EcoACT</b></p>	<p>ACCIONA maintains its position as a world leader in sustainability reporting according to EcoAct's "Sustainability Reporting Performance", which compares the performance of large global companies in the fight against climate change. The company ranks sixth worldwide and second in the Ibex-35.</p>

## ECONOMIC, ENVIRONMENTAL AND SOCIAL TRIPLE BOTTOM LINE

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

	2017	2018	2019
<b>Economic performance</b>			
Sales (million €)	7,254	7,510	7,191
EBITDA (million €)	1,275	1,245	1,356
CAPEX (million €)	920	643	1,270
Total innovation (million €)	209.4	225.4	230.4
Innovative intensity (% of total R+D+i / sales)	2.89	3.0	3.2
% local suppliers	94	87	91
Revenue certified with ISO 9001	91	91	87
Global customer satisfaction index (%)	99.8	97	97
<b>Environmental performance</b>			
Renewable installed capacity (MW)	9,022	9,627	10,117
Emissions generated (millions of tonnes of CO <sub>2</sub> )*	0.21	0.18	0.17
Emissions avoided (millions of tonnes of CO <sub>2</sub> )	14.4	14.7	13.1
Emissions ratio (tonnes of CO <sub>2</sub> /sales in € millions)*	29	24	23
Water consumed by ACCIONA (hm <sup>3</sup> )	7.05	4.29	3.66
Treated water (hm <sup>3</sup> )	772	790	1,030
Recycled/reused water compared to water consumed (%)	11	17	32
Revenue certified with ISO 14001 (%)	88	90	87
<b>Social performance</b>			
Headcount at year end	37,403	38,544	39,699
Female managers (% of total)	12.80	13.99	15.25
Average training hours per year per employee	15.96	18.47	14.52
People with disabilities in Spanish headcount (%)	3.60	3.86	3.96
Number of fatal accidents (staff and contractors)	5	3	0
Accidents: global frequency rate (own employees and subcontractors)	2.5	2.4	2.5
Projects with social impact management (No.)	100	98	124
Social contribution (million €)	12.3	13.7	12.5

\* Historic CO<sub>2</sub>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.

## People

### People 38

Risks and opportunities of the climate emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

### Social impact 112

Respect for Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

## Talent, diversity, safety & health

As experts in designing a better planet, human capital is a priority for ACCIONA. The company embraces and shares the values of respect, equal opportunities, diversity, gender equality, merit and continuous communication. It also promotes the health and safety of its employees and partners.

38



### KEY MILESTONES 2019

- › **Increase in the number of vacancies published and filled internally** to 21% in 2019, compared to 11% in 2018.
- › **Appointment of a Diversity and Inclusion Manager and design of a Global Diversity and Inclusion Plan.**
- › Achieve OHSAS 18001 **certification for 97% of ACCIONA companies** and ISO 45001:2018 for 24%.



### MAIN CHALLENGES 2020

- › **Implement the Talent Module in the Human Capital Management system** to improve talent management tools and enhance the employee experience.
- › **Approve the conciliation and co-responsibility policy.**
- › **Reduce the accident frequency rate for staff and subcontractors by 3%** compared to 2019.



## ACCIONA'S WORKFORCE

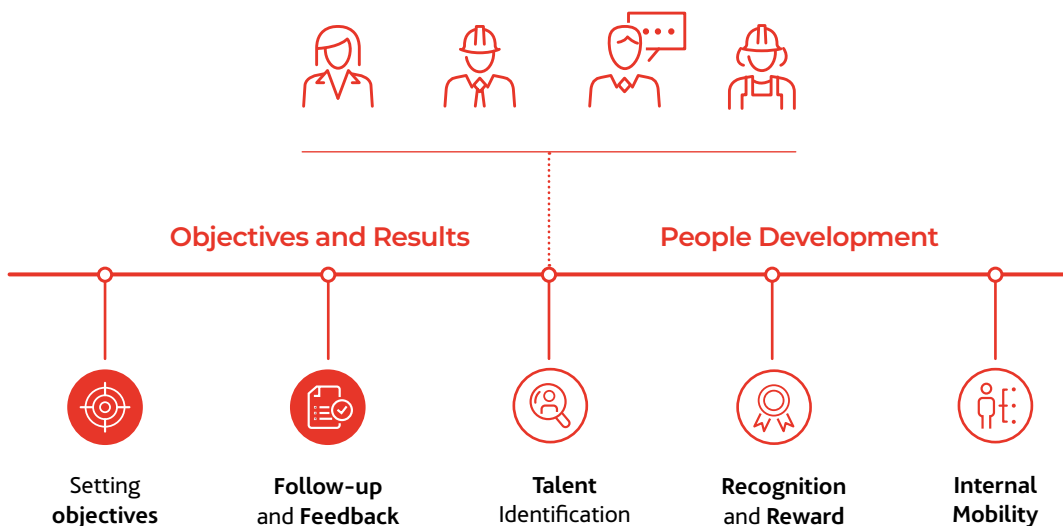
ACCIONA's Human Resources and Occupational Risk Prevention Policy stands out for ethical conduct and safety as differential values of the way in which the company works. The company is committed to the success and professional development of its employees, permanently investing to retain the best talent.

The company has a 2018-2020 strategy which is adapted to the current context, i.e., growing globalisation, new technologies and working methods to impact people. This translates into the need to place people at the centre of processes and to continuously contribute to their professional development.

Along these lines, ACCIONA has deployed a new model based on collaborative leadership. A wide range of tools and processes have been made available to team managers to enable effective monitoring of employees' professional careers and performance.

## Experts in designing a better planet

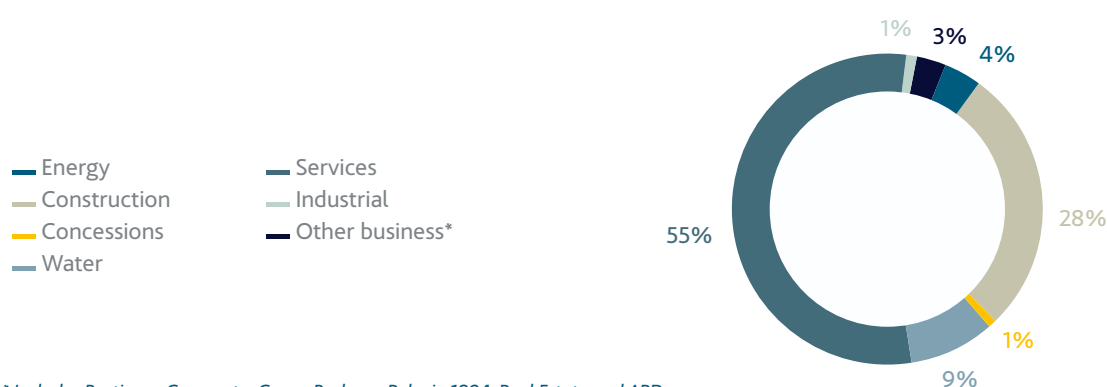
Professionals expect to feel listened to and engaged from an individual point of view



## Profile

At the end of 2019, the global workforce stood at 39,699 people, 31% of whom were women, with an average age of 41.8 years old. By country, 46% of the company's professionals are not Spanish nationals and there are a total of 125 nationalities.

### Breakdown of total workforce by business line (%)



### Evolution of management indicators

40

	2016	2017	2018	2019
Revenue (million €)	5,977	7,254	7,510	<b>7,191</b>
Workforce cost/Revenue (%)	21%	21%	20%	<b>22%</b>
Revenue/workforce (€)	182,031	193,941	194,830	<b>181,138</b>
EBITDA (million €)	1,192	1,275	1,245	<b>1,356</b>
EBITDA/workforce cost (%)	92%	85%	84%	<b>85%</b>
EBITDA/workforce (EUR)	36,303	34,094	32,292	<b>34,384</b>
Workforce costs (million €)	1,288	1,497	1,486	<b>1,599</b>

**At the end of 2019, the global workforce stood at 39,699 people**

of whom

**31%**  
were women

## MANAGING HUMAN CAPITAL

ACCIONA's success depends largely on the talent and qualifications of its people. It is therefore essential to attract the most talented professionals and provide them with the best training to promote their professional development on an ongoing basis.

### Selection policies

The object of the Talent Plan is to ensure that the necessary talent is available for ACCIONA's businesses and functions. The plan is global in reach, applying to all countries and businesses.

The Talent Plan consists of:

- › Analysing business challenges and opportunities and their influence on people management and the organization.
- › Identifying the most talented ACCIONA professionals in order to assign them individual development plans and include them in the succession plans of each organization.

### ACCIONA graduate office: in search of the best talent

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

The advantages it offers to the process are as follows:

- › **Improved planning for vacancies.**
- › **Homogenization of selection standards for lines of business and countries.**
- › **Support for the new hire onboarding process.**
- › **Recruiter training for attracting, developing and evaluating talent.**
- › **Personalised tracking of participants.**

#### 1. ACCIONA's Ambassadors

Recruitment programme in which company employees participate in conferences to share their professional experience with students and explain the opportunities available at ACCIONA.

#### 2. ACCIONA's Academy

A three-week immersion training experience for students in their second-to-last year of studies, which offers the possibility of joining the ACCIONA Scholarship Programme. In 2019, it was expanded to include additional countries (Chile, UAE, Australia, etc.).

#### 3. ACCIONA's Interns

6-month internship programme for final year students. A total of 172 students took part in 2019, 34% of whom were women.

#### 4. ACCIONA's graduates

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, 163 young graduates took part in the programme.

**ACCIONA's Academy** offers students from the platform countries the possibility of joining the scholarship program

### Evolution of new hires by business line

(no. of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Energy	909	178	1,087	251	96	347
Infrastructure	12,580	6,804	19,384	12,278	6,695	18,973
› Construction	566	180	746	3,315	463	3,778
› Concessions	88	70	158	21	39	60
› Water	2,690	536	3,226	1,260	275	1,535
› Services*	9,064	5,988	15,052	7,595	5,894	13,489
› Industrial	172	30	202	87	24	111
Other businesses**	153	120	273	160	112	272
<b>TOTAL new hires</b>	<b>13,642</b>	<b>7,102</b>	<b>20,744</b>	<b>12,689</b>	<b>6,903</b>	<b>19,592</b>

\* 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, Real Estate and Trasmediterranea (deconsolidated in May 2018).

42

### Managing knowledge: skill mapping

ACCIONA's people management model is based on the definition of roles as basic organizational units in which jobs that share a mission, responsibilities, knowledge and skills are grouped together.

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 2019 financial year.

One of the most noteworthy tools is Skills Mapping, 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 the organization. Every year, this skills 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 program

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 2019, the programme continued to be successfully implemented. It is worth noting:

- › The development of various monthly working sessions, where the Master Technical Leaders have presented and executed their technical knowledge transmission plans.
- › Launch of the 5th Forum of Technical Leaders in the Service area, with the participation of the members of the Management Committee and more than 100 people. This forum was streamed to the entire organization with more than 2,000 visitors.

## ACCIONA University

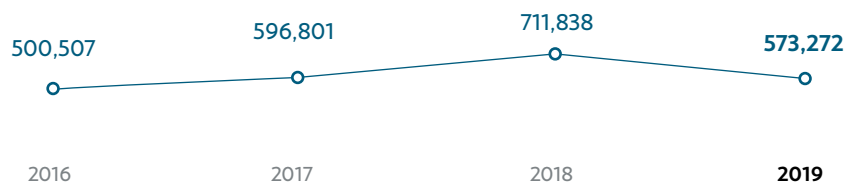
ACCIONA University's mission is to ensure training and development for the global workforce in line with the business needs.

In addition to a traditional corporate training programme, equipped with multiple classrooms and high-tech rooms, employees have access to the Corporate University's Online Campus which includes the latest advances in e-learning methodologies. In 2019, the number of virtual classrooms has continued to grow through the intensive use of online classes, streaming, and new generation training rooms such as the "WoW Room".

The unification of processes for the identification of training needs and evaluation of their effectiveness has also been consolidated. This has made it possible to increase the number of training requests and to more precisely pinpoint to what extent the expected results have been achieved.





## Training received by employees

(hours)



## Investment in training






(euros)

					TOTAL
	Directors and managers	Technical staff	Support staff	Operators	
Total investment	3,299,963	2,881,326	155,724	1,649,067	<b>7,986,080</b>
<b>Investment per employee/year</b>	1,394.15	448.66	129.99	55.92	<b>201.17</b>

The Corporate University has a process for evaluating the effectiveness of training:

## Evaluation levels

44

	<b>Reaction</b>	Equivalent to measuring the participants' satisfaction.	Evaluation questionnaire to be completed by the participant at the end of the course.
	<b>Learning</b>	Determines whether knowledge and learning transfer has occurred.	Test administered at the end of the training programme.
	<b>Behaviour</b>	Analyses changes in the position of the person attending the training.	Questionnaires to evaluate the effectiveness of the training.
	<b>Results</b>	Evaluates the business results achieved through the training.	Questionnaires to evaluate the effectiveness of the training.
	<b>Return on investment</b>	Return on investment.	Analysis of the impact of the training on selected business indicators.

Note: In 2019, evaluations were carried out at levels 1, 2 and 3.

ACCIONA's training programmes are continuously reviewed and adapted to the new needs of the company and its professionals. Content continued to be reorganised in 2019 and new topics were analysed for 2020 in the various schools, with special emphasis on the Skills Development Centre, Business School and Technical Schools.

### 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. All contents will be updated in 2020 and will be available in 6 languages.

#### T-MAX+ 2019/20 program – Carbon neutral training

The T-MAX+ skills training programme is aimed specifically at ACCIONA's technical staff. It aims to consolidate the functions of this group and their training needs. The employee experience was completely overhauled in 2019 and it has been certified as carbon neutral. This is the first ACCIONA Corporate University training course that offsets the emissions it emits. It was designed in collaboration with the Spain's School for Industrial Organisation (EOI).

### Business School

The number of students in the M3+ Programme increased in 2019 and it continues to receive high ratings from attendees: 4.8 out of 5. Sessions on the Macroeconomic Environment were held in the WoW Room at IE Business School. The 9th edition of the ACCIONA Executive MBA was also offered.

- › **M3+ Programme:** created for ACCIONA managers, this year a total of 380 employees received 2,643 hours of training. This year's programme focused on communication and networking, change management, the customer experience, trends in the use of technology, and sustainability and transformation.
- › **Executive MBA:** the ninth edition of this course was attended by 29 ACCIONA professionals from around the world. The programme was ongoing throughout 2019, with 100% of instruction in English. It is organized in collaboration with the EOI.

### Technical Schools

These training spaces were designed to improve productivity, technical excellence and the specialization and internationalization of ACCIONA professionals, guaranteeing a high level of qualification.

Each itinerary contains specialities and sub-specialities. The training activities are planned as a structured educational sequence. They have been very well received by General Management, the business units and the employees.

- › **1st Edition of IMPA, International Master in Project Administration:** this is a global Master's Degree that is 100% in English and is offered in collaboration with the Universidad Politécnica de Madrid. This programme focuses on the strategic needs of ACCIONA's infrastructure businesses, with special emphasis on technical skills for managing complex projects in different lines of business and countries. 21 managers from different countries are participating in this first edition.

### Language Schools

Open to 100% of employees, this platform offers instruction in six different languages. The educational model was supplemented in 2019 with new digital itineraries and special webinars.

### Sustainability training

The company developed two courses in this area in 2019: the Advanced Climate Change Course and the Human Rights Course.

⊕ More information in the sections on "Risks and opportunities of the climate emergency" and "Respect for Human rights".

## TALENT DEVELOPMENT AND PROMOTION

ACCIONA's people management model is supplemented by policies and initiatives aimed at optimizing employee performance, enhancing their professional development and managing objective-based compensation.

### Performance management model

46

At ACCIONA, there are three components to the Performance Management Model: Goal Setting, My Development and Performance Status. The purpose is to identify, develop and recognize the talent of ACCIONA's professionals.

#### Performance Status

In 2019, special emphasis was placed on identifying performance and potential, the so-called Performance Status.

In its second year, this process was consolidated as a global tool for evaluating performance and potential at ACCIONA, as a way of providing a comprehensive view of internal talent and enabling decisions to be made and action plans to be designed on the basis of the needs detected.

For the launch of the process in 2019, a specific guide was defined for managers to help them interpret and understand the questions on the questionnaire.

All the business lines and countries within the target area participated in this process, in which each hierarchical manager completes a questionnaire on the members of their team (with the possibility of involving the functional managers as well).

The target group includes 8,852 professionals and 1,408 evaluators have participated in the process.



### Employees subject to the Performance Status process by gender and professional category

	Men	Women	Total
Directors and managers	1,721	433	2,154
Technical	3,463	1,681	5,144
Department	81	274	355
Operators	1,100	99	1,199
<b>TOTAL</b>	<b>6,365</b>	<b>2,487</b>	<b>8,852</b>

95% of the professionals subject to performance evaluation were evaluated through **Performance Status**

## Collaborative Leadership Program

Following its launch for executives and pre-executives in 2018, the programme has been opened up to the rest of ACCIONA's managers in 2019. The object is to deploy a new leadership model in which the manager is the main driver of new ways of working adapted to the current working environment.

From the perspective of people management, the model focuses on two main areas:

- › Setting team objectives and results.
- › People development: Talent Identification; Recognition and Reward; Internal Mobility.

Each of these areas will be further developed in the following editions of the programme.

47

## Second Edition Of The New Manager Programme

Development programme aimed at professionals promoted to Manager or Expert I in 2019. The goal is to train new managers in the skills needed to be successful in their new role, with special emphasis on people management skills.

In its second edition, it includes a module on new work formulas (agile methodology), especially geared towards teamwork and group management. This plan was launched in all countries and business lines and has had 123 participants. The average rating was 4.5 out of 5.

### Internal mobility

Another key aspect of people management is professional growth through promotion within ACCIONA.

In 2019, a Communication Plan was launched to boost internal mobility within the company. Improved access to the opportunities offered by the company, as well as the possibility of subscribing to newsletters, encourages the employees themselves to be responsible for their professional growth.

In addition, ACCIONA continues to promote the idea of managers being responsible for managing the talent of their own teams, which implies, in terms of internal mobility, informing their teams of the existing possibilities for promotion and facilitating the change of position when the time comes.

The number of vacancies published and filled through internal mobility increased by 21% in 2019 compared to 11% in 2018.

### Compensation policy

ACCIONA's compensation policy is based on the objectivity, external competitiveness and internal fairness. Thus, employee compensation is determined by results and a job classification system that objectively categorizes each employee's contribution to the company. In addition, there is no differentiation by gender and all decisions on an individual's compensation are approached objectively, so that compensation is fair according to the person's level of responsibility and contribution to the company's objectives.

ACCIONA rewards its employees according to the following criteria: sectoral and geographical competitiveness, internal equity and merit. The company works in a variety of productive sectors in more than 38 countries. Under current law, employee compensation is subject to the applicable collective bargaining agreements (in Spain, 311 agreements of varying scope in 2019).

### Gender pay gap analysis

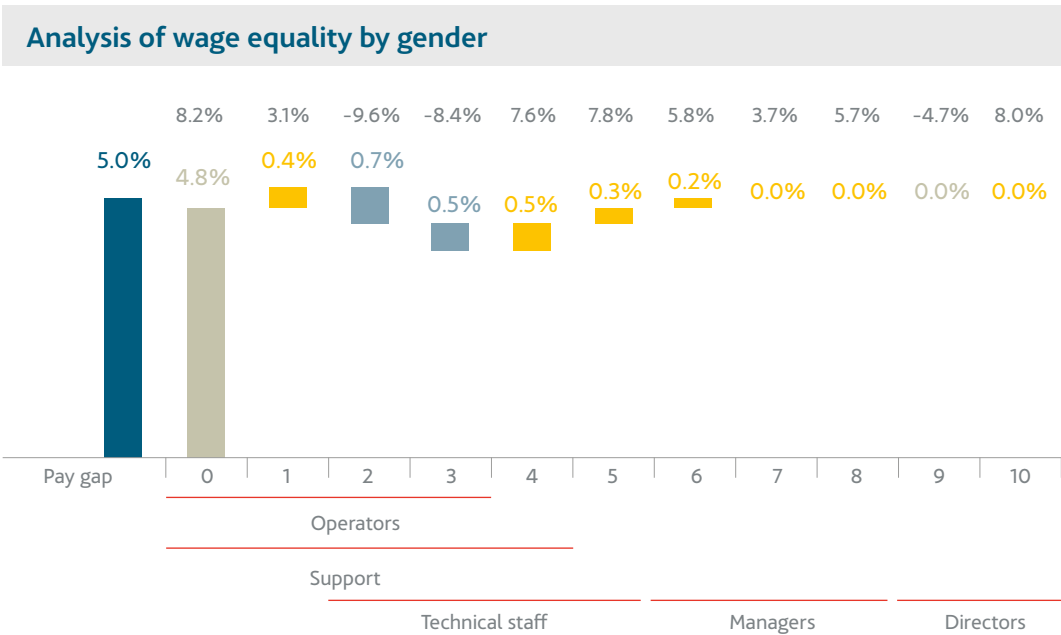
48

ACCIONA is determined to ensure that there is no gender-based inequality in its activities by offering equal pay for equal work in all the businesses and countries where it does business. To that end, the company has developed a salary analysis methodology based on best international practices, validated by an independent external party, which makes it possible to identify possible cases of inequality between women and men in identical jobs.

The analysis effectively detects potential salary gaps by country, business and organizational level. Specifically, in 2019, ACCIONA found a possible gender pay gap of 5.0% at the global level. This gap was down from 2018 (5.3%) and 2017 (5.2%), 2017 being the first year in which the methodology was used.

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To ensure offering equal pay for equal work in all the businesses and countries where it does business, the company has developed a salary analysis methodology based on best international practices, validated by an independent external party



The breakdown of the analysis by country will be published next year once the methodology is ready.

With this information, the data is studied annually for each business line and level of responsibility to define if there is unequal pay for equal work or if the difference is due to any other cause (seniority, performance, results, etc.). Specifically, the aim is to eliminate any detected cases of this type of inequality. Each year, a specific analysis of unequal pay situations is also carried out through the annual salary review process. This action plan is periodically monitored by management assess the progress being made at each level of the organization.

#### Variable compensation plan: ACCIONA Bonus

The program for employees with variable compensation, in place since 2012, considers criteria related to both the company's financial results and the fulfilment of individual goals, and is based on objective and pre-established metrics. In accordance with the objectives set out in the Sustainability Master Plan (SMP), ACCIONA Bonus is being extended internationally to all divisions in key countries.

In 2019, a total of 4,866 employees benefited from ACCIONA Bonus, including 97.5% of managers and 46.9% of technical and support staff.

### Standardized structure of objectives that make up the bonus

ACCIONA's overall results	Specific targets	Individual goals	Criteria linked to sustainability
They represent 10% for all employees and 15% for managers.	Relative to the division, country, or business unit with its own income statement.	The basis is the individual assessment of performance.	Defined for each division as part of the SMP, they represent about 3.5% of the targets. The aim is to increase this to 5% in 2020.

ACCIONA Bonus includes targets for lowering emissions, reducing on-the-job accidents and increasing the percentage of women in pre-executive positions, among others.

### Employee benefits

The employee benefits offered by ACCIONA in 2019 include:

- › **Travel assistance:** this is provided globally to all employees travelling abroad, regardless of their country of residence. It covers health care while travelling, in addition to other guarantees such as loss of luggage or flight connections.
- › **Life and accident insurance:** all employees in Spain are insured in accordance with the commitments assumed in collective agreements for death or disability from any cause. Coverage is also provided for death due to illness and accident and partial, absolute and major permanent disability as a result of an accident occurring anywhere in the world.
- › **International medical insurance:** covers health care for expatriate employees and their families, spouses and children.

In addition, the Flexible Compensation Plan allows the group's employees to optimize their salaries. They can select, acquire and/or contract certain benefits at deep discounts, which will allow them to maximize their remuneration. The following products and services are adapted to their needs: medical insurance, meal and childcare vouchers, transit passes and training programmes linked to their professional development.

The Shareholders' Plan is a voluntary plan that allows ACCIONA professionals to buy shares in the company and thereby share in its earnings. This plan is aimed at all permanent employees who are tax residents in Spain and with a hire date prior to 31 December of each tax year. A total of 451 employees took part in the 2019 Shareholders' Plan, an increase of 8% over the previous year. 22,005 were eligible for the plan, which means a participation rate of 2% and the delivery of 36,816 shares.

## Organization of working hours

### 50

The company is committed to the reconciliation of personal and professional life as a means of promoting real equality, and to that end has specific measures in place in the different countries where ACCIONA operates.

In Spain, some of the main measures available to employees are: flexible entry and exit times, intensive workdays on Fridays and summer months, canteen services, medical centres, physical therapy services and gym facilities at its locations.

In countries such as Australia, Canada, the US and South Africa there are special measures for flexible working hours after maternity/paternity leave and for childcare, which are higher than the legal minimums.

In 2019 the company developed an ambitious programme to promote flexible working hours for all locations and activities that are not bound by shift systems or third-party services.

To that end, agreements have already been reached in Spain with labour representatives that include mechanisms for adapting the working day to the specific needs of certain groups (care of the elderly or minors) as well as new mechanisms for work monitoring and telework pilot tests for certain eligible positions and roles. It is expected that this type of solution can be extended to other countries as long as the applicable legal framework allows.

## 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 2019 survey, ACCIONA's global commitment stood at 63%. The survey showed that 88% of respondents would not hesitate to recommend the company to a friend. Meanwhile, 81% say that ACCIONA inspires them to do their job better every day.

### Evolution of turnover by gender, age and workplace

(%)

	2016	2017	2018	2019
Turnover among men	4.21	4.86	3.23	3.43
Turnover among women	7.56	3.29	4.10	3.91
Turnover of people under 30	12.56	8.84	9.15	5.94
Turnover of people 30-49	9.25	5.32	4.22	4.07
Turnover of people over 50	6.65	3.77	3.49	3.57
Turnover in Spain	1.91	2.02	2.01	2.40
Turnover outside of Spain	12.86	6.35	6.19	5.49
Total turnover*	8.53 ***	7.6	7.17	7.05
Voluntary turnover**	6.59	3.74	3.49	3.57
Average hiring cost per employee	-	-	1,200	1,200

\* 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.

51

## DIVERSITY, EQUALITY AND INCLUSION

ACCIONA's responsibility for values such as integrity, transparency, safety and equal opportunities is set out in the company's Code of Conduct and in the Human Rights Policy and the Human Resources and Health and Safety Policy.

Within this framework, the company works to achieve real equality of opportunity for all groups and to incorporate diversity as a strategic element of people management.

In 2019, a structure was created to promote policies and programmes that favour a respectful, diverse, inclusive and efficient working environment. There is now a Diversity Management Area and Diversity Committees in all strategic businesses and countries. A working group was also created to design a Global Diversity and Inclusion Plan. All of the different groups and minorities are represented on these committees.

They are very active, with more than 20 meetings already held and over 70 proposals put forward in relation to gender equality, work-life balance, disability, wage gap, generational and cultural inclusion, minorities and commitment. The Diversity Committees generate proposals and plans in the area of diversity and inclusion.

In 2019, the Refinitiv Diversity & Inclusion Index positioned the company among the top twenty-five globally in terms of diversity and social inclusion.

## Equal opportunities for men and women

In 2019, ACCIONA continued to actively promote equal treatment and opportunities between men and women in all areas of people management.

In the area of recruitment, ACCIONA has made a commitment to include women in external and internal selection processes, verifying and maintaining a commitment to equality and non-discrimination at all stages. Moreover, it is now guaranteed that the CV of at least one woman will be considered in all candidate evaluation processes.

In the professional development area, two new editions of the Management Development Programme for High Potential Women were held aimed at women with a clear career path in the company. In 2019, a total of 16 female employees successfully completed the programme compared to 14 the previous year.

These actions are in line with the SMP 2020 objective of encouraging responsible hiring, increasing the number of women in management and executive positions and promoting female leadership actions in all countries with more than 300 employees.

To ensure that these targets are met, the results of tracking equality and socially responsible recruitment are reported on a monthly basis. These data are then analysed by each business division and country to determine the precise action and/or correction plans required. Furthermore, in 2019 ACCIONA Bonus was linked to achieving the goal of increasing the percentage of women in pre-executive positions.

52

At the end of 2019, 31.3% of the staff were women, 15.25% of whom held executive positions and 21.09% were managers. In 2018, 31.5% of the staff were women, 14% of whom held executive positions and 20.4% were managers. By 2020, the company has set a target to increase the percentage of women in executive and pre-executive (managerial) positions to 23%.

In 2019 there were also training initiatives related to equality and diversity. More than 8,000 hours of training were offered this year.

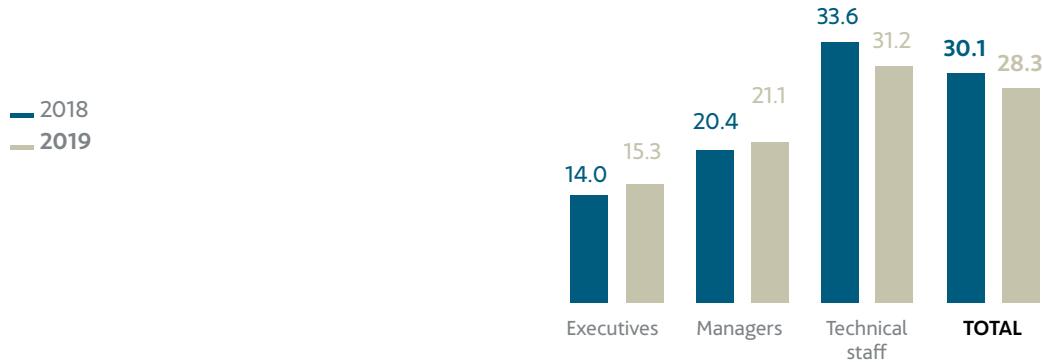
In the case of Spain, all business lines are covered by Equality Plans that are compliant with the Organic Law 3/2007 for the effective equality of men and women, stipulated with the most representative trade unions and in which the results are reported and evaluated jointly once every six months. Energy,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

For 2020, the company has set a goal of designing a programme to help women rejoin the labour market after a period of absence.

ACCIONA has set a **minimum target of 23%**  
of women in management and executive positions in 2020

## Evolution of women in the qualified employees group

(% of employees)



## Workplace inclusion and non-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, gender, religion, political opinion, nationality, sexual orientation, social background or disability.

### Inclusion of people with disabilities

The average number of employees with a 33% level or more of disabilities has grown to 1,032 workers in Spain <sup>5</sup> (direct and indirect employment), compared to 1,001 at the end of 2018. This represents 3.96% of the total headcount compared to 3.86% last year. Direct employment accounted for 3.56%. The rest comes from purchases from Special Job Centres and donations to third sector organizations.

ACCIONA also holds the Bequal certificate (with Bequal Plus rating), which certifies its compliance with the law and ACCIONA'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 noteworthy initiatives in 2019 in the area of inclusion in the workplace of people with disabilities and other vulnerable groups include:

- › 203 people hired through the Fundación Integra with which the group collaborates nationally on the insertion of the disabled, the long-term unemployed and victims of gender violence in the workplace.
- › 42 people hired through other entities.

<sup>5</sup> There is no detailed record for other countries that is comparable to the information derived from the Spanish Disabilities Act. Outside Spain, there is a commitment to comply with current legislation on under-represented groups, which includes both disabilities and minorities.

## Training on inclusive work environments

ACCIONA offered a course in Chile on the basic concepts of diversity, inclusion, gender perspectives and gender stereotypes in order to understand their effects on people and organizations. In doing so it is the company's intention to transmit the impact of prejudice and discrimination in order to bring about a cultural change at the personal level, for each employee, and at a corporate level, for the company as a whole. This training programme also sought to provide tools and techniques appropriate to the context to promote diverse and inclusive work environments which are respectful and free from bias.

The course consisted of 13 sessions and a total of 148 employees from Energy and Infrastructures participated.

### Inclusion of other minorities

The occupational and social risks associated with the company's projects vary depending on the situation of the countries and the line of business: with more labour-intensive businesses the risks associated with personnel management increase. Also noteworthy are the programmes to protect minorities in certain countries (BBEEE requirements in South Africa, First Nations in Canada, Indigenous people in Australia), the promotion of equality and priority hiring of women (Europe, Canada, Brazil, etc.) or the protection of immigrant groups (Middle East and Asia). Managing these risks at ACCIONA involves aligning the global processes and objectives of diversity and socially responsible recruitment with the development of specific plans and procedures where required.

### WORKERS' COVERAGE (GRI 102-41)

54

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 less than 1% of the total workforce. For these exceptional cases, in 2019 the company developed and approved specific procedures for the protection of workers' rights, especially in the members of the so-called GCC (Gulf Cooperation Countries) and Egypt.

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For exceptional cases, in 2019 the company developed and approved specific procedures for the protection of workers' rights, especially in the members of the so-called GCC (Gulf Cooperation Countries) and Egypt



### Employees covered by collective bargaining agreements by country (%)

Country	Employees covered by collective bargaining agreements
Spain	100%
Germany	100%
Australia	100%
Brazil	100%
Canada	100%
Chile	100%
USA	100%
Italy	100%
Mexico	100%
Norway	100%
Poland	100%
Portugal	100%
Qatar	0%
Ecuador	100%
United Arab Emirates	0%
Peru	100%
Rest of the world	99%
<b>TOTAL employees</b>	<b>100%</b>

55

Collective agreements and/or conditions are signed at all construction sites and projects, except in those countries where union membership or representation is not a standard practice or is considered illegal. In such situations, mechanisms have been established to control the conditions agreed upon by the company and its suppliers. ACCIONA holds regular, ongoing meetings with all trade union and employee associations to prevent any issues that could lead to conflict, thereby minimizing the incidence of such situations.

The company is also a member of the Building and Wood Workers' International (BWI) which covers the work in all the industries in which it operates. Through this association, efforts have been made in some of the most representative countries to strengthen the collaboration between different unions. It is worth highlighting in this regard the promotion of meetings with Spanish and Mexican trade unions to share experiences following the ratification of the ILO Convention 98 and the meetings between Spanish and Australian or Chilean trade unions to share good labour relations practices. In addition, ACCIONA participated as a guest at the international assembly of the BWI and the Workers' Capital Conference, by direct invitation from the Global Unions Committee of Workers Capital (CWC).

In Spain, the company has 757 labour representatives, and there are 311 collective bargaining agreements in place.

In addition to the general and sector-specific collective agreements, depending on the applicable legislation in each country, ACCIONA has signed agreements with the trade unions that are registered with international trade union for its main projects. Such agreements have been signed for projects and services located in countries such as Canada, Mexico, Chile, Brazil, Ecuador, Germany, Italy, Norway, Australia and New Zealand.


## HEALTH AND SAFETY

The health and safety strategy revolves around the Human Resources and Occupational Risk Prevention (OHS) Policy and the action plan that defines its objectives is in line with the SMP 2020. In 2019, some points of the policy were modified, reinforcing the commitment to road safety and employee participation, in keeping with the criteria of the ISO 45001 standard.

100% of the workers participate in a programme that deals with the prevention and correction of the causes of health and safety risks in the workplace with the aim of creating a working environment that is as safe and healthy as possible for employees and contractors. In the process, ACCIONA assesses the specific risks associated with its activities: linked to occupational illnesses, the performance of construction work, the use of machinery, working at heights, electrical contacts, etc.

ACCIONA uses the representative bodies required by the laws in the countries where it operates, such as the Health and Safety Committees in Spain, as a channel for consultation and participation. Employees in each business line also have specific communication tools and mailboxes through which they can report occupational safety incidents or possible threats.

The company also has programmes in place to guarantee occupational risk prevention for its contractors and it collaborates with the public authorities on initiatives to promote health and safety in the workplace.

 More information in the sections on health and safety in the sections titled "The Energy Business", "The Infrastructure Business" and "Other Businesses".

## 56 Evolution of the main accident indices

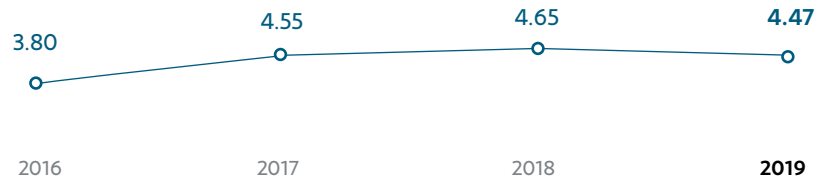
In 2019 there were 3,126 accidents involving ACCIONA's own employees. This represents a decline in the frequency rate compared to the previous year. A total of 2,274 accidents involved men and 852 involved women, for frequency rate of 4.6 and 4.1 respectively.

The severity index showed 180.5 for women and 138.2 for men, so the aggregate index decreased. For the second year in a row, the number of fatal accidents involving the company's employees was zero.

The **frequency and severity of accidents have decreased** compared to the previous year

### Evolution of the frequency index

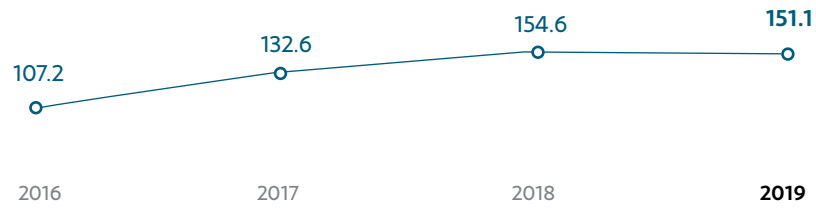
(own employees)



Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

### Evolution of the severity rate

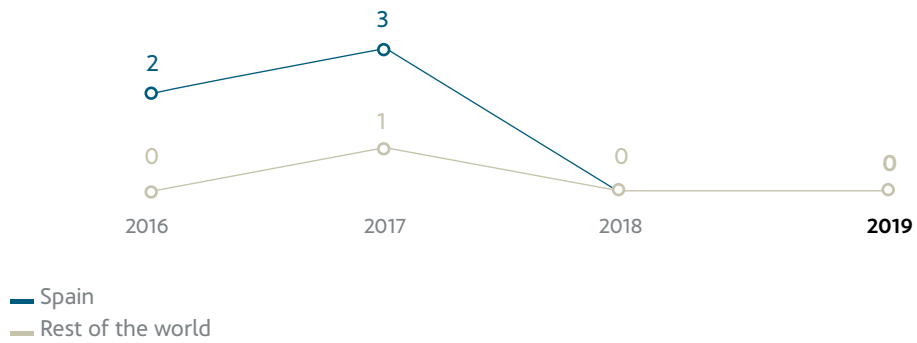
(own employees)



Severity rate: (no. of working days lost due to work accident/hours worked) x 200,000.

### Evolution of fatal accidents

(own employees)



## Health and safety in employee performance evaluations

Compliance with the health and safety objectives defined in the SMP 2020 is one of the parameters directly linked to performance evaluation in ACCIONA's various divisions. Whether or not they are met determines the bonus that employees receive.

Specifically, the target for the group in 2019 was to reduce the frequency rate for employees and subcontractors by 5% with respect to 2018. The overall objective is to reduce this rate by 15% between 2015 and 2020. In addition, each one of the company's divisions sets its own annual targets, defined at the beginning of each year and reviewed monthly.

The absenteeism rate increased slightly in 2019 compared to the previous year.

A breakdown of this data by business line is shown below. The information is prepared in a common and homogeneous way for all the countries where the company has relevant business, and always according to the international standard.

### Evolution of the rate of employee absenteeism by business line

	2016	2017	2018	2019
<b>Business</b>				
Energy	0.07	0.84	0.70	<b>0.95</b>
Infrastructure	4.71	4.90	5	<b>5.30</b>
Other businesses*	4.67	4.65	1.96	<b>1.86</b>
Corporate	1.93	1.59	1.57	<b>1.51</b>
<b>TOTAL</b>	<b>4.48</b>	<b>4.71</b>	<b>4.80</b>	<b>4.99</b>

Absenteeism rate: (no. of days lost due to absenteeism/no. of days worked) x 100

\* Includes Bestinver, Wineries, Real Estate.

### Number of hours lost due to absenteeism

	2018	2019	
		Women	Men
Spain	3,598,213	<b>1,756,537</b>	<b>1,816,087</b>
International	277,415	<b>265,722</b>	<b>239,029</b>

Absences due to on-the-job accidents, occupational diseases and common illnesses are taken into account. The data is reported by hours in compliance with Law 11/2018, but the system collects the information in days. The transposition is not automatic and given the number of agreements in force within the company, the calculation of hours is only an estimate, establishing an average number of hours for all, e.g. 8 hours/day.

## Road safety

At ACCIONA, the actions to promote road safety encompass not only accidents relating to vehicular traffic (work-related), but also accidents that occur when going to and from work (commuting). 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.

### Evolution of commuting accidents

(with and without medical leave)

	2016	2017	2018	2019
<b>Line of business</b>				
Energy	5	26	20	11
Infrastructure	175	163	157	296
Other businesses*	13	13	6	6
Corporate	4	9	0	5
<b>TOTAL</b>	<b>197</b>	<b>211</b>	<b>183</b>	<b>318</b>

Includes on road and off road accidents, except that for 2016 there is no on road data.

\* Includes: Bestinver, Wineries and Real Estate.

### Evolution of work-related travel accidents

(internal employees)

	2016	2017	2018	2019
<b>Line of business</b>				
Energy	3	8	2	2
Infrastructure	99	14	13	19
Other businesses*	1	1	1	0
Corporate	0	0	0	0
<b>TOTAL</b>	<b>103</b>	<b>23</b>	<b>16</b>	<b>21</b>

Includes on road and off road accidents, except that for 2016 there is no on road data.

\* Includes: Bestinver, Wineries and Real Estate.

In 2019, ACCIONA held awareness-raising campaigns on this subject on the company's intranet.

## PREVENTION AND HEALTHY LIFESTYLES

To evaluate the possible impact of occupational risks on the health of workers, annual medical check-ups are offered, adapted to the specific risks of each worker. Based on the results obtained, a decision is made as to the worker's suitability to perform the tasks inherent to his or her position. Moreover, these medical data are used to conduct an annual epidemiological study on a global scale to assess the health of ACCIONA as a whole.

The company also runs disease prevention and early detection campaigns. It also monitors workers who travel internationally, providing them with medical information on the destination area and immunization if necessary. The company enters into agreements with private health companies, offering competitive services and conditions.

### No. of occupational diseases by region

(own employees)

	2016	2017	2018	2019		
				Women	Men	Total
Spain	17	16	21	15	19	34
International	1	2	0	0	1	1

Certain activities have been identified in several divisions that can cause occupational diseases in very specific cases due to exposure to biological risk, overexertion, noise, silicosis and asbestosis. In all such situations, the necessary actions have been taken to eliminate or minimize the risk (training, awareness, protective equipment, etc.). Likewise, all workers exposed to risks of this kind are monitored.

60

### Health and wellness plan

ACCIONA has a Health and Wellness Programme to promote integral employee care. It is a three-part plan focused on a healthy diet, physical activity and emotional management. The initiatives developed as part of the Health and Welfare Plan include:

- › **Implementation of medical video consultations** for employees in Spain.
- › **Set-up of protected cardio spaces** through the installation of defibrillators in work centres with over 250 employees.
- › **Onsite and online nutritionist service** for diet planning and monitoring.
- › **Physical therapy appointments** at central offices at reduced prices.
- › **New campaigns to raise awareness and promote physical activity**, as well as the impact of biology on the different stages of an individual's work.

## OHSAS 18001 certification

97% of ACCIONA's business is certified according to the OHSAS 18001 standard. All companies with this seal are subject to internal and external audits to verify the degree of compliance with the management systems in place.

ACCIONA is making progress in the certification of its operations in accordance with the new ISO 45001 standard for Occupational Health and Safety Management Systems, which will progressively replace the current OHSAS 18001. The percentage of companies certified in 2019 is 24%, with a target of 10% this year and 50% in 2020.

### Evolution of ACCIONA's OHSAS 18001-certified activities

	2016	2017	2018	2019
% of OHSAS 18001 certified activities	95.76	95.59	91.92	97.27

### Certification by line of business

Line of business	% operations with OHSAS 18001 certification	% of operations with ISO 45001 certification
Energy	100%	100%
Infrastructure	89%	36.14%
› Construction	86%	76.42%
› Concessions	100%	0%
› Water	93%	93.22%
› Services	89%	18.57%
Other businesses	100%	25%
Corporate	100%	0%

Percentages calculated taking into account companies with over 150 FTEs, except in Other Businesses in which all companies are taken into account.

## Employee 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. In addition, workplaces are visited to encourage their involvement. At these visits, they receive pertinent information on topics such as accident prevention, safety inspections, employee complaints, risk assessments and the activities of the Prevention Department. The percentage of employees represented by formal health and safety committees is over 99%.

Some of the divisions also have email accounts or suggestion boxes where workers can ask questions, make suggestions and raise concerns about health and safety.

Personnel from collaborating companies 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.

ACCIONA also has internal communication mechanisms that are key to preventing accidents and preserving the health and safety of employees. Among the most widely used tools are the Interacciona intranet, newsletters, e-mail, suggestion box, communications via posters or payroll and specific actions in the workplace.

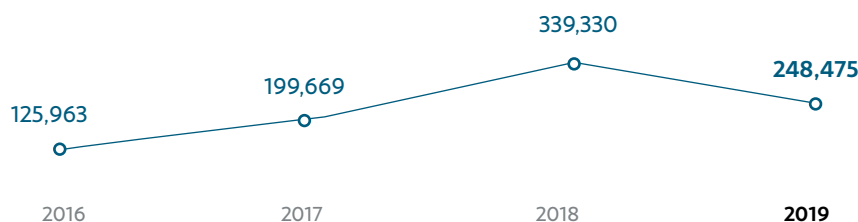
#### OHS Training in 2019 at the Corporate University

	No. of hours	No. of employees	No. of OHS hours per employee per year
Energy	33,233	1,629	20.40
Infrastructure	214,017	37,039	5.78
Other businesses*	1,225	1,031	1.19
<b>TOTAL</b>	<b>248,475</b>	<b>39,699</b>	<b>6.26</b>

62

\* Other Businesses include: Corporate, Bestinver, Real Estate and Wineries.

#### Evolution of the total number of training hours in OHS





## EXTENDING THE COMMITMENT TO PREVENTION 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. To that end, the company tracks the accident rates of the suppliers, contractors and subcontractors of all its divisions. Generally speaking, 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.).

+ More information in the "Social Impact" and "Supply Chain" sections.

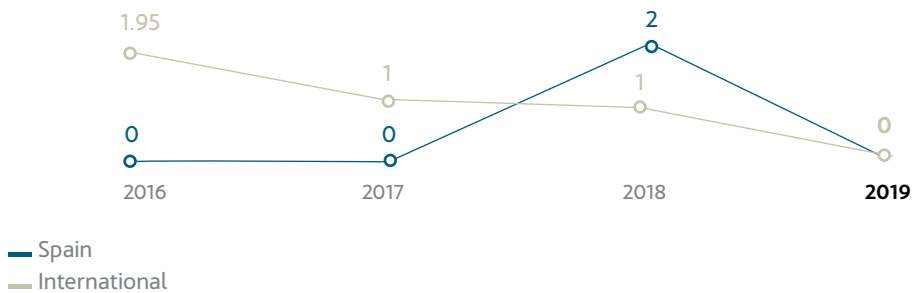
### Evolution of accident indicators for contractors

	2016	2017	2018	2019	2016	2017	2018	2019
	Severity Rate				Frequency rate			
Energy	46.7	3.6	21.6	24.4	1.9	1.1	0.6	0.8
Infrastructure	29.5	19.1	18.8	23.1	1.9	0.9	0.9	1.0
Other businesses*	0	0	0	0	0	0	0	0
Corporate	5.8	0	0	0	0.4	0	0	0
<b>TOTAL</b>	<b>31.2</b>	<b>18.1</b>	<b>18.9</b>	<b>22.9</b>	<b>1.9</b>	<b>0.94</b>	<b>0.86</b>	<b>0.9</b>

Severity rate: (no. of days lost due to occupational accidents/hours worked) x 200,000.  
 Frequency rate: (no. accidents with loss of work/hours worked) x 200,000.

\* Includes Bestinver, Bodegas and Real Estate.

### Evolution of fatal accidents involving joint ventures (by% of participation) and contractors



| There were **no employee or contractor fatalities** in 2019

## Risks and opportunities of the climate emergency

People 38  
Risks and opportunities of the climate emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

### Mitigation and adaptation

ACCIONA is one of the few companies leading the transition of the economy towards a low-carbon model that limits the increase in average global temperatures to below 1.5°C

64



#### KEY MILESTONES 2019

- › **Reduced GHG emissions compared to base year 2017** by 22% (Scopes 1 and 2) and 27% (Scope 3 categories in SBT), in line with the science-based target and the carbon neutral target.
- › **93% of CAPEX, 83% of EBITDA and 58% of sales** classified as low carbon according to the European Commission's taxonomy of sustainable activities.
- › **Approval of new target by the Science Based Targets initiative (SBTi)**, in line with the 1.5°C scenario, to reduce Scope 1 and 2 emissions by 60% and Scope 3 emissions<sup>6</sup> by 47% in the period 2017-2030.



#### MAIN CHALLENGES 2020

- › **Reduce GHG emissions by 13.86% (Scopes 1 and 2) and 10.85% (Scope 3) compared to 2017**, in line with 1.5°C reduction target, and maintain carbon neutrality.
- › Creation of a fund for decarbonisation measures.
- › **Achieve 66.8% of electricity consumption from renewable** sources and reduce energy consumption from fossil sources by 11% compared to 2017.

<sup>6</sup> Categories of purchased goods and services, capital goods, energy-related activities, upstream transportation and distribution, employee commuting and use of sold products that represent more than two thirds of the company's total Scope 3 emissions.

## RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE

ACCIONA's business model takes into account the management of climate change risks and opportunities and communicates them in accordance with the European Commission's climate reporting guidelines and the recommendations of the Financial Stability Board, through its Task Force on Climate-Related Financial Disclosures (TCFD). Climate strategy is a relevant issue for all of the company's businesses as can be confirmed by reading the section titled "Materiality Analysis".

### A low-carbon business strategy

ACCIONA is a leader in sustainable infrastructure solutions and renewable energy projects worldwide. It is one of the few companies focused on the development of sustainable projects and represents a special case in that it invests in what it builds and operates, whether it be energy, construction, water management, transportation, housing, or any other of its technical capabilities.

### European taxonomy of environmentally sustainable economic activities: ACCIONA case

The active involvement of financial markets in financing the sustainable economy is indispensable to the European Union's plans to move towards a low-carbon economy.

The cornerstone of the European Commission's strategy is the development of a legislative initiative that will allow for the unequivocal classification of economic activities that can be considered sustainable: the European "green" investment taxonomy.

This taxonomy, which will come into force in mid-2020, classifies economic activities into 67 categories that are encompassed in 6 macro sectors + 1 enabling sector, and includes, for the time being, specific technical aspects for 2 of the 6 environmental objectives it pursues: mitigation and adaptation to climate change. However, all classifiable activity under the taxonomy must also comply with a minimum set of social safeguards and must not contradict any of the other four goals it pursues (water protection, transition to a circular economy, pollution control and healthy ecosystems).

In 2019, ACCIONA carried out a classification exercise of its activities using the criteria of the European taxonomy. This enriching work has reinforced the company's leadership position in sustainability, confirming that 93% of CAPEX, 83% of EBITDA <sup>7</sup> and 58% of the company's sales meet the established requirements. The activities contributing to these figures include:

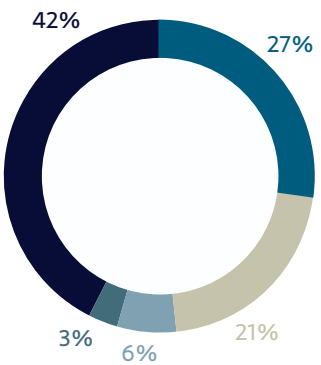
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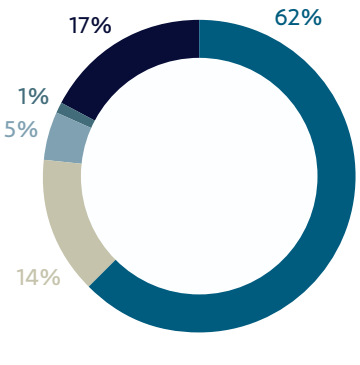
<sup>7</sup> This figure has not been verified since the EU's Technical Expert Group (TEG) on Sustainable Finance does not include this variable among the ones that can be used to calculate the percentage of business that meets the taxonomy's requirements.

- › **The construction and operation of energy production and transport facilities** exclusively from renewable sources: wind, photovoltaic, hydraulic, biomass and concentrating solar power.
- › **The construction of low-carbon transport infrastructure**, mainly urban and intercity railway infrastructures.
- › **Efficient wastewater treatment and drinking water supply**, especially in water-stressed regions.
- › **Construction and promotion of certified sustainable buildings.**
- › **Operation of mobility services using 100% renewable electricity.**
- › **Deployment of energy-efficient services.**
- › **Provision of waste management services ready for recovery.**

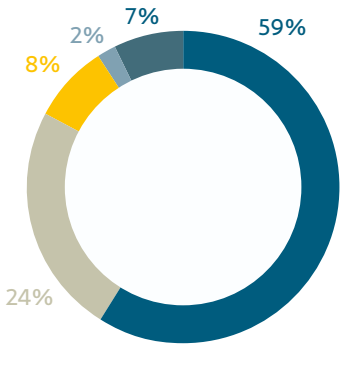
**Sales**



**EBITDA<sup>7</sup>**



**CAPEX**



- Electricity, gas, steam and air conditioning supply
- Transportation and storage
- Manufacturing
- Water supply, sewerage, waste management and remediation

- Constructions and Real Estate activities
- Agriculture, forestry and fishing
- Activities not included in the taxonomy

## Classification of ACCIONA activities according to the Taxonomy

Classification of ACCIONA activities according to the Taxonomy	Annual% of taxonomy-compliant CAPEX	% of taxonomy-compliant EBITDA	% of taxonomy-compliant revenue	Do not significant harm to other environmental objectives*	Minimum social safeguards**
<b>Supply of electricity, gas, steam and air conditioning:</b>	<b>58.7</b>	<b>62.4</b>	<b>26.8</b>		
Production of electricity from wind power	48.36	54.29	15.85	✓	✓
Production of electricity from solar PV	10.45	2.72	3.21	✓	✓
Production of electricity from hydropower	0.80	2.74	4.60	✓	✓
Production of electricity from CSP	-0.95	0.59	0.33	✓	✓
Production of electricity from bioenergy	0.08	2.04	2.71	✓	✓
Electricity transmission & distribution	0.00	0.03	0.08	✓	✓
<b>Transport and storage</b>	<b>24.3</b>	<b>14.2</b>	<b>21.4</b>		
Infrastructure for low-carbon transport	22.09	14.34	21.34	✓	✓
Commercial and passenger motor vehicles	2.21	-0.16	0.07	✓	✓
<b>Water, sewer, waste and remediation</b>	<b>2.0</b>	<b>4.5</b>	<b>6.3</b>		
Centralized wastewater treatment systems	0.68	2.06	2.92	✓	✓
Water intake, treatment, and supply	0.36	1.66	2.21	✓	✓
Recycling and transport of non-hazardous waste separated at origin	0.96	0.84	1.16	✓	✓
<b>Construction and real estate</b>	<b>0.6</b>	<b>1.5</b>	<b>3.1</b>		
Construction of new buildings	0.22	1.28	2.69	✓	✓
Real estate acquisition	0.00	0.00	0.00	✓	✓
Individual measurement of renovation, onsite installation of renewables and professional, technical and scientific activities	0.38	0.20	0.36	✓	✓
<b>Manufacturing</b>	<b>7.8</b>	<b>0.0</b>	<b>0.0</b>		
Manufacture of low carbon technologies	7.80	0.00	0.00	✓	✓
<b>Agriculture, forestry and fishing</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>		
Perennial crops	0.06	0.20	0.23	✓	✓
<b>TOTAL included in taxonomy</b>	<b>93</b>	<b>83</b>	<b>58</b>		

\* No controversy. More information in the section on "Environmental impact".

\*\* Covered. More information in sections titled "People", "Supply Chain" and "Respect for Human Rights".

## Aligned with global economic decarbonization targets

ACCIONA fully shares the objectives of total decarbonisation of the economy through public commitments, policies, specific procedures, public targets, and a model of economic incentives linked to the achievement of GHG emission reductions for directors, managers, technical and support staff (see the 'ACCIONA Bonus Plan' section under 'People').

The area responsible for leading actions in the area of change management is the Board of Directors' Sustainability Committee, which since 2009 has been performing the following functions, among others, on a quarterly basis (for further information, see the section entitled "Degree of Fulfilment of Commitments"). Identify and guide the group's climate change policies, objectives, best practices and programmes; evaluate, monitor and review the plans for implementing these policies drawn up by group executives; periodically review internal control and management systems and the degree of compliance with these policies; report to the Board of Directors on climate change policies, objectives and programmes, and the corresponding budgets for their implementation.

ACCIONA's Climate Change Policy, which has been approved by the Board of Directors, is reviewed in accordance with the corporate management system standards and one of its priorities is to lead the transition towards low-carbon business models. This guideline is embodied in the objectives of its Sustainability Master Plan (SMP), whose initiatives and commitments are managed by the Global Sustainability Directorate, reporting directly to the Sustainability Committee and to one of the members of the Management Committee (the corporate sustainability director). The climate change targets and principles as articulated in the SMP are as follows:

- › **To be a carbon neutral company.** As of 2016, GHG emissions that cannot be reduced and are released into the atmosphere are offset by certified carbon credits.
- › **To reduce its own emissions and those of its supply chain** in the period from 2017 to 2030, in line with the science-based needs to keep the increase in global temperature below:
  - 2°C (Active target for 2019. 16% reduction in emissions).
  - 1.5°C (Active target from 2020 on. 60% reduction in Scope 1 and Scope 2 emissions and 47% reduction in Scope 3 emissions).
- › **To develop projects, products and services** that contribute to the reduction of greenhouse gases, thus facilitating access to renewable energy.
- › **To promote adaptation to climate change** through access to water and resilient infrastructure.

In addition, ACCIONA encourages setting a carbon price to help redirect investment towards more sustainable production and consumption models.

## Climate action

ACCIONA met its emissions reduction targets in 2019 by reducing its Scope 1 and 2 emissions by 22% and its Scope 3 emissions by 27% compared to 2017. These results were possible thanks to actions such as the use of renewable energy, a commitment to energy efficiency and the quantification of climate change risk in the supplier selection process. Moreover, the company has continued to evaluate and manage its climate change risks by monitoring and consolidating the climate adaptation plans of its businesses.

## During 2019, ACCIONA has fulfilled its emissions reduction targets

by decreasing a 22% its scope 1 and 2, and a 27% its scope 3 related to suppliers, with 2017 as base year

### Advanced climate change course

ACCIONA is constantly endeavouring to incentivize the training and development of its staff at a global level. For example, in 2019 the company launched the advanced course on climate change -*#I care about Climate Change*- with the aim of raising awareness among employees and other stakeholders of the importance of this phenomenon and its repercussions. The training programme unlocks the knowledge required to understand the global state of public and private policies, initiatives and actions that exist to mitigate this problem and adapt to its consequences.

This is an online course that available to more than 10,500 employees from more than 40 countries through ACCIONA's University, and to the group's suppliers through the Procur-e tool, which was developed in collaboration with the University of Alcalá. As an incentive, those who complete this 2-hour course receive a diploma from the University of Alcalá. The syllabus includes topics such as: evidence of climate change, negative externalities, stock market climate change indices, carbon footprint, science-based targets (SBT) and the United Nations Sustainable Development Goals.

69

### Managing the risks of climate change

Climate risk management at ACCIONA is carried out by applying the corporate climate change risk management procedure, which identifies, assesses, prioritizes and informs the company's decision-making bodies of potential events that could have an impact on the group and its locations in relation to climate change. From there, action policies and tolerance thresholds are established that can reasonably guarantee the achievement of targets in the short term (1 year), the medium term (5 years, in line with the timeframe of each Sustainability Master Plan) and the long term (10 years, in line with observations of megatrends and objectives already established, such as the SBTs).

There are numerous tools for identifying climate risks and opportunities, including the use of the company's digital climate change model, which monitors historical and projected climate variables for all ACCIONA centres under various temperature increase scenarios and with different time horizons, based on the latest IPCC reports, as well as production, financial, emissions generation and energy consumption variables. This model also includes references to regional climate policies and the existence of carbon markets, making it an essential source when considering scenarios, especially those related to medium to long-term physical events and short to medium-term transitions. As for medium-long term transition scenarios, the identification of activities within the European taxonomy is coming to be seen as an obvious source of reference. In addition, other tools not yet integrated into the digital model are used during the identification

process, such as those dedicated to the identification of legal requirements. The experience of the members of the groups who evaluate the scenarios is invaluable in this regard.

The risk management process is an annual process that begins with the configuration of groups of experts at the level of each business. Using the tool mentioned above, the experts propose a battery of risk scenarios for each ACCIONA location, group of locations and/or line of business (or its value chain), taking geographical exposure and vulnerability into account.

The climate scenarios most commonly used to identify risk scenarios are those that foresee a limited temperature increase of 1.5°C to 2°C in the case of transition risk scenarios, and an increase of at least 3°C in the case of physical risk scenarios (RCP 6 or RCP 8.5).

Once identified, each risk scenario is evaluated in terms of the probability of occurrence and the economic and reputational consequences. These variables are then used to determine the risk level of each one of the proposed scenarios (see chart with the climate risks highlighted). For higher level risks, each assessment group prepares specific reports informing the company's decision-making bodies about mitigation options and the potential costs associated with them.

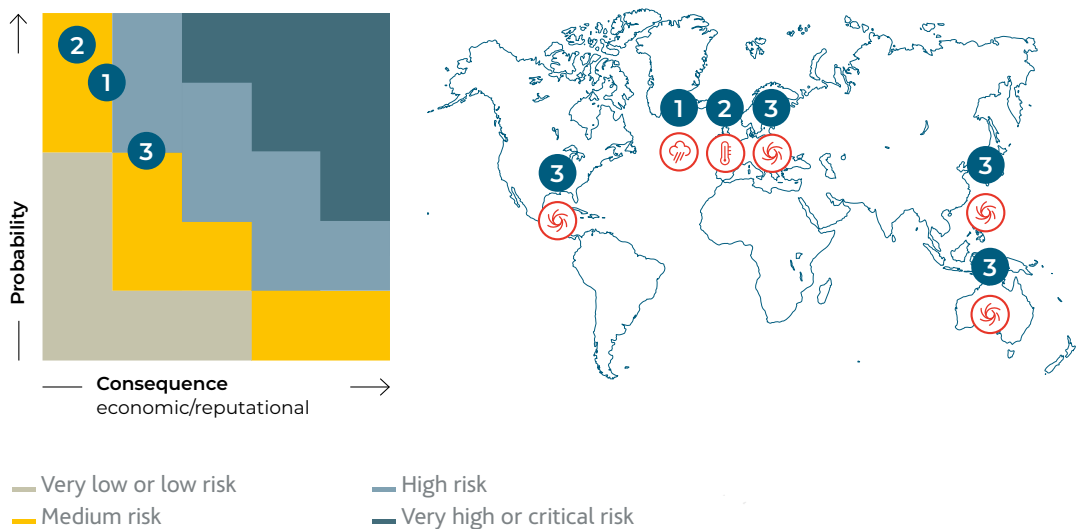
Once the climate risk scenarios have been proposed, prioritised and management has been informed about the possible solutions and associated costs, they are integrated into ACCIONA's general risk management process, which is overseen by the Board of Directors (which in turn has a Sustainability Committee, convened quarterly, as the body that is ultimately responsible for climate change in the company), the Audit Committee, the Finance and Risk Department and the Divisional Management Committees.

### Key climate risks




The following is an evaluation of the most significant climate risk and opportunity scenarios for ACCIONA in 2019, as well as their potential impacts and time horizons, geographical scope, business lines affected and the actions taken to manage them. Generally speaking, it can be affirmed that ACCIONA's business strategy is resilient to climate change, with a moderately low impact in terms of risk and a high impact in terms of opportunities.

70



#### Key climate risks





Category	Description	Type of impact	Business	Risk management and mitigation
1. Physical	Lower hydraulic generation in Spain due to reduced run-off. A medium risk is identified in the long term.	Decreased revenue	 Energy	Processes for monitoring and controlling changes in the production and management of reservoirs are being implemented with weather forecasting to enable better planning and management of the reservoirs.
2. Physical	Loss of efficiency in the electrical conversion of wind turbines in Spain due to increased working temperatures. A medium risk is identified in the long term.	Decreased revenue	 Energy	The capacity to manage risk is limited but a policy of geographical and technological diversification of installed capacity has been implemented to mitigate the risk (see details in the section on 'The Energy Business').
3. Physical	Financial penalties for failure to meet construction deadlines agreed with clients due to reduced availability of working days because of extreme weather events in Spain, Mexico, Australia and the Philippines. A medium risk is identified in the long term.	Increased cost	 Construction	Transference: acquiring insurance with coverage for extreme weather events.

### Key climate opportunities

Category	Description	Type of impact	Business	Opportunity management
Products and services	Increase in the demand for renewable generation infrastructure due to changes in climate change regulations. The legislation included in the European Union's "Clean Energy Package" and other laws approved in Australia, Mexico and Chile, among other countries, represent an opportunity in the short, medium and long term.	Increased revenue	 Energy	Investment of \$2.5 billion in renewable power generation from 2016-2020.
Products and services	Increased demand for water treatment infrastructure in regions projected to face greater shortages due to climate change. Opportunity in the short, medium and long term.	Increased revenue	 Water	Investment: creation of infrastructures that provide water to 4 million people and operating others that serve over 5 million.

## Risk analysis 1: lower hydraulic generation in Spain

This example demonstrates the analysis carried out to identify and categorize the risk level of one of the key climate risk scenarios.

### Exposure analysis

In 2019, the 78 hydroelectric power plants operated by ACCIONA produced 1,722 GWh, accounting for 7% of the Group's overall power generation.

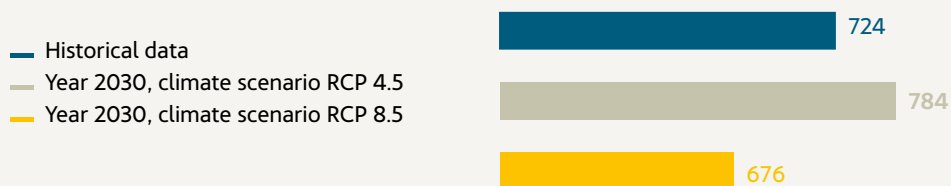


### Hazard analysis

The projected RCP 4.5 and RCP 8.5 climate scenarios through 2030 for each of the locations where ACCIONA's hydraulic plants are located show an average variation in annual rainfall in the range of +2.4% to -6.3% with respect to historical values (1850-2005).

72

### Average annual rainfall for the selected region (mm/year)



### Vulnerability analysis

A proportional relationship is estimated between the amount of rainfall and the generation potential for this type of plant, all of which is considered equally vulnerable to the danger of a decline in average annual rainfall.

### Risk assessment

According to the probability/economic-reputational consequence assessment criteria, the risk scenario has a probability of 4 out of 5 and the impact on production in economic terms is rated 1 out of 5, which means that the risk level for the scenario is considered average.

## KEY CLIMATE INDICATORS <sup>8</sup>

### Generated emissions

#### Calculation of the emissions generated

The emissions generated are calculated according to the criteria defined in the GHG Protocol, under the financial control scheme, consolidating as CO<sub>2</sub> equivalent emissions corresponding to all GHGs relevant for the company: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC and SF<sub>6</sub>. 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 (the Spanish grid operator).
- › ACCIONA's Green Energy business line.
- › Department for Environment, Food and Rural Affairs, United Kingdom.
- › The European Environment Agency.

#### Scope 1 and Scope 2 emissions

In 2019, the company's annual goal, in line with the science-based target for 2030, was to reduce its Scope 1 and Scope 2 GHG emissions by 2.46% compared to the 2017 base year, having reduced them by 22%.

The sum of Scope 1 and Scope 2 CO<sub>2</sub>e emissions generated in 2019 was 165,649 tonnes, of which 125,586 tCO<sub>2</sub>e were Scope 1, and 40,063 tCO<sub>2</sub>e were Scope 2 market-based (105,473 tCO<sub>2</sub>e Scope 2 location-based).

73

**In 2019, the company's annual goal was to reduce its Scope 1 and Scope 2 GHG emissions**

by 2.46% compared to the 2017 base year, having reduced them by

**22 %**

<sup>8</sup> In order to address the TCFD and GRI Standards recommendations, the rest of this climate change section provides information on the various metrics used by the company in terms of energy and greenhouse gas emissions.

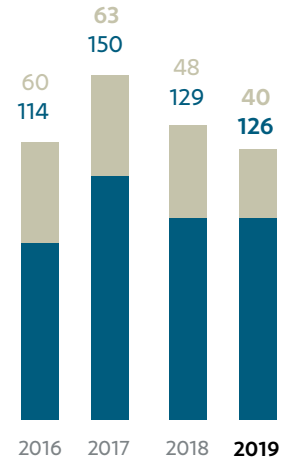
Other metrics relevant to climate risks, such as the indicators on water and waste and the percentage of green activity, can be found in the section titled "Environmental Impact". The information on remuneration related to sustainability targets, including climate change, is contained in the "People"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

### Evolution of emissions generated

(thousands of tCO<sub>2</sub>e)

— Scope 1  
 — Scope 2

Historical CO<sub>2</sub>e data has been recalculated (in accordance with the GHG Protocol), due to the fact that several representative consumption centres have ceased to be directly attributable to ACCIONA under agreements on energy management responsibilities and the criteria for attributing emissions from publicly-owned plants, consolidated under financial control, in accordance with the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.



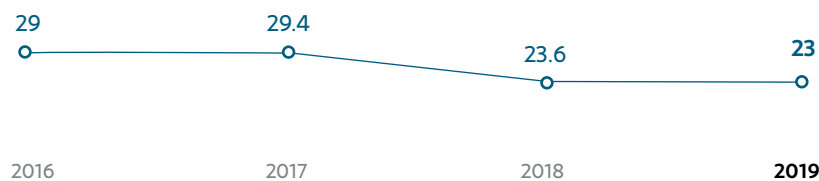
ACCIONA's carbon intensity was 23 tCO<sub>2</sub>e/M euros of sales (Scopes 1 and 2). The emissions ratio of CO<sub>2</sub> in the company's buildings was 18 kg CO<sub>2</sub>e/m<sup>2</sup>.

The fall in GHG emissions was due to an increase in the representativeness of renewable electricity consumption over total electricity consumption, the implementation of energy efficiency measures, including the efficiency and improvement plan for the management of the integral water cycle, which generates reductions of over 1,500 tCO<sub>2</sub>e (see chapter 'The Infrastructure business'), research on the use of telemetry in earth-moving machinery to optimise use times in the process, or the use of seasonal temperature variation in winery cooling treatments (which reduce electricity consumption per litre of bottled wine by 25%). The reduction in emission-intensive construction activities over the past year also had an influence on this decline.

74

### Intensity of GHG emissions

(tCO<sub>2</sub>/sales)



Historical CO<sub>2</sub>e data has been recalculated (in accordance with the GHG Protocol), due to the fact that several representative consumption centres have ceased to be directly attributable to ACCIONA under agreements on energy management responsibilities and the criteria for attributing emissions from publicly-owned plants, consolidated under financial control, in accordance with the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

### Scope 3 emissions

For 2019, ACCIONA set a science-based target to reduce GHG emissions by 2.46% compared to base year 2017 for the set of categories "Purchased goods and services; Capital goods; Activities related to the use of energy (non-Scope 1 and non-Scope 2) and Upstream transport and distribution". The Scope 3 emissions figure for these four categories decreased by 27% compared to 2017, while the Scope 3 emissions overall were down by 15%.

Some of the steps taken by ACCIONA to influence the reduction of its Scope 3 emissions are: use of life cycle analysis tools in project design in order to optimize GHG emissions even in phases that are not directly related to ACCIONA's operations; inclusion of climate change risk (MA/CO<sub>2</sub>) in the supplier risk map; or offering sustainability training courses for suppliers.

Scope 3 emissions				
(tCO <sub>2</sub> e)				
	2016	2017	2018	2019
<b>Item*</b>				
Upstream leased assets**	191,634	486,985	557,942	649,565
Employee commuting	50,536	55,568	61,957	61,487
Business travels	16,927	17,190	17,785	14,336
Waste generated in operations	22,057	14,861	10,451	3,764
End-of-life treatment of sold products	93	144	191	155
Use of sold products	488	10,677	54,657	13,325
Investments	15,865	39,040	19,346	26,775
Purchased goods and services		947,033	764,918	948,031
Capital goods		630,764	299,156	400,978
Fuel and energy-related activities (not Scope 1 or Scope 2)	1,248,840	147,461	25,109	26,626
Upstream transport and distribution		203,034	48,443	37,179
<b>TOTAL (tCO<sub>2</sub>e)*</b>	<b>1,546,441</b>	<b>2,552,757</b>	<b>1,859,956</b>	<b>2,182,221</b>

\* Only those concepts/categories in scope 3 that are considered relevant to ACCIONA are presented.

\*\* Historical CO<sub>2</sub>e data has been recalculated (in accordance with the GHG Protocol), due to the fact that several representative consumption centres have become indirectly attributable to ACCIONA under agreements on energy management responsibilities and the criteria for attributing emissions from publicly-owned plants, consolidated under financial control, in accordance with the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

## Other emissions

Global emissions in 2019 were as follows: NO<sub>x</sub>, 1,673 tonnes; SO<sub>x</sub>, 193 tonnes; PM<sub>10</sub>, 74 tonnes and SF<sub>6</sub>, 0.059 tonnes. The company's target for the reduction of these types of emissions is aligned with its objective of reducing GHG emissions by 1% compared to the 2017 figures, consolidated under the same criteria as in 2019. This target was met for NO<sub>x</sub>, PM<sub>10</sub> and SF<sub>6</sub> but was not met for SO<sub>x</sub>.

In 2019 biogenic emissions generated totalled 453,211 tCO<sub>2</sub>.

### Evolution of other emissions

(tonnes)

	2016	2017	2018	2019
<b>Item(t)</b>				
NO <sub>x</sub> *	12,298	14,683	1,767	<b>1,673</b>
SO <sub>x</sub> *	2,888	3,351	248	<b>193</b>
PM <sub>10</sub> *	795	958	76	<b>74</b>
SF <sub>6</sub>	0.179	0.094	0.050	<b>0.059</b>

\* Data history includes Trasmediterranea, which in 2018 was deconsolidated from ACCIONA and several centres whose representative consumption is no longer attributable to ACCIONA, in accordance with agreements relating to energy management responsibilities and the criterion for attributing emissions from publicly-owned plants, consolidated under a financial control scheme, in accordance with GHG Protocol: Corporate Standard for U.S. Public Sector Organizations

Discounting the activity of Trasmediterranea and the centres mentioned above, the figures would be:

NO<sub>x</sub>: 1,294 (2016), 1,797 (2017) and 1,762 (2018).

SO<sub>x</sub>: 139 (2016) and 185 (2017).

PM<sub>10</sub>: 37 (2016), 79 (2017).

76

## Use of the internal carbon price

The company subscribes to the petition of the *Carbon Pricing Leadership Coalition (CPLC)* - a group of government, business, civilian and academic leaders - for stable, long-term carbon pricing policies. Charging the price of carbon to operating costs is one of the most effective measures any company can take in the fight against the climate emergency.

Since 2016, all ACCIONA business areas have been involved in internalizing their CO<sub>2</sub> costs to become a carbon-neutral company.

The company also has a *Guide to the use of internal carbon pricing*, which explains which uses of carbon pricing can favour the company's activities, each with its own objectives, scope and price levels, for example:

- › **Offset price:** the use of this price is a result of the company's commitment to be carbon neutral as of 2016. It applies to all ACCIONA business units, which must pay according to the GHG emissions they generate, so as to encourage energy efficiency and the use of clean energy sources.
- › **Shadow price:** at 38.6 <sup>9</sup> €/tCO<sub>2</sub>e in 2019, this price is based on the estimated cost of the externality of the company's greenhouse gas emissions. It is used in tenders for medium and long-term projects that fall within the scope of its Sustainability Master Plan, and is used as an additional element in the analysis of supply risk, revealing the resilience of the potential project to regulatory scenarios arising from compliance with the Paris Agreement.

## Avoided emissions

In 2019, ACCIONA avoided the emission of 13.1 million tonnes of CO<sub>2</sub>e thanks to its commitment to generate power using renewable sources only. Last year, this prevented 10,396 tNO<sub>x</sub>, 29,273 tSO<sub>x</sub> and 240 tPM<sub>10</sub> from being released into the atmosphere. These figures are down from the previous year, despite the fact that the amount of 100% renewable energy generated increased by almost 1,000 GWh, due to a decline in the use of coal and an increase in the use of natural gas in the fossil fuel mixes of the countries where ACCIONA operates.

## Energy consumption

ACCIONA consumed 7,445 TJ of energy last year, 73% of which came from renewable sources. This means that the company's fossil-fuel energy intensity stood at 0.3 TJ/M euros in sales, while energy intensity from renewable sources was 0.8 TJ/M euros in sales. The energy consumption ratio in ACCIONA's buildings was 161 kWh/m<sup>2</sup>.

The company also had a target for reducing non-renewable energy consumption in line with its science-based GHG emission reduction objective (2.46% compared to 2017, consolidated under the same criteria as in 2019). This target was met, with non-renewable energy consumption falling below the 2,554.6 TJ target.

In addition, as of 2020 ACCIONA will also set a target for electricity consumption from renewable sources that will culminate in 2023 with the aim of renewable energy accounting for 80% of the company's total consumption.

**ACCIONA has avoided the emission of 13.1 million tonnes of CO<sub>2</sub>e** thanks to its commitment to generate power using renewable sources only

<sup>9</sup> Source: European Bank for Reconstruction and Development.

## Energy consumption

(TJ)

	2016	2017	2018	2019
<b>Energy consumption</b>				
Renewable*	6,510	5,740	5,698	5,432
› Fuel	4,357	4,384	4,712	4,621
› Electricity*	2,153	1,356	986	811
Non-renewable*	9,488	13,331	4,488	2,013
› Fuel*	7,432	8,787	1,692	1,623
› Electricity*	2,056	4,544	2,796	390
<b>TOTAL (TJ)*</b>	<b>15,998</b>	<b>19,071</b>	<b>10,186</b>	<b>7,445</b>

\* Data history includes Trasmediterranea, which in 2018 was deconsolidated from ACCIONA and several centres whose representative consumption is no longer attributable to ACCIONA, in accordance with agreements relating to energy management responsibilities and the criterion for attributing emissions from publicly-owned plants, consolidated under a financial control scheme, in accordance with GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

Discounting the activity of Trasmediterranea and the centres mentioned above, the figures would be:

Renewable: 5,875 (2016), 5,625 (2017) and 5,476 (2018)

Renewable electricity: 1,519 (2016), 1,241 (2017) and 763 (2018)

Non-renewable: 2,100 (2016), 2,619 (2017) and 2,157 (2018)

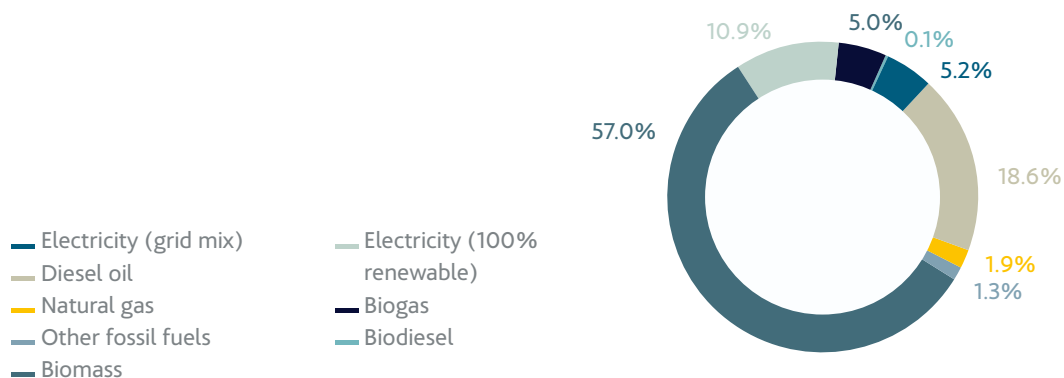
Non-renewable fuel: 1,497 (2016), 1,902 (2017) and 1,604 (2018)

Non-renewable electricity: 603 (2016), 717 (2017) and 553 (2018)

\* Total: 7,975 (2016), 8,244 (2017) and 7,633 (2018)

78

## Energy consumption by source





## Third-party energy consumption

The most relevant energy consumption outside the organization, calculated according to the company's Scope 3 categories, is presented below.

In 2019, ACCIONA's Scope 3 energy consumption reduction target is in line with its science-based GHG emission reduction target.

External energy consumption				
(GJ)				
	2016	2017	2018	2019
Item				
Upstream leased assets**	2,376,162	1,815,757	145,453	6,063,896
Employee commuting*	696,541	788,330	853,119	850,388
Business travels	239,899	242,624	251,756	203,160
Waste generated in operations	293,148	197,506	138,896	50,023
End-of-life treatment of sold products	1,235	1,909	2,542	2,062
Use of sold products	6,437	836,599	622,020	201,701
Investments	308,264	350,478	423,611	625,681
Purchased goods and services*			11,327,661	14,551,269
Capital goods*			4,231,087	5,697,955
Fuel and energy-related activities (not Scope 1 or Scope 2)*	23,270,929	21,891,112	517,024	543,894
Upstream transport and distribution*			659,103	503,346
<b>Total (GJ)*</b>	<b>27,192,615</b>	<b>26,124,314</b>	<b>19,172,272</b>	<b>29,293,375</b>

\* The data history includes the activity of Trasmediterranea, which in 2018, was deconsolidated from ACCIONA, but does not include several centres whose representative is now attributed to ACCIONA according to agreements pertaining to the energy-management responsibilities and the emissions apportioning criterion of publicly owned plants, consolidated under a scheme of financial control per the GHG Protocol: Corporate Standard for U.S. Public Sector Organizations.

Discounting the activity of Trasmediterranea and adding the activity of the centres mentioned above, the figures would be:

Upstream leased asset 2,163,891 (2016), 4,045,881 (2017) and 4,625,865 (2018)

Employee commuting 696,417 (2016) and 761,393(2017),

Products and services purchases, capital goods, energy-related activity (neither scope 1 nor 2) and upstream transport and distribution 22,112,250 (2016) and 20,936,195 (2017),

\* Total: 25,821,542 (2016), 27,372,585 (2017) and 23,652,684 (2018)

## Environmental impact

People 38  
Risks and opportunities  
of the climate  
emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for  
Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

### Towards a circular economy

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

80



#### KEY MILESTONES 2019

- › **519 hm<sup>3</sup> of water treated in water-stressed areas**; 32% of water consumed from recycled, tertiary or rainwater sources and consumption of municipal, groundwater and surface water reduced by 61% compared to 2017.
- › **75% of non-hazardous waste recovered and generation of non-hazardous waste reduced by 61%** compared to 2015.
- › **Neutral biodiversity footprint: Net improvement.** Creation of biodiversity scorecard, mapping and evaluation of operations centres.



#### MAIN CHALLENGES 2020

- › **Keep water for consumption 7% below the 2017 figure.**
- › **50% of non-hazardous waste recovered and generation reduced by 10%** compared to 2015, and design of the 2021-2025 Circular Economy Plan.
- › **Expand digital biodiversity footprint scorecard to include relevant measurement indicators.** (Mapping and evaluation of 100% of operations centres for No Net Loss assurance and systematic approach to mitigation hierarchy).

## CREATING VALUE THROUGH THE ENVIRONMENTAL VARIABLE

ACCIONA's business model is based on the development of sustainable infrastructure. This is a challenge which has mainly been focused in recent years on the decarbonization of the energy mix through the generation of renewable energy; the design, construction and operation of resilient infrastructure; and attention to the challenge of water stress in large regions of the planet. Since all industrial activity involves a significant impact on the environment where it takes place, the company adheres to the precautionary principle, especially when it comes to managing environmental, climate and water risks in an integral way, reducing and offsetting emissions, promoting the circular economy, and conserving biodiversity.

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

As envisaged 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, the group ensures 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.

### Environmental investment and expenditure

Last year, the company allocated €65 million to the management (prevention, reduction or correction) of the environmental impacts generated by its operations (€61.4 million in expenditures and €3.6 million in investments).

81

#### Breakdown of expenses and investments for the management of environmental impacts

(million €)

Category	Amount
Minimizing environmental impact	38.76
Environmental research, development and innovation	10.32
Staff dedicated to environmental activities	9.56
Investments in tangible fixed assets to avoid impacts and protect the environment	3.56
Environmental advice and consultancy	2.06
Other*	0.75
<b>TOTAL management of environmental impacts generated</b>	<b>65.02</b>

\* This category includes other environmental expenses such as insurance and taxes, training, environmental management system, communications and environmental awareness.

## Environmental training

ACCIONA continues to promote its commitment to environmental training. In 2019, employees received a total of 7,349 hours of training in areas such as climate change, environmental management systems, waste management and environmental restoration of degraded areas, among others.

Division	Training hours
Energy	2,171
Infrastructure	5,060
Other businesses	118
<b>TOTAL</b>	<b>7,349</b>

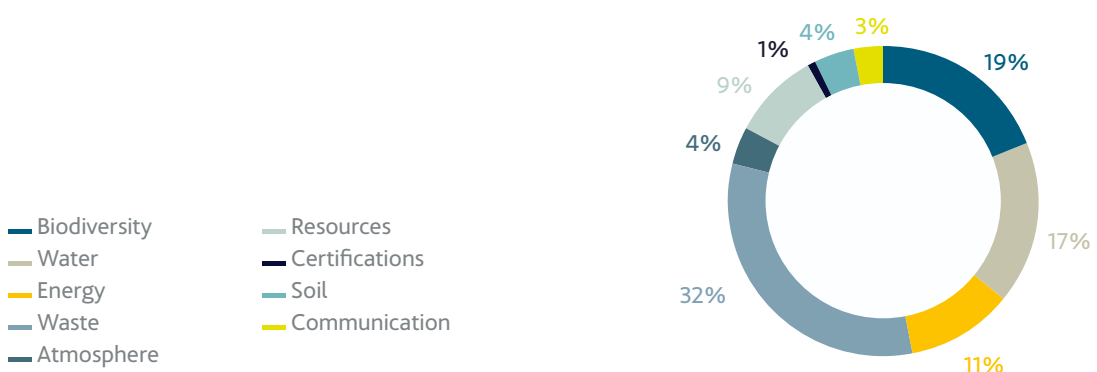
## Environmental best practices and actions

The company identifies, analyses and assesses the environmental actions it carries out, and selects those that stand out for their clearly positive effects on the environment, their innovative nature or their scientific and/or social significance. The object is to distinguish and disseminate the most relevant ones within and outside the organization.

In 2019, the actions identified, analysed and evaluated in the different business lines break down as follows: 36% in Construction, 17% in Services, 21% in Water, 16% in Energy, 2% in Concessions and 8% in other businesses (Bodegas Palacio 1894 Group and Real Estate).

82

### Main fields of environmental action analysed



## INTEGRATED ENVIRONMENTAL MANAGEMENT

### Principles of successful environmental management

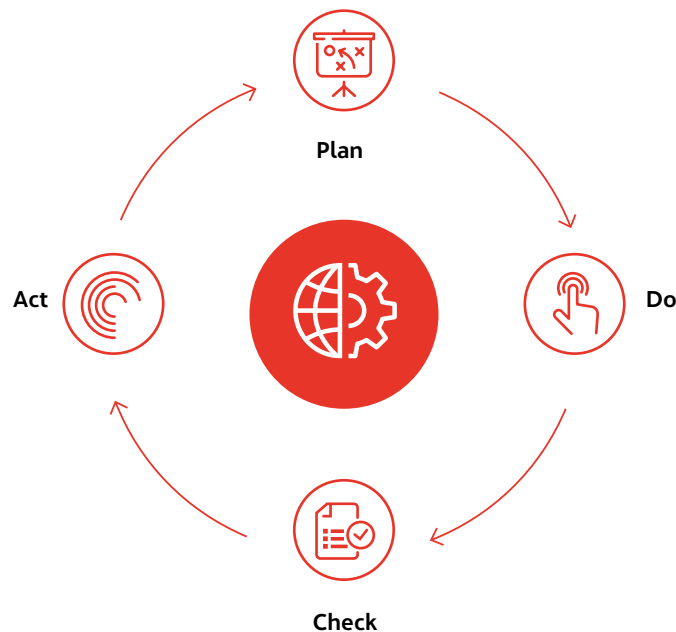
ACCIONA's environmental management model, based on the principles of improving environmental performance, establishes a common framework of action that facilitates the coordination of the different environmental management systems of each one of the divisions. This model addresses the determination of environmental aspects from a life cycle perspective, and the identification of risks and opportunities as a way of ensuring improvement.

Through the company's environmental management systems, the potentially negative impacts of the company's carbon emissions and other atmospheric emissions, in addition to noise and light pollution, are identified, evaluated and minimized, while maximizing the positive impacts.

ACCIONA's environmental management systems are verified and certified by accredited independent bodies. In 2019, the percentage of turnover certified according to the ISO 14001 standard was 87%.

The components of the management model are as follows:

#### Implementation of continuous improvement tools



- › Identification, evaluation and minimization of environmental alterations that may be caused during the company's activities.
- › Analysis of environmental risks through a regulated technical procedure that quantifies the risk of an accident that could cause environmental damage or have a negative environmental impact on ACCIONA's business.

- › Identification and verification of legal requirements using tools specially designed for this purpose which make it possible to manage compliance with administrative obligations and other commitments, in addition to legal requirements.
- › Operational control using corporate tools which compile quantitative environmental information for each location, thereby making it possible to manage the environmental evolution of processes, set targets and define strategies.
- › Recording and classifying environmental near-misses<sup>10</sup>.
- › Implementation of tools for continuous improvement, identification and dissemination of lessons learned and good practices.
- › Establishment of annual goals or all businesses, taking as a reference the identification of the most significant environmental aspects in the management systems and the SMP.

## Evaluation and management of environmental impact

In 2019, 31 ongoing projects were subject to an Environmental Impact Assessment (EIA), 25 of which are being processed by the competent public authorities in Spain, Ukraine, Mexico and Panama. In 12 cases, favourable environmental impact statements were obtained in Spain, Mexico, Panama, Australia and Chile. The EIAs for these projects were published in the corresponding official bulletins and platforms were set up by the government to channel citizen participation and obtain their feedback in this regard.

In addition, ACCIONA tracked 224 Environmental Monitoring Plans (EMPs) at centres and facilities that were under construction or up and running.

The company has engaged in specific environmental monitoring at facilities in 17 countries, with over 148 additional studies.

## ENVIRONMENTAL RISK MANAGEMENT

Environmental risk management is set out in the company's general risk management, while the way in which it is carried out is defined in the Corporate Environmental Risk Management Standard and its associated procedures (on Environmental Responsibility, Climate Change and Water Resources). This standard details the process to be followed to identify, evaluate, prioritize and communicate to ACCIONA's decision-making bodies the potential events that could have an impact on the environment and its locations; and conversely, the risks generated by its operations that could impact the environment. The procedure contains action policies and tolerance thresholds to guarantee, within reason, the achievement of objectives. The environmental risk management process includes the evaluation of present and future scenarios (short-term, 1 year; medium-term, 5 years; and long-term - 10 years), together with an analysis of the probability of occurrence and consequences for the company and/or the environment. 121 significant risks were identified in 2019, for which specific mitigation instruments were developed. In addition, and in order to address risks that have turned into environmental crises, the company has systematized mechanisms integrated into the Corporate Crisis Management Standard.

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<sup>10</sup> An environmental near miss is any incident that does not result in damage to the environment but has the potential to do so. In 2019, the company has recorded 426 environmental near-misses, most of which were insignificant spills. Ten incidents involving spills were quantified, with a total discharge volume of 192 m<sup>3</sup>. All cases were resolved by adopting corrective measures.

## SUSTAINABLE WATER MANAGEMENT

ACCIONA has a specific Water Policy approved by the Board of Directors' Sustainability Committee, whose main objective is to support the fundamental human right of access to drinking water and sanitation, as recognized by the United Nations General Assembly in 2010.

ACCIONA recognizes that water is a finite and irreplaceable natural resource, so the water management strategy takes into account the availability and quality of this natural resource and the equilibrium of the ecosystems where it is found.

ACCIONA's water strategies are characterised by strict compliance with the law, responsible and efficient management, the establishment of specific objectives through the Sustainability Master Plan<sup>11</sup>, the development of new technologies, the integration of water into risk management, the extension of its principles to the value chain and transparent communication.

### ACCIONA's use of water

There are four different ways in which ACCIONA uses water in its operations:

- › **Treatment and distribution of water for customers:** this is water that is captured in desalination, drinking water and water treatment plants or services operated by the company for the supply of water to customers. Most noteworthy about this water is that the quality levels must be fit for human consumption or compliant with the legally-established decontamination levels. In 2019, the volume of water treated by ACCIONA totalled 1,030 hm<sup>3</sup> (519 hm<sup>3</sup> in water-stressed countries), while water supplied from primary networks and groundwater sources amounted totalled 42 hm<sup>3</sup>.
- › **Water for internal consumption:** this the water used by the company at its own facilities. This includes freshwater obtained from the municipality, as well as surface and groundwater for which ACCIONA has set a target of reducing this type of usage by 6% in 2019 compared to 2017 (in 2019 the reduction was 61%). It also includes the use of water from sources that do not deplete available natural reserves, such as rainwater, recycled mains water and water reused or recycled on site (in 2019, 32% of ACCIONA's total water for internal consumption came from one of these three sources).
- › **Discharge:** this refers to the residual water from ACCIONA's internal consumption that has not evaporated or been used in any company activity and that is removed from the facilities as specified in the pertinent discharge permits. This section includes brine discharged from the desalination plants operated by ACCIONA which account for the highest percentage of its discharges. All wastewater discharged by ACCIONA complies with what is specified in the pertinent discharge permits.
- › **Transferred water:** this refers to water that enters and leaves ACCIONA's facilities (hydroelectric and biomass plants) without generating any type of consumption and without the quality of the water or the ecosystems being affected in any significant way.

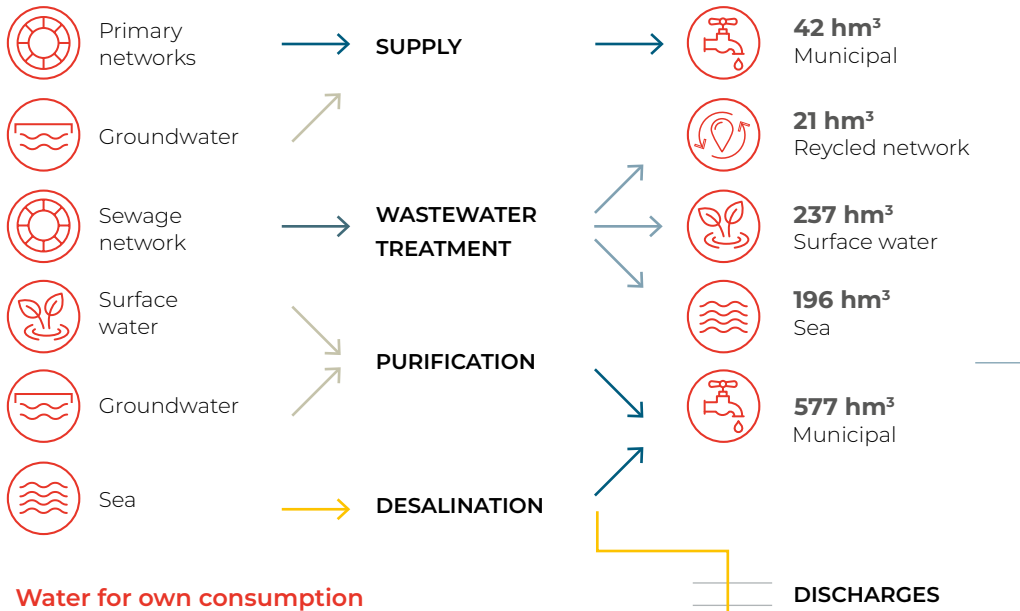
The company and the environmental authorities implement prevention measures to minimize possible impacts on species that might be found in river ecosystems and other bodies of water, as well as rules for respecting the environmental flow regime and the technical requirements set by the administration itself. The processes that guarantee compliance with the requirements for water collection and discharge are part of the environmental management systems implemented, verified and certified by the company according to the ISO 14001 international standard.

<sup>11</sup> More information at <https://smp2020.accionacom/>

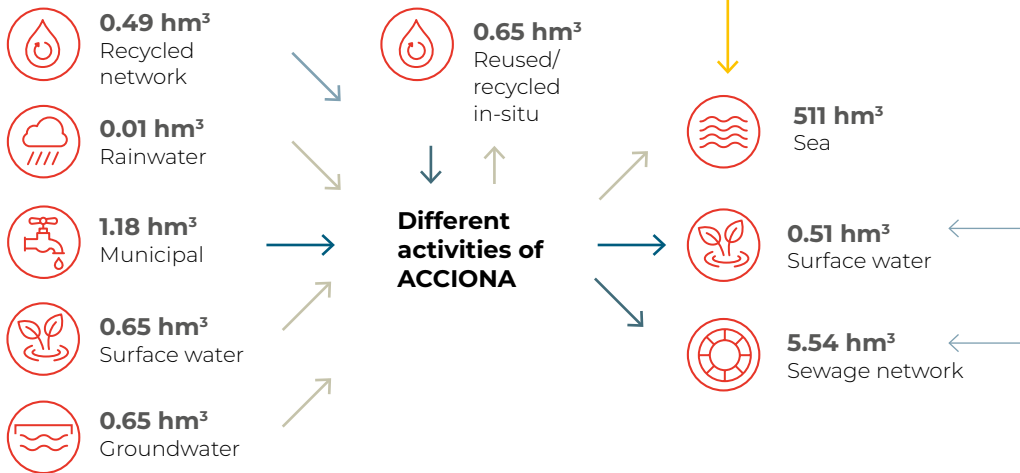
## Water usage in 2019

- Freshwater: drinking water
- Freshwater: other
- Saltwater
- Purified with quality to discharge
- To treatment

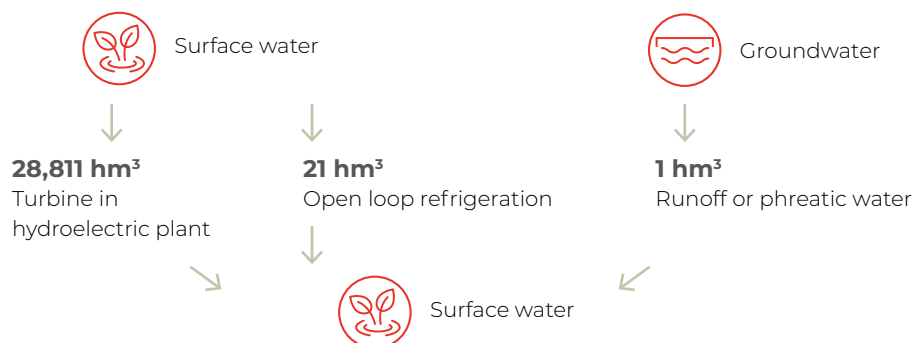
### Water treatment and distribution for customers



### Water for own consumption



### Water transferred





The increase in the volume of treated water is primarily due to the volume of water treated in Egypt (DWTPs) and the United Arab Emirates (desalination plants).

On the other hand, the volume of water for internal consumption was down in all categories, with the exception of water recycled/reused in-situ. These changes are mainly due to less onsite activity as well as the use of process water for irrigation at a WWTP in Egypt. Total water for consumption in 2019 was 3,659,313 m<sup>3</sup> and water use at ACCIONA's buildings was 0.59 m<sup>3</sup>/m<sup>2</sup>.

In addition, ACCIONA calculates the water consumption (surface and groundwater) associated with its suppliers, resulting in nearly 5 hm<sup>3</sup> for its direct suppliers and 33.6 hm<sup>3</sup> for its entire supply chain.

Effluent discharge was up due primarily to increased activity at desalination plants.

The volume of transferred water was down, mainly due to adverse hydrological conditions during the year which resulted in lower turbine flows at hydroelectric plants.

### Water-related risks and opportunities

The management of water-related risks is part of the company's environmental risk management strategy and is implemented using a methodology by which potential events that could have an impact on the company and its locations are identified, assessed and prioritised. This process enables policies and tolerance thresholds to be established, which provide a reasonable guarantee of the achievement of objectives. The process includes the assessment of the following risks:



#### Physical risks

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



#### Traditional 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 term - 1 year, medium term - 5 years and long term - 10 years) 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 that 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) water risk maps provided by reference organisations (WRI Aqueduct), 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 Water 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.

## ENVIRONMENTAL PROTECTION AND BIODIVERSITY

At 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. The last *Conference of the Parties to the Convention on Biological Diversity (COP14)* was held in late 2018, where an ambitious roadmap for the new strategy beyond 2020 was agreed. This new pact will be initialled at COP15 in Beijing in 2020 and aims to establish a new framework for the 2021-2030 decade to prevent the loss of biodiversity on the planet.

ACCIONA views biodiversity conservation and the responsible use of natural heritage not only as an ethical commitment but also a necessary condition for global sustainability. The company has a Corporate Biodiversity Policy which promotes the appreciation for and conservation of biodiversity as a necessity for economic development and social progress.

### Biodiversity Policy

88



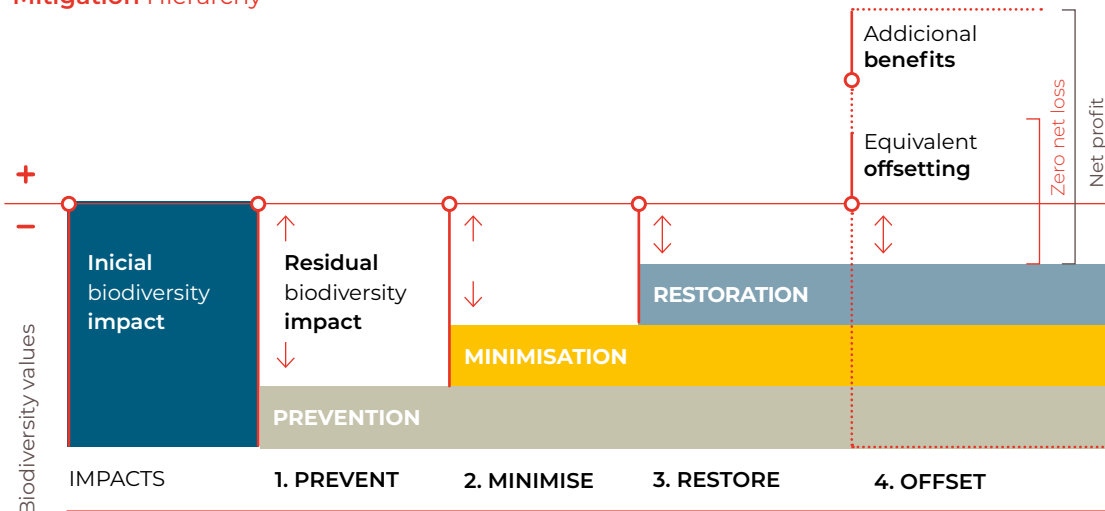
- Company strategy
- Decision making
- Fostering knowledge
- Development of good practices
- Staff training drive
- Offsetting programme
- Regular impact control
- Setting indicators
- Assessment of environmental actions
- Communication

## ACCIONA views biodiversity conservation and the responsible use of natural heritage as a necessary condition for global sustainability

The company has a Corporate Biodiversity Policy which promotes the appreciation for and conservation of biodiversity as a necessity for economic development and social progress

ACCIONA places priority on the *Hierarchy strategy of mitigating impacts on biodiversity*, identifying and preventing potential impacts that may occur, minimising those that cannot be avoided, taking restoration actions and, finally, proposing compensation actions to achieve a Net Positive Impact. The company develops environmental surveillance plans to control and monitor the measures implemented.

### Mitigation Hierarchy



Source: modified from UICN 2015.

### Main lines of action

#### Biodiversity Enhancement and Compensation Program

As part of its strategy on mitigation hierarchy, ACCIONA has a programme for the design and execution of voluntary initiatives that go beyond governmental requirements and whose aim is to contribute to the net positive impact on biodiversity, favouring the situation of certain threatened species and/or ecosystems.

## Captive breeding and behavioural study of the European mink

ACCIONA collaborates with the Foundation for Research in Ethology and Biodiversity (FIEB) on the Captive Breeding Project for the European mink, a species in critical danger of extinction which is considered to be the most endangered 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 20 offspring born in 2019.

This represents a success for the continuity of the species and for the improvement of the global genetics of the captive population. This is a project with important international repercussions, since there are only three populations of European mink in the world, one of which is in Spain.

The company 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

Within the framework of the 2020 Sustainability Master Plan, ACCIONA has set for itself the goal of achieving a *Neutral Biodiversity Footprint*, i.e. a target to achieve Net Zero Loss on biodiversity and, where possible, a *Net Positive Impact*.

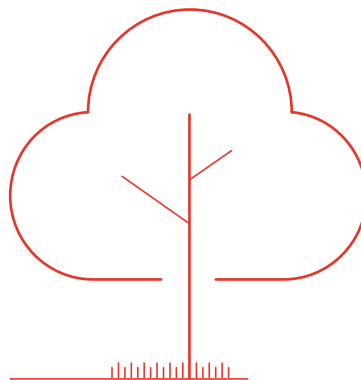
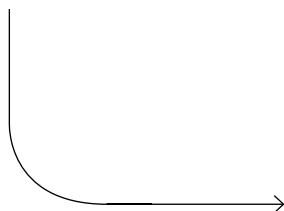
90

The methodology, developed in collaboration with PwC, focuses on material aspects and integrates two internationally recognized tools that consider various impact categories: e.g. toxicity, climate change, water, land use and transformation or acidification.

As a result of applying these guidelines, and thanks to the hundreds of hm<sup>3</sup> of wastewater treated and the millions of tonnes of CO<sub>2</sub> avoided at the company's facilities, a positive overall result on ACCIONA's biodiversity footprint was obtained, equivalent to restoring a degraded area with a surface area of over 300 km<sup>2</sup>.

### Positive biodiversity footprint

CO<sub>2</sub> EMISSIONS AVOIDED



PURIFIED WATER



However, to make it easier for the company's locations to manage the risks and impacts of their activities on biodiversity, in 2019 ACCIONA started work on the development of a special biodiversity scorecard based on a digital repository of biodiversity information interconnected by cartographic representations and data analysis applications.

### Biodiversity performance indicators

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 and unprotected areas of great importance to biodiversity in 2019:

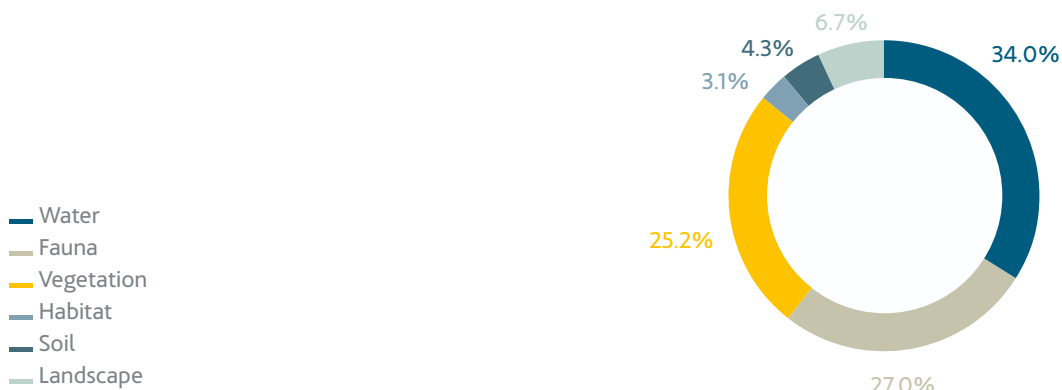
Location with respect to the protected area	Area (ha)
Internal	1,145
Partially internal	530

### Identification and assessment of the most significant impacts

ACCIONA identifies and assesses the most significant impacts of facilities located in protected and unprotected areas that are important to biodiversity.

In 2019, the most significant impacts were seen on water (34%), fauna (27%) and vegetation (25%) and, to a lesser extent, on soil, landscape and habitat.

### 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 that are included on the *Red List of Endangered Species* prepared by the International Union for Conservation of Nature (IUCN) or included in national conservation catalogues.

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

#### Protected species affected by ACCIONA facilities

IUCN Red List Protection Category		No. of species
CR	Critically Endangered	2
EN	Endangered	1
VU	Vulnerable	5
NT	Near threatened	2
LC	Least concern	68
Other national catalogues		4
<b>TOTAL</b>		<b>82</b>

92

### Habitat restoration and protection

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 2019, the company has protected and restored 34.14 hectares in the areas surrounding its projects, and in practically all cases the success of the measures was verified by independent external professionals. Likewise, the Services business has carried out the restoration, cleaning and environmental 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 462,808 plants were planted.

### Bodies of water significantly affected by catchment or discharge

ACCIONA needs to withdraw and discharge water for certain activities: for example, the production of renewable electric power in hydroelectric power plants, where the water, after passing through the power plant, is sent back to the riverbed without its composition being altered; also for the supply of drinking water at drinking water treatment plants (DWTP) and seawater desalination facilities (SDF); and finally, for construction work.

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 authorities. This also guarantees respect for the regime of environmental flows and the technical requirements established by the competent authorities.

## CIRCULAR ECONOMY: SUSTAINABLE USE OF RESOURCES AND WASTE MANAGEMENT

Within the framework of the SMP 2020, ACCIONA is moving towards a programme of circular economy by incorporating into its activity methodologies, processes, technologies and good practices that will enable the use of natural resources and the generation of waste to be minimized.

ACCIONA is committed to promoting the transition to a circular economy through its adhesion to the Spanish Ministry of Ecological Transition's Pact for a Circular Economy.

The company incorporates key elements of the circular economy into its activities, such as:

- › **Waste minimisation and recovery:** making progress in achieving the objectives set out in the *2016-2020 Waste Management Plan*. It also contributes to the valorization of society's waste through the construction of waste to energy plants and the valorization of sludge in waste plants.
- › **Optimisation of the use of materials and the use of sustainable materials:** promoting good internal practices such as the use of reused aggregates, the use of renewable elements such as FSC certified wood and biomass, the efficient use of resources with the best available technologies or the use of advanced materials such as composites, in technologies such as building information modelling, machine automation and 3D printing.
- › **Resource sharing platforms:** through its shared electric motorcycle services.
- › **Digitization as a key facilitator of circular opportunities in construction:** ACCIONA works in technologies such as building information modelling, machinery automation and 3D printing.
- › **Maintaining the resilience of infrastructure for extended use, whether it be proprietary assets such as wind turbines or concessions.**

ACCIONA considers that life cycle analysis (LCA) is a key tool for moving towards a circular economy. It is a standardised methodology applied to assess the environmental impact of a process, product or service throughout its life. ACCIONA has six Environmental Product Declarations (EPD) from the energy and infrastructure sectors and a portfolio of 67 LCAs, nine of which will be new in 2019, corresponding to a wind farm, three photovoltaic plants, two biomass plants in operation and one in the pipeline, one infrastructure project and one construction element.

### Waste Management Plan 2016-2020

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

The overall objectives pursued by the Plan are:

- › A 10% reduction in non-hazardous, non-recovered waste generated in 2015 by 2020. In 2019 the target figure is an 8% reduction.
- › A reduction of 10% of hazardous non-recovered waste generated in 2015 by 2020. In 2019 the target figure is 8% reduction.
- › The recovery in 2020 of 50% of the total waste generated. In 2019 the target figure is 47% recovery.

In addition, the Plan contemplates recovery targets with different degrees of ambition for the following types of waste: soil, rubble, dehydrated sewage sludge, slag, ash and plant remains.

In addition, it establishes a 10% reduction target by 2020 (base year 2015) in the generation of contaminated land.

In 2019, the company generated a total of 2,761 tons of hazardous waste (72% less than in the base year 2015) and 3,784,469 tons of non-hazardous waste (61% less than in 2015), of which 940,177 tons were sent to landfill and 2,844,293 tons were recovered (reuse, recycling or other means). The latter figure constitutes 75% of total non-hazardous waste generation (25 percentage points above the 2020 objective of the Waste Management Plan). It is worth highlighting, for example, the 100% reuse of legally recoverable slags and ashes generated in the company's biomass plants.

### Evolution of waste generation and management

94

	2016	2017	2018	2019
Non-hazardous waste (tonnes)	12,590,645	12,118,376	9,602,772	<b>3,784,469</b>
Non-hazardous waste to landfill (tonnes)	7,894,919	6,923,817	4,053,423	<b>940,177</b>
% of non-hazardous waste to landfill	63%	57%	42%	<b>25%</b>
Non-hazardous waste-to-energy (tonnes)	4,695,726	5,194,559	5,549,349	<b>2,844,293</b>
% Non-hazardous waste-to-energy	37%	43%	58%	<b>75%</b>
Hazardous waste (tonnes)	13,279	21,104	8,633	<b>2,761</b>

### Use of resources focused on the circular economy

#### Evolution of resources used

	2016	2017	2018	2019
TOTAL resources (tonnes)	12,318,290	8,940,928	17,403,599	<b>5,452,965</b>
Recycled or renewable* resources (tonnes)	1,614,318	1,763,063	5,065,995	<b>490,135</b>
Recycled or renewable* resources (%)	13%	20%	29%	<b>9%</b>

\* Recycled or renewable: biomass, certified wood (FSC or similar), soil, aggregates, steel, recycled paper and cardboard



The following diagram shows, as in the Circle Economy circularity gap graph <sup>12</sup>, the flow of materials in ACCIONA in 2019.

**Material flows**  
at ACCIONA in 2019

**Material resource management**

- › Total use of resources: **5.45 Mt**
- › Recycled resources: **9%**
- › Extracted materials: **4.96 Mt**

Materials from recycling: **0.49 Mt**

**Waste management**

- › To the dump: **0.94 Mt**
- › Target 2020: **max. 5.2 Mt**
- Total generation of waste: **3.78 Mt**
- Recycled waste: **75%**
- Target 2020: **min. 50%**

Sent to valorization: **2.84 Mt**



**ENVIRONMENTAL FINES AND PENALTIES**

During the 2019 financial year, a total of 18,059 euros was paid, corresponding to 9 fines and penalties of an environmental nature. Among the total amount of fines closed in 2019 are 2 over 5,000 euros, the amounts of which were 9,300 (\$15,000) euros (Construction) and 5,995 euros (Water). In addition, a total of 774 euros was paid in compensation.

Provisions relating to probable or certain liabilities, litigation in progress and indemnity or outstanding obligations of an undetermined amount of an environmental nature, not covered by the insurance policies taken out, are made at the time when the liability or obligation determining the indemnity or payment arises. Further information is provided in the sections on activities with an impact on the environment, provisions and litigation in the Consolidated Financial Statements.

<sup>12</sup> The Circularity Gap Report 2020: <https://www.circularity-gap.world/>

## Innovation

People 38  
Risks and opportunities  
of the climate  
emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for  
Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

### Value creation tool

Innovation is the key differentiating factor for a company that practices business as unusual. In an environment of non-linear evolution, getting ahead of the curve to improve response times and scaling up solutions, is a continuous challenge.

96



#### KEY MILESTONES 2019

- › **Innovation figure of €230.4 million**, which represents an innovation intensity ratio (3.2%) higher than the European average (1.5%).
- › **Generation of €25 million in savings** by introducing improvements to processes.
- › **Proposal for a new combustion process** that recovers the energy from a mixture of herbaceous and ligneous biomass, combining the benefits of both.



#### MAIN CHALLENGES 2020

- › **Develop at least one project** from the Intrapreneurship Programme.
- › **I'MNOVATION #Startups acceleration programme**: implement pilots in different ACCIONA business areas, expanding from Spain to Latin America, attracting international startups.
- › **Implement innovative digital technologies** that improve processes in ACCIONA's businesses, in collaboration with the Digital Innovation HUB.

## INNOVATION AS A TOOL FOR VALUE CREATION

At ACCIONA, innovation is the driving force behind its competitive advantage. Initiatives capable of producing a multiplier effect in the creation of new businesses and the improvement of existing ones.

The company is committed to innovation in all areas to anticipate future trends and disruptions and to seek innovative solutions that can generate new business opportunities in line with commercial objectives. To that end, year after year the company continues to promote R&D&I and encourage open innovation.

As part of the ongoing improvement process, in 2019 there was a global review of ACCIONA's innovation management. Based on those results it was possible to optimise innovation processes, adapting them to current and future needs.

The R&D&I Management System continued to operate in accordance with the guidelines set out in UNE 166002:2014, with uninterrupted monitoring of the activities carried out, through review meetings and management indicators defined on the basis of strategic, operational and monitoring and improvement processes. In addition, work was done on the search and implementation of new processes. These efforts were rewarded at the time of the external audit for the renewal of the UNE 166002:2014 certification.

### Business innovation and internationalization

In 2019, ACCIONA reported spending €230.4 million euros on innovation, 2.2% more than the previous year and a new all-time high. The portfolio of projects for the year totalled 120, 41 of which were research projects and 79 innovation projects.

In its effort to internationalize innovation, in 2019 ACCIONA confirmed 15 projects outside of Spain worth €134.8 million euros, representing 58% of the total innovation figure reported by the company, demonstrating once again that the work done year after year is bearing fruit.

**In 2019, ACCIONA  
reported spending  
€230.4 million  
euros on innovation**

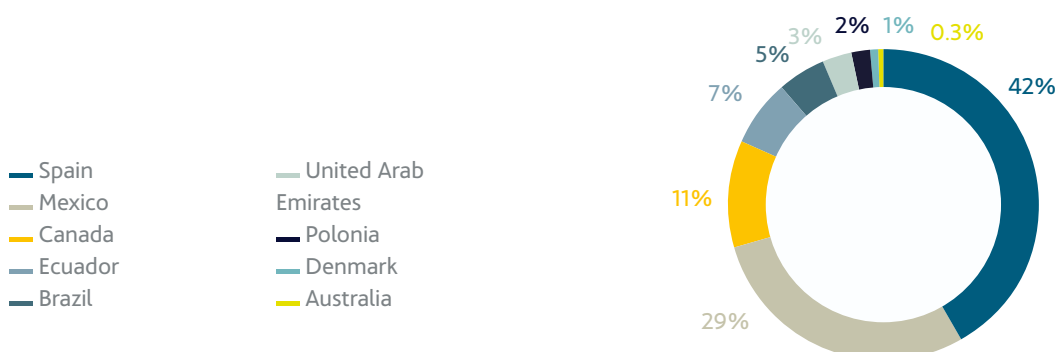
The portfolio of projects for  
the year totalled 120,  
**41 of which were research  
projects and 79 innovation  
projects**

### Geographical breakdown of the number of innovation projects by business



### Innovation figures by country

(million €)



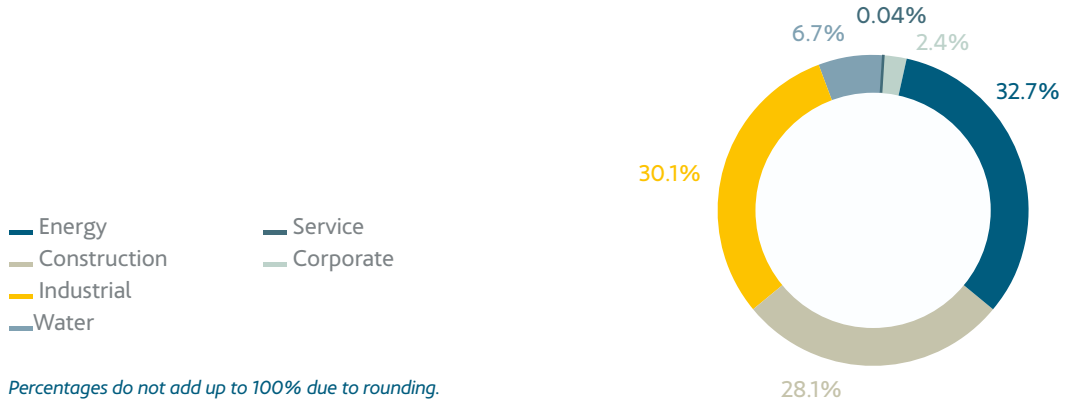
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ACCIONA's determination to advance in innovation has enabled the company to stay at the top of the ranking. The 2019 EU Industrial R&D Investment Scoreboard report, produced by the European Commission's IRI (Economics of Industrial Research and Innovation), ranks ACCIONA as the sixth largest Spanish company and the 141st in Europe in terms of R&D.

### ACCIONA's R&D&I figures

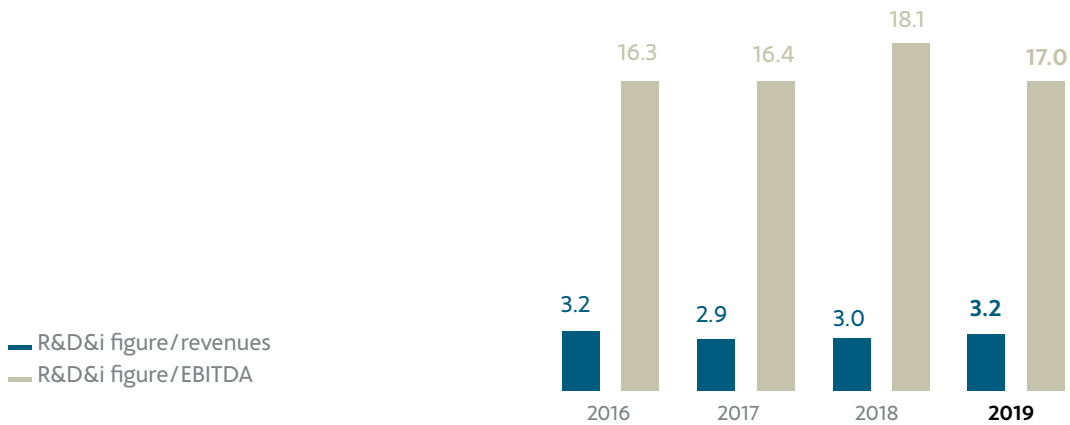
	2016	2017	2018	2019
<b>R&amp;D&amp;I figures (millions of euros)</b>	<b>209.4</b>	<b>225.4</b>	<b>225.4</b>	<b>230.4</b>
EU Industrial R&D Investment Scoreboard	147	150	141	150
	6	6	6	6
Strategy&	530	496	496	496
				<b>To be determined</b>

### Breakdown by business line



The innovation intensity ratio, obtained by dividing sales by innovation spending, is 3.2% in 2019, which is higher than the European average (1.5%).

### Evolution of innovation intensity (%)



ACCIONA reaffirms its leadership in innovation with an innovation intensity of 3.2%, **higher** than the European average

### Continuous improvement of processes, greater efficiency of operations

In 2019 the company managed to generate savings of €25 million by making improvements to its processes, achieving 100% of its target, plus an additional 40%.

## Evolution of the savings

	2016	2017	2018	2019
Verified savings (millions of euros)	27.7	32.0	26.6	25.0
Achievement of objectives (%)	138	154	151	140

## Technology centres and business innovation

ACCIONA has two technological innovation centres in Spain whose lines of research are focused around construction and water technologies. It also has a team dedicated to energy innovation in Spain and Mexico. The innovation function is also present in the rest of the businesses with projects in the engineering, industrial and service fields.

### R&D&I lines of research in ACCIONA's core businesses

100



#### RENEWABLE ENERGY

Maxpower / Craneless / Advanced wind maintenance technologies / Advanced technologies in solar PV / Wind and solar storage / Hydraulic / Microgrid technology solutions / Blockchain to energy / Life extension



#### ENGINEERING

Design with new materials / New construction processes / Engineering methods and energy efficiency



#### CONSTRUCTION

Materials / Digital innovation / Construction processes



#### INDUSTRIAL

Photovoltaic / Biomass / Biofuel / Hydrogen / Waste to energy / Solar thermal



#### WATER TECHNOLOGIES

Desalination and new technologies / Purification and water reuse / Purification and water chemistry



#### SERVICES

Customers management applications / Smartcities (smart mobility) / Traceability and process control / Improving service efficiency / Energy efficiency



More information in the section titled "Innovation in renewables" under "The Energy Business" and the section titled "Innovation at the service of sustainability" under the "The Infrastructure Business"

## SHARING INNOVATION

### Digital Innovation Hub

ACCIONA is aware that new technologies are transforming not only how it does things, but what it does. ACCIONA's Digital Innovation Hub (ADIH) focuses on providing innovative solutions, always striving for excellence under the motto: to do more, better and with less impact in our planet.

ADIH works to ensure that new technologies are integrated into the organization as a tool for future development, with seven skill centres whose purpose is threefold: to demonstrate, transfer and share technology.

### 2019 milestones of the Advanced and Digital Innovation Hub by Skill Center

#### **Large scale 3D Printing**

Construction of the first replica of cultural heritage, the Arch of San Pedro de Las Dueñas, for the National Archaeological Museum of Spain.

#### **Mixed reality**

The largest simultaneous 3D video session in Spain. 340 pairs of virtual reality glasses were used to project videos at ACCIONA's 2019 Shareholders' Meeting.

#### **Connected Things**

Development and implementation of the data architecture of ACCIONA ESCO's control centre.

#### **Data Science**

Development of real-time visualization tools for the Motor Sharing service, including location, status, battery level, heat maps, etc.

#### **Robotics and new technologies**

A demo of the first remotely managed robot using 5G with virtual reality was presented at the Mobile World Congress 2019.

#### **Blockchain y nuevas tecnologías**

Traceability of the personal protection equipment delivered to workers, with the pilots in several business units.

#### **Smart Cities**

Creation of this skill centre, whose objective is to contribute to the efficiency and sustainability through the application of the latest technologies citizen involvement. It allows ACCIONA to be more competitive and explore new city-related lines of business (new mobility, green & digital cities, etc.).

## Open and collaborative innovation

Two new editions of ACCIONA's I'MNOVATION #Startups Open Innovation program were launched in 2019. One was held in Spain, with a total of three calls for proposals, and the other in Chile, the first initiative of the I'MNOVATION platform outside of Europe. Both managed to activate a total of 16 pilot projects.

The object of I'MNOVATION #Startups is to facilitate a relational model with the world of entrepreneurship that attracts new talent to ACCIONA in order to accelerate its innovation efforts. In Chile, the programme will take advantage of ACCIONA's synergies and its positioning on the American continent.

ACCIONA launched the **I'MNOVATION #Startups** programme in Chile to address the future of cities and sustainable mining

The I'MNOVATION #Startups programme seeks to co-create solutions to strategic challenges defined by the company by combining ACCIONA's technical and market knowledge, on the one hand, with the capabilities of the start-ups on the other. This way, the company seeks to maintain its competitive advantage in the sectors where it operates while exploring new business models. Furthermore, agile methodologies are used during the development of projects which involve the use of innovative ways of working.

21 people from different business units participated in the I'MNOVATION #Intraemprendimiento initiative, forming five multidisciplinary and transversal teams which proposed solutions for achieving the company's strategic objectives.

The idea behind I'MNOVATION #Intraemprendimiento is that the employees are the architects and protagonists of the company's transformation driven by innovation and the creation of new business models. The initiative is also designed to facilitate the professional development of the participants with the incorporation of agile innovation methodologies, favouring networking between the business units and encouraging teamwork.

In 2019, two projects were selected for activation during 2020.

102

**The I'MNOVATION #Startups programme seeks to co-create solutions to strategic challenges defined by the company**

21 people from different business units participated in the I'MNOVATION #Intraemprendimiento initiative, forming five multidisciplinary and transversal teams which proposed solutions for achieving the company's strategic objectives



## Strategic agreements and awards

ACCIONA has established a collaboration network with many centres of excellence in Spain and abroad, with which it participates on various R&D projects: Centro Nacional de Energías Renovables (CENER), Norwegian Geotechnical Institute, Tecalia, Pontificia Universidad Católica de Chile, Massachusetts Institute of Technology, Royal Melbourne Institute of Technology and the Instituto Tecnológico y de Estudios Superiores de Monterrey, among others.

ACCIONA is a member of the Board of Directors of Water Europe and the International Desalination Association (IDA). The company also participates in the European Network of Construction Companies for Research and Development (ENCORD), the Spanish Association of Renewable Energies (APPA), and the Startup Europe Partnership platform, among others.

## Customers

People 38  
Risks and opportunities  
of the climate  
emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for  
Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

## Quality, safety and satisfaction

At ACCIONA, the trust customers place is forged by listening to them and constantly seeking excellence and innovation in every project undertaken together.

104



### KEY MILESTONES 2019

- › **97% overall customer satisfaction rate** and decrease in the number of business-to-customer (B2C) complaints compared to 2018.
- › **Energy has developed a quality assessment methodology for the entire value chain** (Q rating of suppliers of critical supplies and services for projects and operating assets).
- › **The real estate business has implemented a CRM software to manage its customer relations** and enhance the control over the commercial process from start to finish.



### MAIN CHALLENGES 2020

- › **Development of level three of the global process map for the water business** according to PMI requirements (Project Management Institute).
- › **Transformation of the Online Direct Channel at Grupo Bodegas Palacio 1894** to optimize its customer relationship model.
- › **Mutual transfer of know-how between ACCIONA Producciones y Diseño (APD)** and the newly acquired event company, Auriga Cool Marketing.

## MEANING OF SERVICE EXCELLENCE FOR ACCIONA

The company's approach to business based on sustainability and technical excellence, combined with the demand to be competitive in a globalised market - with highly qualified and informed customers and users - places the quality of its products and services, as well as the efficiency of its operations, at the heart of the company's strategy. In this aspect, ACCIONA's initiatives are supported by two fundamental pillars: the maximum commitment of senior management, including quality management of the company's processes; and the existence of quality teams with a transversal vision that actively participate in their continuous improvement.

Each business has a quality manager who is responsible for the proper development and continuous improvement of the quality management system. The corporate area also plays a role in coordinating, supervising and supporting businesses, and leads the development of the company's Regulatory System.

ACCIONA has a Corporate Quality Policy for the group. In addition, all businesses have their own Quality Policies approved by their managers as part of the framework of their quality assurance systems.

37,790 hours of process and quality training and awareness-raising were provided in 2019 with the aim of ensuring that employees have the specific knowledge and skills required to perform their tasks and improve their knowledge of customers.

### Quality in operations

#### Certified Management Systems

All of ACCIONA's Spanish and international divisions have certified management systems based on the most relevant international benchmarks in terms of quality, the environment and customer and user safety.

In 2019, 100% of the company's most important activities were certified according to ISO 9001 and ISO 14001. This includes 100% of renewable energy marketed and sold with a guarantee of origin accredited by the CNMC; 100% of installed MW <sup>13</sup>; and 100% of the construction activity in several countries (Spain, Chile, Brazil, Mexico, Colombia or Canada). In terms of sales, 87% of ACCIONA's turnover is certified under ISO 14001 and 87% under ISO 9001. In terms of food safety, the food safety management systems of Facility Services and Bodegas Palacio 1894 Group businesses are certified in accordance with ISO 22000.

105

 More information in the sections "The Energy Business", "The Infrastructure Business" and "Other Businesses".

#### Audits

Internal and external audits by customers and certification bodies are one of the main tools used by ACCIONA to identify opportunities for improvement.

In 2019 a total of 1,210 audits were carried out, 57% more than in 2018, of which 999 were internal and 211 external. The vast majority of these audits were carried out according to ISO 9001 and 14001. The company also received 180 audits from its customers, 33 more than the year before. In this case, almost all come from the Facility Services lines of business in connection with the services it provides to food and automotive plants in Spain.

<sup>13</sup> Certifiable installed MW: any installation in the O&M phase one year after start-up and owned by the energy division.

**1,210 audits** were carried out by the company, 57% more than in 2018

### Improvement groups and lessons learned

In 2019, ACCIONA had 38 improvement groups made up of multidisciplinary teams, directly involving over 1,000 employees, to identify and implement innovative solutions and establish mechanisms to manage the risks associated with the various businesses.

These groups worked in a wide range of areas. For example: the digital transformation of the Industrial line's processes, the management of user incidents for the Mobility line or the operational model for optimizing and controlling renewable energy technologies, among others.

The lessons learned are used to document and share the knowledge acquired and can be identified by anyone in the company and used to improve the processes with which they are related. In 2019, the company detected a total of 453 lessons learned. They are disseminated to employees through different channels.

⊕ More information in the sections "The Energy Business", "The Infrastructure Business" and "Other Businesses".

## LISTENING AND COMMITMENT TO CUSTOMERS

Meeting the needs and expectations of its customers and users is ACCIONA's priority objective. The diversity of its business is reflected in the types of customers, which are primarily large customers from both the public and private sectors, such as corporations - Business to Business (B2B) - and financial investors. However, some group companies, such as the Water, Services, Grupo Bodegas Palacio 1894 and Real Estate businesses have direct relationships with the customers or users of the services provided -Business to Customer (B2C)-.

106

⊕ More information in the section on customers, products and services under "Annex of Itemized Indicators".

**In 2019, ACCIONA had 38 improvement groups**

Multidisciplinary teams, directly involving over

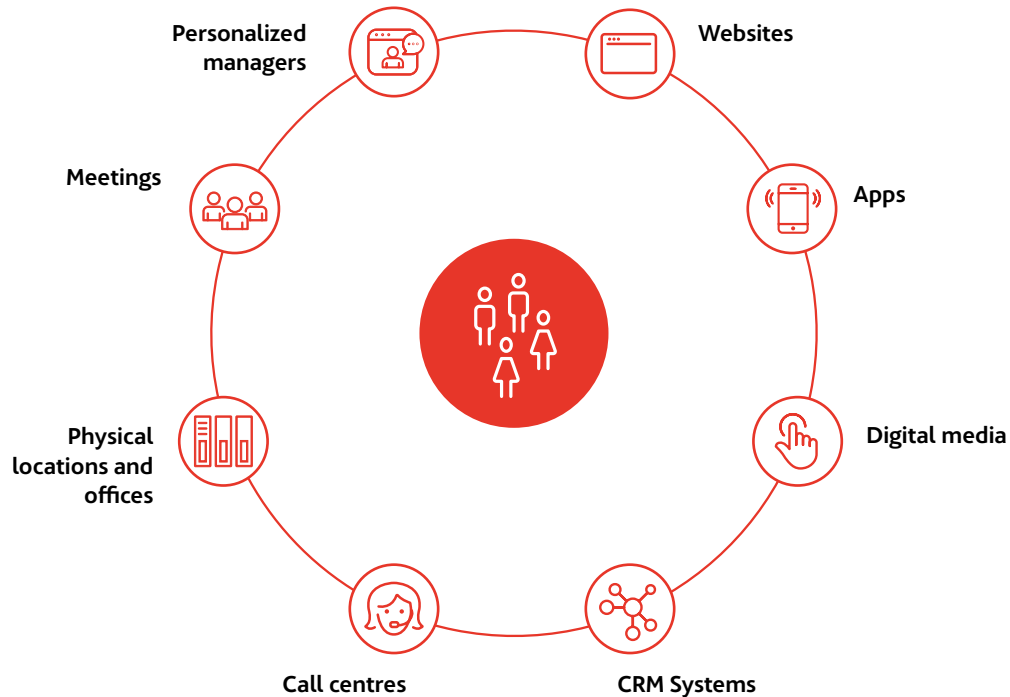
**1,000**

employees

### Communications and customer relations

Just as the customers are diverse, so are the communication channels the company uses to seek greater accessibility and agility in the dialogue with them and with other ACCIONA stakeholders.

## Communication channels with customers



- › **Customer websites**, such as the new website created for the energy marketing business in Portugal or the private customer area in Real Estate. In 2019 Bestinver launched a private area for customers where they can perform online operations. In addition, the "Investment School" section explains key concepts for investing in funds and pension plans.
- › **Collaborative apps** to protect and enhance the environment in the municipal services provided by the Service business. The "Cuida Caravaca", "Almería Sostenible" or "App Emergencias Aragón" apps, among others.
- › **Digital media and supports**. Visitors to the International Real Estate Exhibition in Madrid (SIMA) were able to access ACCIONA's 100% paperless stand, the first of its kind, where the offer was displayed using digital media such as virtual and augmented reality, various LED screens, QR codes, tablets, etc.
- › **CRMs**, such as the Energy sales area.
- › **Call centre service** for the real estate business or the energy sales business..
- › **Physical service points** at water service or solar offices; sales booths on real estate development sites or the reception of Real Estate's student residences.
- › **Meetings**. Bestinver held two conferences for customers in 2019. Grupo Bodegas Palacio 1894 also sponsored several road shows.
- › **Personalized managers** for the wind projects of the Energy business and Service Managers for waste removal contracts and the Service area's maintenance and landscaping businesses.

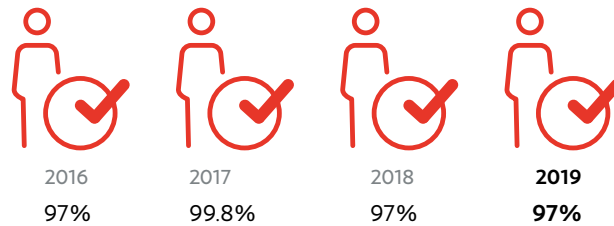
### Customer satisfaction

Measuring customer satisfaction makes it easier to plan actions aimed at improving their relationship with the company. Given the diversity of ACCIONA's products and services, the company considers a variety of factors in measuring customer satisfaction: evaluation of deadlines and starting in the Energy and Construction areas; sales management, meter readings or billing by Green Energy; or availability rates and incident resolution by Service. In Wineries, for example, customers evaluate the characteristics of the product, the attention received, logistics management and the brand. APD looks at the assessment of the concept and design of the project, among other issues.

Surveys are the most common method of collecting information on customer satisfaction and/or experience with ACCIONA products, services and projects. In 2019, a total of 42,736 surveys were sent out, with a response rate of 38%.

In 2019, ACCIONA launched a solidarity initiative: "Donation through satisfaction surveys". Under a Collaboration Agreement signed with UNICEF, the company pledged to donate a certain amount for each survey completed by its customers. The donations went to the "UNICEF Emergency Fund", provides financial assistance in emergencies and humanitarian crises.

### Evolution of satisfied customers



### Satisfied customers

## 108 Complaints and claims handling

ACCIONA faces with due diligence the complaints lodged by customers..



### Specific procedures

There are specific procedures in all divisions for handling complaints, claims and suggestions.



### Accessible channels

Some areas, like Water or Green Energy, have channels that are accessible for customers to submit their complaints, claims and suggestions in specific areas of the websites. Also, computer applications such as the one enabled by Construction to collect complaints related to work or the digital mailboxes in various municipalities in Murcia (Spain) provided by Services.



### Responsible designation

Complaint managers are appointed to be responsible for evaluating the causes of complaints and claims and coordinating their resolution.



### Information for customers and users

Information is provided to customers and users on the status of their complaints and their resolution and closure, once an agreement is reached with the person who filed the complaint.



### Registry record

The number of complaints received is recorded annually.



### Degree of resolution measurement

Other information that is recorded is the number of complaints that are closed or pending and the time spent on them. Definition of action and/or improvement plans as needed.

The number of B2B complaints increased to 1,335 and the number of B2C complaints decreased to 17 (per thousand customers).

#### Evolution of complaints in 2019

	2016	2017	2018	2019
<b>Business to Business (B2B)</b>				
No. of claims	1,219	1,043	861	1,335
Average number of B2B complaints successfully closed		95%	85%	85%
<b>Business to Consumer (B2C)</b>				
No. of complaints (per 1,000 customers)	17.3	13.7	17.4	17.0

Complaint resolution times vary from one ACCIONA business to another, depending on the nature of the business. Across all divisions, more than 50% of complaints were resolved in less than 12 months. The influence of external factors such as weather conditions means that the resolution time can exceed one year in some cases. In other cases, they are resolved within a few days: in energy sales, road and hospital concessions, handling services, etc.

In the case of solar farms, it took only **1 day** to resolve each complaint

In the real estate development business there is characteristic type of incident: the "reviews" requested by the homeowners. In 2019, for a total of 189 closings there were 4,424 reviews, some of which were valid and others were not.

### Loyalty, recommendation and comparison with competitors

Most of ACCIONA's businesses use additional assessments to measure customer satisfaction:

- › The recommendations or level of satisfaction expressed by customers when asked: "Would you recommend ACCIONA to other companies? For example, the motosharing service uses the NPS (Net Promoter Score <sup>14</sup>) indicator which measures the difference between the percentages of detractors and promoters, receiving a score of excellent.
- › The degree of loyalty which builds lasting relationships over time, by asking customers a direct question: "What are the chances you would hire ACCIONA again?"
- › The comparison of the company with competitors using a scale such as better, equal, worse.
- › ACCIONA's Solar business has measured its customers' experience as the perceived cost-effectiveness. More than 50% of customer responses were in the "WoW" range (score of 9-10).

⊕ More information in the sections "The Energy Business", "The Infrastructure Business" and "Other Businesses".

## CUSTOMER HEALTH AND SAFETY

The Quality Policy includes the principle of ensuring the health and safety of customers and users. In addition, each of the safety management systems implemented in the company has a policy that specifies the principles and commitments of application, and which is approved by senior management and available to interested parties.

100% of ACCIONA's products and significant activities are assessed for their impact on the health and safety of customers and users, indicating, where appropriate, whether improvements need to be made.

There are a number of things that ACCIONA does to ensure the safety of its products and services:

- › Information to customers on how to safely use its products and services.
- › Product quality controls, critical point analysis and safety tests.
- › Continuous monitoring of facilities.
- › Regulatory inspections and compliance with applicable laws and international standards.
- › In the case of Wineries, food safety risk analysis and exhaustive controls from the reception of raw materials and packaging materials to the production process and the end product.

<sup>14</sup> The NPS index ranges from -100 (all customers are detractors) to 100 (all promoters) An NPS above 0 is perceived as good and an NPS of 50 is excellent.



- › Safety management systems that guarantees that the work is performed in accordance with the international standards of references established for each sector. 7% of ACCIONA's turnover is certified in accordance with various international standards in this area:
  - Road safety: two highways managed by Concessions have safety management systems which are ISO 39001 certified.
  - Rail Transport Safety: Rail Services has its freight transport safety management system approved by the State Railway Safety Agency (AESG).
  - Airport safety: Airport Services are certified by ISAGO (Safety Audit of Ground Operations) at the headquarters in Palma, in Düsseldorf and at the Andes company (Chile), in accordance with the regulations of the International Air Transport Association.
  - Food safety: the food safety management system of three warehouses and two Facility Services locations are ISO 22000 certified.
  - Information security: the Can Misses Hospital Concession Company has implemented an ISO 27001-certified information security management system.

In addition, some of ACCIONA's products have specific product certifications, such as the European Conformity (EC) seal which guarantees that the products comply with the EU's legal and technical requirements for information security.

### Product and service labelling

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, adhering to contractual requirements or joining international programmes that foster responsible consumption, etc.

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 data sheets for each product, with more in-depth information.

Furthermore, the energy sold by Green Energy has a certificate issued by the Spanish National Commission on Markets and Competition (CNMC in Spanish) which accredits the 100% renewable origin of the energy; and the water treated by Water 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.

111

## PROTECTION OF PERSONAL DATA

ACCIONA is committed to ensuring its subsidiaries, business areas and, by extension, all of its employees, shareholders, suppliers and customers, act in an appropriate manner and with the highest standards of diligence in relation to Personal Data protection, processing and privacy. To that end, the Personal Data Protection Policy aims to establish the company's objectives regarding the protection of personal data and to define a working framework to guarantee and enhance such protection, respecting the principles and rights established by the applicable regulations.

## Social impact

People 38  
Risks and opportunities  
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## Dialogue and local impact management

Infrastructure has the virtue of improving people's quality of life, as such, ACCIONA's aim is to amplify this value through dialogue and support for the communities where it operates.

112



### KEY MILESTONES 2019

- › The scope of the company's Social Impact Management methodology encompasses **124 projects in 27 countries**.
- › **Over €12.5 million of social contributions to the community**, 45.1% linked to Sustainable Development Goals.
- › **Reformulation of the corporate volunteer model** for the entire company, with greater emphasis on strategic markets.



### MAIN CHALLENGES 2020

- › **To advance the Social Impact Management methodology** towards the model of Enhanced Impact Solutions development.
- › **Increase social action contributions** linked to SDGs by 30%.
- › **Implement the new volunteer management platform** in core markets.

The Code of Conduct reflects ACCIONA's commitment to shared value with the local communities where it operates. This commitment is developed in the Sustainability Policy, the Social Action Policy and the Stakeholder Relations Policy, on the understanding that dialogue and cooperation with local communities enables the company to increase the positive impact of its activities on society.

## SOCIAL IMPACT MANAGEMENT, AN ADVANCED METHODOLOGY

ACCIONA believes that managing the social impact of its projects and services is a strategic issue within its sustainable business model. For this reason, for over nine years it has been working to manage the positive and negative impacts caused by its operations, beyond legal and contractual requirements.

The responsibility for the implementation of this methodology is transversal within the organization. In its different phases, it can involve the Business Development and Studies Department, those responsible for the projects or services, as well as the Quality, Environmental, Prevention and Business Sustainability Departments. At the corporate level, the Global Sustainability Department monitors the implementation of the projects regularly and is responsible for updating the methodology.

The company's projects generated numerous positive impacts such as the hiring of local personnel, the acquisition of goods and services in the local area where the project takes place, worker training, increased employee income and improved access to roads, among others. However, it may also cause inconveniences, such as interruptions in supplies to communities, damage to vulnerable groups, temporary disruptions of transport routes, road safety problems in urban environments, difficulties in accessing health or education centres, or alterations of local prices. ACCIONA has its own methodology for identifying, evaluating and managing these impacts based on international standards<sup>15</sup>.

ACCIONA's social impact management has evolved steadily over the years. In 2020, the methodology is expected to be updated to include the detection of local needs linked to Sustainable Development Goals indicators and enhanced identification of negative human rights impacts.

### Phases of the methodology

- › **Characterization of social risk:** study of the degree of social risk of the project by means of the characterisation from the design and offer phase.
- › **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.
- › **Communication and dialogue with local communities and other interest groups about the project, its main impacts and the social measures to be carried out:** depending on the type of project, specific communication or dialogue channels are established to inform the community about the project, its main effects and the social measures to be carried out.
- › **Implementation and monitoring of measures** to prevent and mitigate negative social impacts and to reinforce positive ones. Various initiatives were launched for this purpose in 2019: increased local hiring, improved infrastructure, restoration of places of cultural and natural interest, worker training, preventive actions to minimize disturbances caused by the company's work in the surrounding area, educational campaigns in schools or support for entrepreneurship.

<sup>15</sup> 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.

This methodology is implemented through a corporate standard on the main construction, operation or service provision projects undertaken by the Infrastructure and Energy areas in all geographical areas where the company operates.

## Audits

Since 2017, external audits have been conducted to assess the level of application of the Social Impact Management methodology.

### Evolution of Social Impact Management audits

	2017	2018	2019
Total number of audits	9	8	8

The results of the audits in 2019 show that the methodology is being implemented correctly in each phase. A need to improve certain aspects was detected, such as proactivity and continuity in its relations with communities and other stakeholders, and to create a scorecard to monitor the social measures implemented and keep better track of the budget allocated to each one of them.

## Social Impact Management course

Since 2018 the company has offered a Social Impact Management Course to all employees with direct or indirect responsibility for the application of the Corporate Social Impact Management Standard. 23 employees completed the course in 2019.

**Since 2017, external audits have been conducted to assess the level of application of the Social Impact Management methodology**

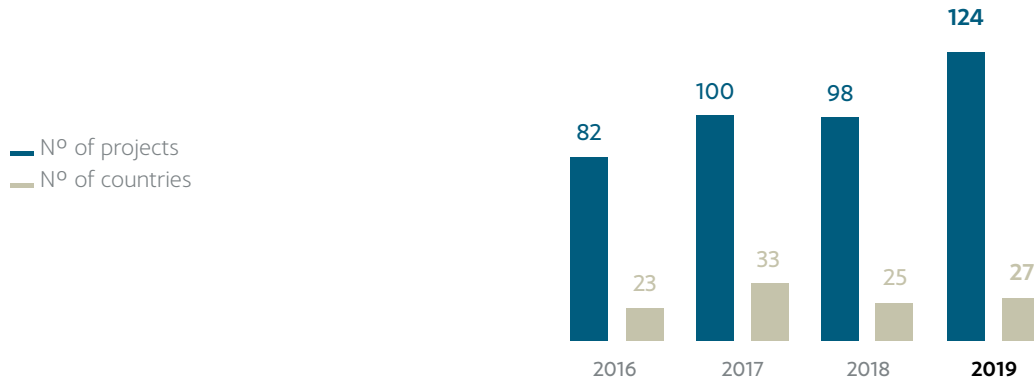
During 2019, we conducted audits on

**8**

projects

### Evolution of the implementation of the Social Impact Management (SIM) methodology by ACCIONA

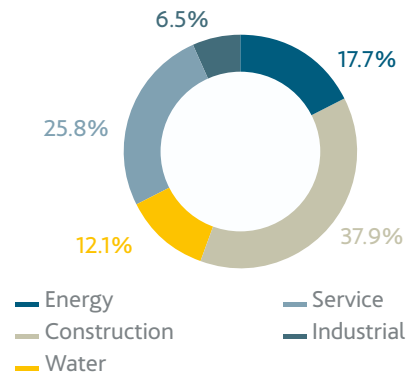
(number)



Countries with SIM projects

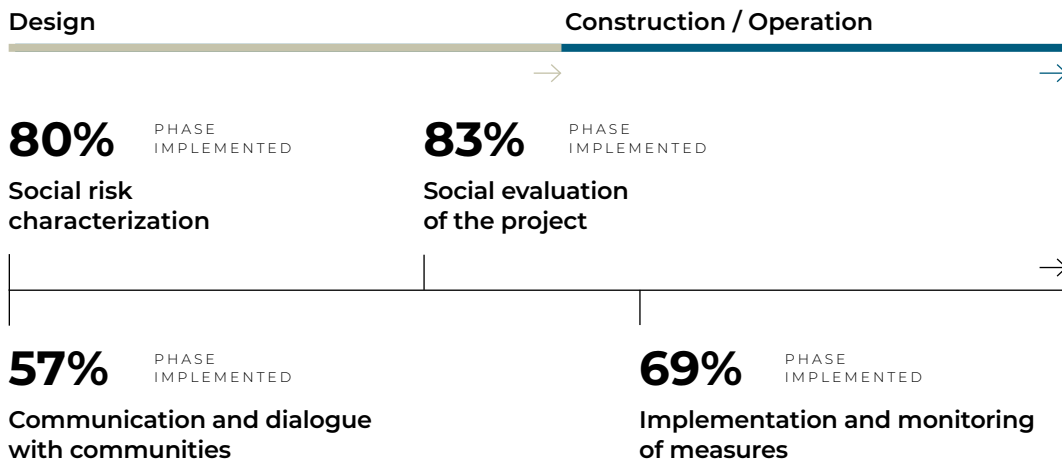


Breakdown by line of business



### SIM methodology phases and implementation status

(% of total SIM projects)



+ More information in the sections on "Social Impact Management" and "The Infrastructure Business".

## Socio-economic and environmental impact

Since 2015, ACCIONA has been measuring the socio-economic and environmental impact of its projects in different countries in order to understand and enhance the benefits they generate throughout their life cycle. Using an econometric model based on input-output tables (analysis of the relationships between different industries), the company obtains quantitative results of the direct, indirect and induced impact of its operations in terms of job creation and contribution to the country's gross domestic product (GDP), in addition to observing other positive effects on the environment and communities.

In 2020 this methodology will be reviewed by an external expert and work will continue to improve its use with the aim of obtaining more comprehensive information on social and environmental externalities.

Both the Energy and Infrastructure areas have a system of indicators that measure the social and environmental impacts of their operations and the socio-economic effects of their activities.

## COMMITMENT TO THE COMMUNITY

The company understands that it is a key player in the development of the communities in the countries where it does business and contributing to improve people's quality of life. As part of the Sustainability Master Plan 2020, ACCIONA is committed to aligning 100% of its social contribution with its Social Action Plan. In 2019, the company achieved the following results:

- › Over €12.5 million in social contributions to the community, equal to 5.90% of the 2019 dividend<sup>16</sup>.
- › 45.1% of social investment allocated to 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).
- › Almost 3 million beneficiaries.

The Social Action Plan is divided into five core areas:

116

- › Access to basic energy, water and infrastructure services through [acciona.org](http://acciona.org).
- › Investment associated with projects.
- › Sponsorship and patronage in the areas of health, culture and education.
- › Promotion of sustainability.
- › Corporate volunteering.

### Access to basic services: energy, water and infrastructure – [acciona.org](http://acciona.org)

- › 55,800 people benefitted in Peru, Mexico and Panama.
- › 800 rural and indigenous communities served in Peru, Mexico and Panama.

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<sup>16</sup> See data published in point 29 of the Proposed Allocation of Profit (loss) in the Annual Accounts

- › 23 *Luz en Casa* centres run by local microfranchised staff.
- › 3 public-private partnerships: Public-Private Alliance for Development with the Government of the State of Oaxaca, and the Spanish and Mexican Cooperation Agencies (AECID and AMEXCID); Alianza Shire, the first Spanish multisectoral alliance for humanitarian action together with the Polytechnic University of Madrid, AECID and other Spanish companies; Public-Private Alliance for Development with AECID in Panama.

### acciona.org Foundation

2019 was a special year for ACCIONA's corporate foundation, acciona.org, which saw the first fruits of its labour to extend the range of basic services to impoverished and extremely impoverished populations that fall outside conventional humanitarian aid schemes.

By the end of the year, the first pilot project to bring drinking water, healthy sanitation and safe kitchens to almost 140 homes in the Mexican state of Oaxaca was nearing completion. With some facilities still to be finalised, this initiative, which is part of the EncASa Oaxaca 2018 project, developed in partnership with the Government of Oaxaca and the Spanish and Mexican cooperation agencies (AECID and AMEXCID), was already having a positive impact on five Oaxacan communities. Based on the supply of various eco-technologies, the beneficiaries are able to choose the reforms to be implemented, according to their needs, customs and other factors, such as previously-existing infrastructure or the climate of their communities. The catalogue of sustainable technologies includes different systems for water collection and purification, sanitation and various types of kitchens with extraction to the outside. Some of the facilities require construction work that is done by the users themselves under the supervision of acciona.org, which provides them with training for the construction and subsequent maintenance.

The acciona.org Foundation has also maintained and increased its electrification activity. In addition to the services mentioned above, in Oaxaca the foundation has equipped more than 700 new homes with photovoltaic systems, which are added to the more than 7,500 homes that have been benefiting from the supply of electricity since previous years. The same can be said of the Ngäbe-Buglé indigenous region of Panama, where this initiative has added 232 homes to the 400 it began serving in late 2018. Nearly 3,600 Panamanians from the most remote indigenous communities benefit from these initiatives, which are carried out in a public-private partnership with AECID.

In Peru, acciona.org brought its basic electricity service to 4,215 families in rural communities in the northern sierra (Cajamarca) and Amazonian communities in the northern jungle (Loreto). The *Luz en Casa Amazonía* programme continued in the latter of these regions, with a new project, co-financed by AECID, to electrify the homes of more than 5,000 people. With this, the programme has completed its scaling up in the Napo River basin, where it has been working until now, and has begun to replicate it in the Ucayali and Marañón basins, identifying almost 30 locations where the deployment of isolated electrical service using home photovoltaic systems would be viable. In this phase of the programme, and in collaboration with the Polytechnic University of Madrid, the processes and procedures of *Luz en Casa Amazonía* are also being analysed and evaluated for scalability and replicability.

The Foundation also continued to participate in "Alianza Shire: Access to energy for refugee camps and host communities". Beneficiaries were located in three camps and communities in northern Ethiopia, where the *Luz en Casa* model was also adapted to this specific context. This initiative, developed in partnership with the Polytechnic University of Madrid, AECID and other Spanish companies and in collaboration with UNHCR and other partners working in the area, was recognized as a good practice at the First World Refugee Forum held in December.


In short, in 2019 acciona.org has increased the impact of its actions to favour the development of the most vulnerable populations through access to basic services, making progress in achieving the Sustainable Development Goals (SDGs), especially SDG 6 (water sanitation) and SDG 7 (energy). With the arrival of affordable, reliable, sustainable and modern energy to these communities, the organization, in addition to facilitating the development of productive, educational, recreational and family-oriented activities and

favouring access to information and communications, has provided equitable access to drinking water and adequate sanitation. This allows for a further reduction in health risks for the beneficiaries, who improve their supply sources, acquire healthy habits and also save water in places where it is scarce. The foundation's projects are therefore a tool for resilience and adaptation to climate change.

## Social investment associated with projects

ACCIONA actively contributes to improving the socioeconomic systems of the communities where it operates. Its initiatives contribute to people's well-being, broaden their access to education, promote the conservation of their heritage, care for the environment and biodiversity, and promote sport and healthy lifestyles. Not only do its projects focus on job creation by training workers and creating local business but they also improve community infrastructure.

- › 855,233 beneficiaries in 25 countries.

 More information in the sections on "The Energy Business" and "The Infrastructure Business".

## 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.

- › More than 20,500 people have been helped.

In 2019, a new version of the Corporate Standard for Non-commercial Donations and Sponsorships was approved, which is mandatory for all ACCIONA companies and employees, as well as for third parties acting on their behalf.

118

The following health-related initiatives are worth noting:

- › Pro CNIC Foundation: joining forces to channel the commitment to heart disease research at the National Cardiovascular Research Centre (CNIC).
- › Fundación Teletón por la Vida (Ecuador): a social assistance institution concerned with the well-being of sick children and their families.

There are also significant actions in the areas of education and culture:

- › ACCIONA Chair, in collaboration with SUR, School of Artistic Professions: to training professionals in the arts. ACCIONA funded 10 scholarships in 2019.
- › Princess of Asturias Foundations: contributes to the promotion of scientific, cultural and humanistic values.



## Homeward Bound programme

The aim of the programme is ensuring that women play a decision-making role in solving global issues such as climate change and sustainable development through long-term strategies. A total of 415 female scientists have joined the programme thanks to ACCIONA's support.

Homeward Bound aims to create an international network of 1,000 women interested in the fight against climate change within ten years in order to collaborate on projects in various fields.

## Promoting sustainability

ACCIONA believes it is essential to promote and disseminate sustainable culture in order to create a more responsible and supportive society.

- › 2,700 children have participated in the Sustainability Classroom in Mexico.
- › 5,507,937 users registered on the Sustainability for All site, which received more than 6.6 million visits. 66% of the visitors came from countries that are critical to ACCIONA's business.
- › Sustainability for All accounts for 45% of the traffic on ACCIONA's sites.

### Sustainability Classroom

The educational programme, Sustainability Classroom, aimed at children and youth between the ages of 10 and 16, seeks to make new generations aware of the benefits of environmental and economic sustainability. The Classrooms were set up at primary and secondary schools in the provinces of Tamaulipas and Oaxaca (Mexico), near ACCIONA wind farms, benefiting more than 2,700 students in 2019.

### Sustainability for All: a space for disseminating sustainable development

Sustainability for All is the online community created by ACCIONA to make users aware of the importance of sustainable development. An entertaining and informative website designed to make readers aware of the climate emergency on the planet and learn how to lead a more sustainable life.

In 2019, Sustainability for All received over 6.6 million visits from more than 100 countries, which is an increase of more than 20% compared to the previous year. It is a reference for the dissemination and popularization of sustainable development.

## Corporate volunteering

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

Noteworthy data for 2019 include:

- › 1,245 volunteers from 18 countries.
- › 7,468.5 hours spent by volunteers on community work.
- › More than 16,400 beneficiaries.

### **ACCIONA Volunteer Day**

This initiative seeks to teach boys and girls between the ages of 6 and 10 to build a more sustainable world through games and small everyday actions. They are taught the concepts of poverty, climate change, hunger, water scarcity, inequality and sustainable cities. In its eighth edition, 1,013 ACCIONA volunteers (17% more than the previous year) taught workshops on sustainability to schoolchildren from more than a hundred schools in 18 countries. For the first time, the initiative was a carbon-neutral event.

### **acciona.org Foundation**

21 ACCIONA volunteers travelled to Peru and Mexico in 2019, investing more than 2,500 hours in the projects carried out by acciona.org. In addition, 18 “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.

### **Princess of Girona Foundation**

Within the framework of the “Rescatadores de Talento” (Rescuers of Talent) programme, 27 managers and directors acted as mentors for university graduates from disadvantaged backgrounds. Progress was also made in the Youth Development section by making the online training resources of T-MAX and two Development Centres on innovation and energy available to 85 students.

### **Fundación Integra**

25 ACCIONA volunteers helped women at risk of social exclusion complete their resumes as part of an initiative focusing on job insertion for individuals in situations of social exclusion and with disabilities.

120

### **Quiero Trabajar Foundation**

9 ACCIONA volunteers gave part of their time to work on the programme of the *Quiero Trabajar* Foundation aimed at 25 women migrants in Madrid and Barcelona seeking international protection and refugee status. At the end of the programme, 13 of the women found work. Another 5 volunteers participated in the foundation’s regular initiatives.

In October 2019, the Spanish Commission for the Reception of Refugees (CEAR) presented ACCIONA and the Foundation with an award in recognition of their support for the inclusion of applicants for international protection and refugee status in the workplace.

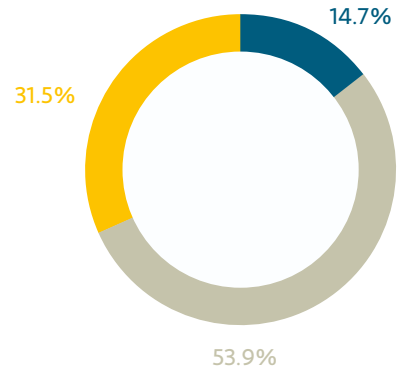
## **Measuring social action**

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 allows for an overview and comparison of results with other companies.

### Motivation of initiatives

(according to LBG methodology)

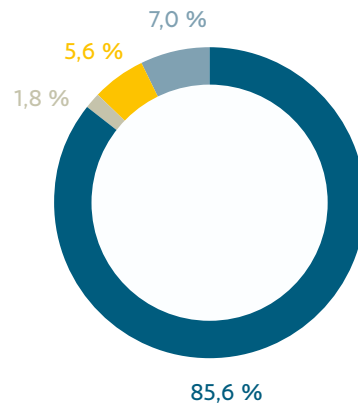
- **Charitable contribution:**  
Occasional support for social causes.
- **Social investment:**  
Long-term strategic commitment in collaboration with the community.
- **Initiatives aligned with business:**  
Social interest initiatives intended to promote business directly.



### Type of contribution

(according to LBG methodology)

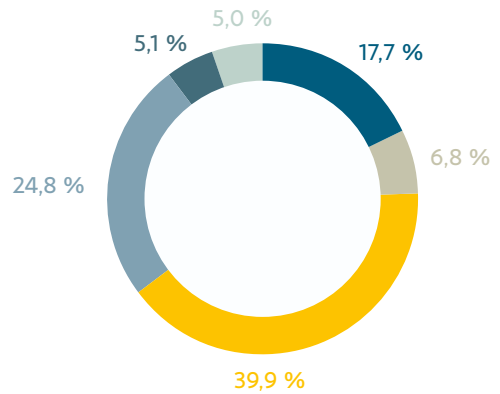
- Cash
- Time
- In kind
- Management costs



### Contribution by area of action

(according to LBG methodology)

- Education
- Health
- Socioeconomic development
- Environment
- Art and culture
- Social Welfare



### Contribution to SDGs through the Social Action Plan

(LBG methodology, broken down by Sustainable Development Goals)



## DIALOGUE AND SUSTAINABLE LEADERSHIP

ACCIONA actively participates in international initiatives that reinforce its commitment to sustainable development, the fight against climate change and the dissemination of these concepts.

### Presence in organizations and initiatives

#### ACCIONA at COP25

ACCIONA took an active role in COP25, which was held in Madrid in December 2019. The company took part in various forums and meetings at the summit sponsored by the United Nations (UN) with the aim of helping speed up the commitments of the business world in the fight against the climate emergency.

Various ACCIONA representatives took part in forums at COP25 which were mainly focused on the development of clean energy and resilient infrastructure, the advancement of sustainable models of water management and sanitation, the role of business in protecting human rights, and the analysis of measures to reduce the climate footprint of large cities.

The following events in which ACCIONA was present are worth mentioning:

- › José Manuel Entrecanales, Chairman & CEO of ACCIONA, participated in the Caring4Climate High Level Meeting on Climate Change. This UN initiative aims to mobilize a critical mass of business leaders to implement and recommend solutions to accelerate decarbonization.
- › The company attended the presentation of the report titled *Flexibility Solutions for the Integration of High Renewable Capacity into the Power Grid*, conducted in collaboration with Bloomberg New Energy Finance.
- › ACCIONA took part in the meetings organized by the Inter-American Development Bank on the articulation of investment models for resilient infrastructure in Latin America.
- › At an event organized by ACCIONA and the Real Instituto Elcano titled *Reaching net zero: Learning from international experiences with climate legislation*, different global leaders analysed the regulations implemented in various countries to achieve effective decarbonisation.

123

ACCIONA also took its participation to other areas of the city of Madrid. The company installed a wind turbine blade on the Paseo de la Castellana to showcase the evolution of this technology. Another blade was installed at the entrance to the COP25 site.

#### United Nations Global Compact

ACCIONA has been a member of the United Nations Global Compact since 2005. Every year, it reconfirms its commitment to the ten principles of the Global Compact, based on respect for human and labour rights, environmental protection and the fight against corruption, and focused on achieving the sustainable development goals.

The company is also part of the Pathways to Low-Carbon & Resilient Development, platform, whose object is to mobilize the private sector to become a catalyst for the commitments of the Paris Accord and the United Nations SDGs.

In 2019, ACCIONA joined the EU Peer Learning Group Climate to share knowledge on corporate climate action. The platform brings together business sustainability professionals from different countries to exchange best practices in this field, share challenges and work as leaders in the fight against climate change.

At the United Nations Climate Action Summit in September 2019, ACCIONA signed onto the *Business Ambition for 1.5°C manifesto: Our Only Future* made a commitment to limit the rise in global temperature to 1.5°C and to achieve “zero emissions” by 2050.

Finally, ACCIONA actively participates in the Spanish and Chilean Global Compact Network with a large number of initiatives led by both organizations.

### CLG Europe

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

In 2019, the company attended various meetings and supported numerous communiques. One highlight was the letter<sup>17</sup> addressed to EU members, in which more than 50 European business leaders, including ACCIONA's Chairman and CEO, called for greater ambition and urgency against climate change and for specific investments to decarbonise the economy by 2050.

### World Business Council for Sustainable Development (WBCSD)

In 2019, ACCIONA continued to participate in the REscale project as part of the WBCSD's Low Carbon Technology Partnerships Initiative (LCTPI) which promotes the development of long-term corporate renewable energy purchase agreements (PPAs). This goal is aligned with the interests of the Energy division and its commitment to sustainability.

Similarly, more than 30 CEOs from all over the world, including ACCIONA's, called for urgent business leadership in the respect for human rights through the *WBCSD's CEO Guide to Human Rights*. Companies have a responsibility to respect human rights and a great opportunity to improve and transform people's lives.

### World Bank

124

ACCIONA belongs to the World Bank's Carbon Pricing Leadership Coalition (CPLC), which unites politicians, business leaders and civil society around the need to establish effective pricing systems for carbon emissions in order to reduce them and thereby slow down climate change.

At the United Nations Climate Action Summit in 2019, ACCIONA supported the *High-Level Commission on carbon pricing and competitiveness* for the implementation of stable, long-term carbon pricing policies as a basic tool in the face of the climate emergency.

### Spanish Green Growth Group

The Spanish Green Growth Group has experienced significant growth over the last year, with more than 50 companies joining. ACCIONA has actively contributed to this growth, holding the position of Secretary General and leading the Energy Transition Working Group.

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<sup>17</sup> See the letter at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/news-items/business-leaders-urge-eu-heads-of-state-to-signal-new-economic-direction-towards-net-zero-by-2050>

## Internal and external dissemination of sustainability principles

Throughout 2019, ACCIONA attended forums, talks and meetings with various organizations and also contributed to numerous publications. Overall, all the initiatives have consolidated the company's position and fostered debate on sustainability practices.

Below are some of the most notable of these initiatives:

- › Media interviews and articles: written press and blogs.
- › Participation in national and international publications, in addition to those mentioned above. Among others, *VI Report on the Social Impact of Companies*, by Fundación Seres and Deloitte; and *SDGs, year 4: A global alliance for Agenda 2030*, by the Spanish Network of the Global Compact.
- › Participation in the Earth Hour, organised by the World Wildlife Fund (WWF).
- › Participation in the #ForTheClimate community initiative, aimed at taking the commitments in the Paris Agreement to the next stage.

## RELATIONS 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 short, 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 stakeholder. It thus facilitates the generation of shared value and the establishment of long-term relationships.



### Employees

The company manages information, collaborative dynamics and dialogue with employees through an internal communication area.

In 2019, there was a considerable increase in internal communications and initiatives for dialogue and interaction with employees, in addition to an increase in the consumption of information and use of available channels. The global intranet, Interacciona, reached its maximum number of unique users per year with 12,220 people accessing the platform and viewing just over 5.8 million pages, nearly 30% more content than in 2018.

All employees were invited to participate in the global engagement survey, which is conducted every two years. 63% of respondents are committed to ACCIONA. Fourteen other surveys were taken on a range of topics from health to risks to human resources processes. A total of 7,534 people took part.

In addition to Interacciona, other channels of communication with employees include the meeting points, app solutions such as the Volunteer Day, the Internal Communication mailbox, the emailing platform and newsletters. In 2019, a new newsletter on sustainability trends was created.



### Customers

As part of the Sustainability Master Plan, and with the aim of forging long-term bonds of trust with customers, annual dialogue sessions are organized on ACCIONA's sustainability performance. A meeting was held in 2019 with ACCIONA's energy customers in Chile. Three customers were visited by Infrastructure. At each one of these meetings, the ACCIONA sustainability strategy was presented to customers and they were asked about areas for improvement.

A number of actions were also taken by the company to identify customers' needs and expectations in relation to the product or service provided and their degree of satisfaction with it.



### Local communities

Dialogue with communities enables ACCIONA to learn about and manage the concerns and expectations generated by its operations. This allows the company not only to integrate its projects into the social and environmental surroundings, but also to identify opportunities for sustainable development.

The company has different communication channels, such as web forms, e-mails, phone numbers, suggestion boxes and local community offices, through which the stakeholders affected by a project can convey their queries, complaints or suggestions.

Within the framework of the Stakeholder Dialogue Policy, specific corporate guidelines on communications and dialogue with communities and other stakeholders were developed in 2018 and updated in 2019. These guidelines provide employees with tools to promote and manage relations with different groups.

In 2019, the Sustainability Committee was informed on a quarterly basis of the relations maintained with local communities and the methods of communication and dialogue with them.



More information in the sections on "Contributions to Society", "The Energy Business and "The Infrastructure Business".



### Suppliers and contractors

For the third year running, ACCIONA conducted its Supplier Satisfaction Survey. The survey was sent to 20,998 suppliers both in Spain and abroad, with 2,654 suppliers responding (12.6%). The main objective was to find out about ACCIONA's relationship with its supply chain, through their opinions, assessments and experiences.

In the sustainability area, the aim this year was to find out more about the possible measures taken by its suppliers to mitigate emissions. 73% of suppliers stated that they calculate, reduce and/or compensate for the greenhouse gas emissions they produce. Furthermore, 97% of suppliers consider ACCIONA's commitment to sustainability to be good or very good, and 90% consider the impact generated on local communities to be good or very good.

As a result of the survey's findings, five of the main suppliers were awarded prizes for their consultancy work on responsibility and innovation. Work began in 2019 and the project is expected to be completed in April 2020.

Through the Suppliers' Newsletter, ACCIONA disseminates relevant issues in the area of health and safety.



More information in the "Supplier training and communication" section of the "Supply Chain" chapter.





**Public administrations and regulatory bodies**

ACCIONA participates and collaborates responsibly with public institutions and transparently offers its vision on matters affecting its business areas and the sectors in which it operates. It also cooperates with various associations that participate in the definition of regulations and policies developed by the various public administrations.

In accordance with its Code of Conduct, ACCIONA does not make financial contributions for political purposes or to obtain preferential treatment which would be illegal. Nor does the company use sponsorship or donations as a means of achieving this.

Within the European Union, ACCIONA has been registered since 2013 in the EU Transparency Register<sup>18</sup>, where the interests it pursues, who defends them and the related budget are published in a transparent manner.

In 2019, the group's dialogue with its partner organizations and business associations focused primarily on contributing to public consultation processes and supporting policy development in the following areas:

**Energy area**

**Summary of basic lines of action**

**Examples**

**Development of an energy model based on increased penetration of renewable energies**

- › Stable regulatory framework to promote renewable technologies.
- › Greater integration of renewable energies into the grid and the market.
- › Facilitation of technologies and processes for enhanced integration of renewables (hybridization, storage, repowering, etc.)

**Electrification as an indispensable tool for the transition to a decarbonized economy**

- › Promotion of sustainable mobility based on electric vehicles with renewable energies.
- › Active participation in the consultations and preliminary work for the development of a methodology for charging, supporting a scheme that encourages electrification and eliminating costs that are not related to electricity.
- › Proposal for environmental taxation to encourage the consumption of electricity (preferably renewables) as opposed to fossil fuels.

**Incentives for non-polluting behaviour and activities**

- › Improvement of procedures for allocating remuneration for electricity production with renewable energies.
- › Support for measures to promote energy efficiency as part of the work to prepare the national integrated energy and climate plan.
- › Participation in the European Commission's public consultation on the review of the public aid guidelines: scheme that is more restrictive of conventional technologies and unsustainable activities or conduct.

<sup>18</sup> 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 sectoral associations at the regional and national levels (e.g. AEE, APPA, UNEF and AEDIVE), and also at the European (WindEurope, ESTELA, CLG Europe or EUFORES) and international levels (GWEC). The company is an active participant and holds positions of responsibility in their governing bodies.

## Infrastructure, water and service areas

Summary of basic lines of action	Examples
Development of regulatory frameworks conducive to green public procurement	<ul style="list-style-type: none"> <li>› Regulatory proposals aimed at enhancing the consideration of sustainability criteria in public procurement.</li> <li>› Proposals aimed at providing incentives for the adoption by public entities of energy efficiency and renewable energy measures.</li> </ul>
Support for policies that favour energy saving and efficiency	<ul style="list-style-type: none"> <li>› Regulatory proposals aimed at facilitating the participation of energy service companies in improving processes with the objective of achieving greater energy efficiency.</li> </ul>
Policies to ensure the sustainability of the urban water cycle management sector	<ul style="list-style-type: none"> <li>› Analysis of weaknesses and strengths in the water sector in Spain, and proposals for measures to ensure market unity and improve consumer protection.</li> <li>› Proposals for measures aimed at developing new technologies for a more responsible use of this resource.</li> </ul>

To promote its positions in these areas, the company collaborates with associations such as SEOPAN, in the field of infrastructure; the Association of Private Railway Companies AEFP, in the field of rail transport; ANESE, in the field of energy efficiency, and AGA and AEAS, to promote and defend the common interests of service companies related to the integral water cycle.

128



### Investors and analysts

The Investor Relations area is an important channel of communication between the company and the financial community, allowing information to flow both ways. Relevant information is transmitted to shareholders, analysts and potential investors to resolve doubts and raise awareness of ACCIONA, its strategy and possible sources of value creation. Reports, opinions and market trends are analysed to internally convey the main strengths and weaknesses perceived by investors and analysts, as well as the threats and opportunities detected in the market. Contacts with the financial community are maintained in strict compliance with applicable laws and paying special attention to the policy on information and communications with shareholders, markets and public opinion, including, where appropriate, the content of the information provided on the website.

Within this context, more than 700 contacts were made with investors and analysts during the year, which included participating in and/or hosting investor conferences, road shows, reverse roadshows and earnings reports.

There was a great deal of interest in ESG issues in 2019, with events, analysts and investment criteria closely related to the companies' environmental, social and corporate governance policies. At these events, ACCIONA positions itself in the low carbon activities sector, defined according to the EU taxonomy. The growing trend to prioritize ESG issues is an opportunity to stimulate investor interest in learning about and investing in the company.



## Media

Climate change has burst onto the forefront of the global political and social agenda with unusual force. This trend has led ACCIONA to consider, as part of its commitment to sustainability, making additional efforts in the dissemination of decarbonization, mitigation and resilience solutions in the face of global warming.

At ACCIONA, this commitment has taken the form of multidisciplinary analyses and debates in various media outlets to address the challenges and proposals for business, academia, and government to move towards a low-carbon economy.

As a result of its efforts to disseminate information, ACCIONA has strengthened its ties with the important forms of social media: radio and television. During the year, the foundations were laid to expand the company's media dimension using materials and resources capable of generating interesting audio-visual and radio content.

The creation of a network of communications managers in ACCIONA's priority countries has already created a climate of proximity and sharing with the leading media in those markets. It is gradually becoming a model of sustainability, establishing the image of a compact company in the countries where it operates.



More information on dialogue with Trade Unions in the "Workers' Coverage" section of the "People" chapter and with the third sector on the "Social Action Plan" section of this chapter.

## Respect for Human Rights

People 38  
Risks and opportunities of the climate emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

### Prevention, mitigation and remediation

ACCIONA is firmly committed with the respect for Human Rights both inside and outside its places of operation, in local communities and in its suppliers' environment. The company examines every potential violation in Human Rights due to its activity, looking for formulas to avoid, mitigate or reverse them.

130



#### 2019 KEY MILESTONES

- › **Accomplishment of Human Rights due diligence pilots** on two Energy and Water projects in Mexico.
- › **Launch of a specific Human Rights course** attended by 338 employees.



#### 2020 MAIN CHALLENGES

- › **Incorporation of Human Rights due diligence** process into the implementation of the Social Impact Management standard.
- › **Analysis of mechanisms for supervising and monitoring compliance** of Human Rights in communities: whistle-blower hotline.

Respect for Human Rights (HR) is at the core of the company's ethical commitment. The risks that are analysed in greater detail focus on the company's own labour practices and those of its contractors and suppliers, as well as the respect for rights of local communities.

As established in the Code of Conduct, the Human Rights Policy and the Human Resources and Occupational Risk Prevention Policy, the company is committed to respecting Human Rights and public freedoms recognized in the United Nations Universal Declaration of Human Rights. Respect for Human Rights is the responsibility of all persons and entities to which the Code of Conduct applies, including all businesses and project managers.

Among the basic behavioural guidelines to which ACCIONA adheres are the Declaration of Fundamental Principles and Rights at Work, the ILO Conventions, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

José Manuel Entrecañales, Chairman and CEO of ACCIONA, signed the **'CEO Guide to Human Rights'** in 2019

José Manuel Entrecañales, Chairman and CEO of ACCIONA, signed the 'CEO Guide to Human Rights' in 2019, which outlines how leading companies can improve their business performance by reducing legal and regulatory risks, as well as strengthening their reputation, protecting their licenses and operating permits, attracting and retaining human talent, and gaining the trust of customers.

## DUE DILIGENCE IN HUMAN RIGHTS

In line with the objectives set out in the SMP 2020 framework, and in accordance with the United Nations' Guiding Principles for Business and Human Rights, ACCIONA continues to work on the implementation of a risk analysis and due diligence process that includes:

- › Identification and evaluation of its – real and potential – impacts.
- › Establishment of specific processes and procedures in order to implement prevention measures for the potential impacts identified.
- › Development of remediation mechanisms for impacts that have already occurred.

It is within this context that in 2019, ACCIONA, together with an external partner, an expert in Human Rights, held three training workshops on due diligence in this area with the aim of providing to business members with the necessary skills to incorporate it into projects. Along with the training, work was also done on Human Rights due diligence pilots on two Energy and Water projects in Mexico, to identify and prioritize directly the impacts of ongoing projects.

131

ACCIONA also updated its Human Rights diagnosis, which was done for the first time in 2015, following the Danish Institute's guide as a reference.

As part of the ESG risk analysis, the Human Rights risk categories in the countries where the company has operations were reviewed and analysed. It was concluded that 23% of the countries where Energy is present and 42% of the countries where Infrastructure operates have a very serious risk of violating some Human Rights, according to Maplecroft.

**ACCIONA continues to work on the implementation of a risk analysis and due diligence process**

It is within this context that in 2019, ACCIONA, together with an external partner, an expert in Human Rights, held three training workshops on due diligence

The categories of Human Rights included in this study were: freedom of opinion and expression, minority rights, indigenous people, women and girls, job discrimination in employment, rights of access to basic services, freedom of association, rights of migrant workers, fair pay, working hours, safety and health, forced and child labour..

### Main Human Rights issues for the business units



#### ENERGY

1. Ensure working hours that allow reconciling work and personal life.
2. Ensure non-discrimination in employment.
3. Protect migrant workers' rights.
4. Ensure occupational health and safety.
5. Protect minority and indigenous people's rights.



#### CONSTRUCTION

1. Ensure non-discrimination in employment.
2. Ensure occupational health and safety.
3. Ensure equal payment.
4. Ensure working hours that allow reconciling work and personal life.
5. Protect indigenous.



#### WATER

1. Ensure non-discrimination in employment.
2. Working hours that allow for the reconciliation of work and personal life.
3. Ensure equal payment.
4. Ensure safe access to water.
5. Ensure occupational health and safety.



#### SERVICES

1. Ensure non-discrimination in employment.
2. Ensure working hours that allow reconciling work and personal life.
3. Ensure occupational health and safety.
4. Ensure minority rights.
5. Ensure equal payment.

Based on the results of the updated Human Rights diagnosis and the company's experience in some at-risk countries for Human Rights violations, a manual was written based on international standards of reference and complementary to ACCIONA's Code of Conduct and Policy Book. It explains the company's responsibility regarding Human Rights in its operations and in its business relations with third parties, and identifies the red lines that are unacceptable to the company. It also provides a series of tools to detect, prevent, mitigate and repair any potential or real risks in this area.

Furthermore, in regards to the *Standard for the welfare of migrant workers* approved in 2018, a specific protocol was approved and disseminated for the Arab Emirates, and work has been done on protocols for Saudi Arabia, Oman, Qatar and Egypt that will be approved in 2020 for dissemination.

| A specific **protocol for the United Arab Emirates** on the welfare of migrant workers has been approved and disseminated

The Infrastructure division continues to be part of Building Responsibly, an international initiative aimed at protecting the Human Rights of workers all along the industry's value chain. As part of this project, ten guidelines were approved that include references for the practical application of the principles of worker welfare.

## HUMAN RIGHTS IN THE COMMUNITIES

Using the Social Impact Management (SIM) methodology, ACCIONA studies possible Human Rights violations that may arise among local communities and other stakeholders in connection with a particular project or service. It also assesses the severity of any impacts that cause significant changes in the social, economic or cultural structure of a community or group of employees, or if they affect Human Rights. In this case, the SIM methodology requires steps be taken to prevent and mitigate these impacts.

By 2019, in 30 of the projects where the SIM methodology was implemented, some risk of potential Human Rights violations has been identified. In all cases, measures were taken to prevent such violations from occurring.

It should be noted that any alleged breach or violation of the conduct set out in the Code of Conduct, including Human Rights issues can be reported using the company's Ethical Channel. In this regard, ACCIONA did not receive any complaints of Human Rights violations in 2019 through this channel.

133

## HUMAN RIGHTS IN THE SUPPLY CHAIN

Through the supplier portal and the group's tendering tool, ACCIONA establishes different mechanisms that help prevent the violation of Human Rights throughout its supply chain: Self-Declaration of Responsibility for Suppliers, Contractors and Collaborators, Risk Maps, Supplier Evaluation and Approval Procedures, general contracting clauses, supplier audits and No Go Policies. In 2019, the company did not identify any suppliers or contractors who violated or endangered Human Rights compliance.

## TRAINING

A specific Human Rights training course was launched in 2019, available to both employees and the company's suppliers, in collaboration with the Spanish Global Compact Network. This course has been taken by 338 employees.

## Supply chain

People 38  
Risks and opportunities  
of the climate  
emergency 64  
Enviromental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for  
Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

### Responsible supplier selection

All suppliers, contractors and collaborators involved in ACCIONA's procurement process must share its sustainability values. The company is committed to transmitting these criteria throughout this extensive network, while anticipating, locating, analysing and correcting any risks of non-compliance.

134



#### KEY MILESTONES 2019

- › **83.2% of ACCIONA's critical suppliers are registered with PROCUR-e**, which is 6% more than last year.
- › **No general purchase orders have been placed with No Go suppliers**, meeting the established target.
- › **For more than 95.5% of approved suppliers, the Supply Chain variable was analysed**, which greatly exceeds the 80% target.



#### MAIN CHALLENGES 2020

- › **ACCIONA continues to add to the percentage of suppliers on PROCUR-e**, especially critical suppliers and those working on its own projects (targets of 97% domestic and 80% international).
- › **Continue monitoring No Go suppliers and the target of 0% of general purchase orders with these suppliers.**
- › **Increase the percentage of approved suppliers in 2020 with the Supply Chain variable analysed.** 90% of the suppliers approved during the year will have this variable analysed.



## ACCIONA'S SUPPLY CHAIN

ACCIONA transmits its commitment to sustainability to its supply chain with total transparency, seeking excellence in management and the generation of shared value. It is a challenge for the group to prevent, identify, evaluate and mitigate the risks associated with all parties involved in the procurement process and to take advantage of the opportunities that such management provides. Sustainability is a strategic value of this function, always geared towards economic balance and the generation of positive impacts on society.

### Responsible supply chain management

ACCIONA's strategy for supply chain management is defined by the Procurement Coordination Committee, made up of the Procurement Directors of the Infrastructure, Energy and Corporate divisions. In 2019, the focus was on technological transformation and the search for sustainable solutions that generate shared value through technology and innovation.

It is within this framework that the purchasing department plays a fundamental role. For years its work has been focused on:

- › Establishing mechanisms to avoid negative impacts: policies that support responsible management; a Risk Map with an ESG assessment; environmental, social and good governance audits; collaborative improvement plans, etc.
- › Raising awareness and training: courses with an ESG approach and a sustainable purchasing guide.
- › Including sustainable specifications in tenders.
- › Encouraging responsible local purchasing.

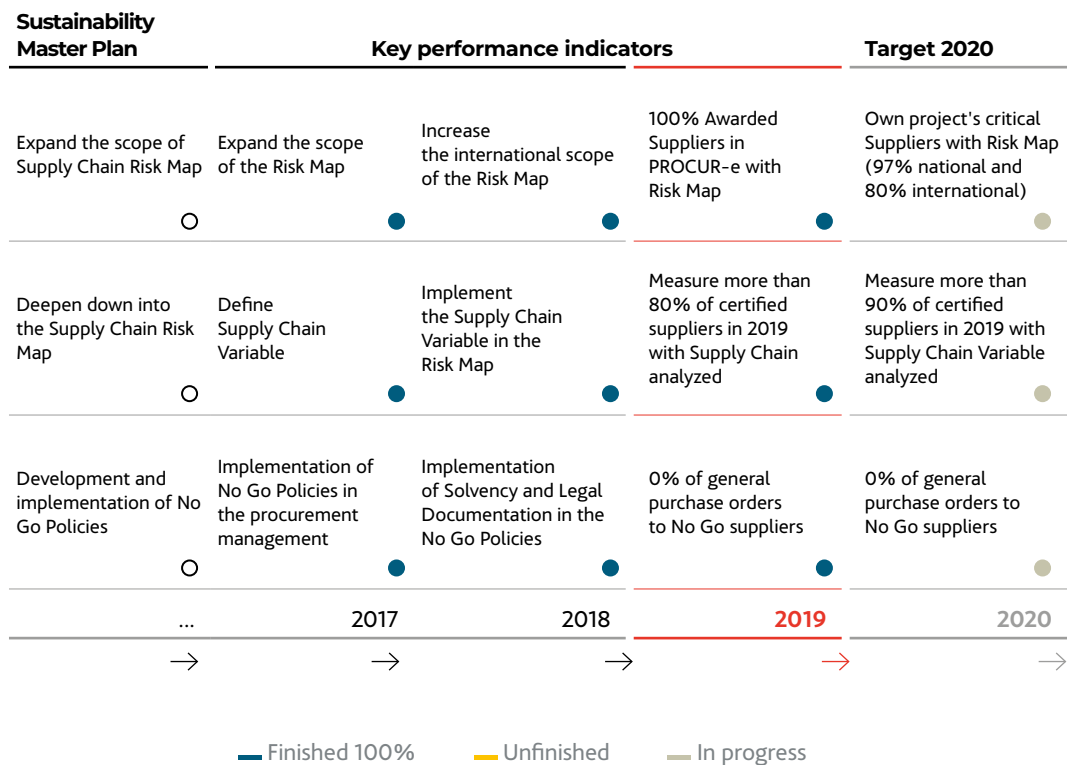
The Corporate Procurement Standard, together with the related procedures, which are integrated into the main ERPs, the planning and reporting tools and the PROCUR-e system, are the instruments that collect, support and control the procurement function and its management.

Since 2015 PROCUR-e has been the impetus behind the functional and digital transformation of purchasing and processes. Its evolution has been constant, both in terms of increasing the scope of action and incorporating functions. At present, PROCUR-e is the primary mechanism for understanding and managing the risk of the supply chain through the Risk Map, and for resolving tenders and supplier relations. It is also the integrator of the transformation and digitalization of the entire purchasing cycle.

Highlights of 2019:

- › The international presence of the purchasing function as a result of the internationalization of the business. This expansion promotes and deploys in the projects.
- › Management systems and other systems, processes and procedures that are homogeneous and integrated with ACCIONA's procurement and sustainability policies.
- › Project Procurement Management Model supported by three pillars: the local Project Procurement team, the project support of a Global Category Manager team and a Global Process and Systems team.
- › Stricter adherence to the rules, procedures and values of ACCIONA in the world.

- › The digital transformation: this is an essential factor lever for adding value to the methods of the purchasing function: catalogue purchasing, digital marketplaces, process automation and electronic invoicing, among others.
- › Single Master of Suppliers: work has been done to refine, develop and unify ERP validations to guarantee supplier identification and thereby minimize exposure to risk. It is a long-term project that is taking place country by country.



71% of the employees in the purchasing area have evaluation objectives linked to sustainability and received a total of 1,469 hours of training on the subject during the year.

**71% of the employees in the purchasing area** have evaluation objectives linked to sustainability

## Breakdown of suppliers by type and division

2019				
Line of business	Total No.	% Outside Spain	% Critical	% Local
Energy	2,543	60	24%	55**
Infrastructure				
› Construction	8,511	54	25	97
› Concessions	252	37	8	100
› Water	1,914	38	15	95
› Servicess	2,527	19	8	99
› Industrial	1,812	70	23	92
Other businesses*	2,290	16	11	94
<b>TOTAL</b>	<b>19,849</b>	<b>46</b>	<b>20</b>	<b>91</b>

\* Other Businesses: Real Estate, Bodegas Palacio, Corporate, APD and Forwarding. The contract is assigned to the supplier/business with the highest volume of contracts with the supplier.

\*\* The percentage varies significantly with respect to the previous year due to a change in the classification criteria of these suppliers

## Purchasing by geographical area

By geographical area, 86% of the total volume of purchases this year was concentrated in 10 countries (same percentage as the year before). Especially noteworthy is Spain, which accounts for 37% of total spending on suppliers, or the increase in expenditure in Saudi Arabia and the United Kingdom as a result of increased revenues in these countries.

137

## Critical suppliers

The level of criticality of suppliers and contractors depends on the economic risk: any supplier with which ACCIONA has more than €100,000 in purchases per year is considered critical. In 2019, 20% of the supplier base was considered critical, accounting for 94% of the contracts.

## Local suppliers

At ACCIONA, working with local suppliers not only has a positive impact on the economic development of the communities where it operates, but also minimises operating risks by reducing product delivery and service execution times. Last year, 91% of the active suppliers were local.

## Sector-specific features of the supply chain

The group's purchasing categories with the highest volume of spending are: wind and solar generating components, construction and civil works, sustainable mobility and industrial machinery. 18% of the group's purchases are concentrated in 10 suppliers in these categories, of which seven are related to equipment with a high technological component.

## SUPPLY CHAIN RISKS AND CONTROLS

The purchasing function aims to continuously optimize processes for the correct identification of potential risks in the supply chain. ACCIONA recognizes two types of risks associated with procurement processes:

- › Operational risks that affect business results or violate the Corporate Procurement Standard and related procedures.
- › Compliance, sustainability, environmental and social risks that involve bad practices in the area of corporate responsibility and sustainability.

For each of these identified risks, specific preventive control mechanisms are developed and then periodically updated and parameterized, which help to minimize the probability of occurrence.

## Supply chain risk map

The Risk Map is ACCIONA's main tool for controlling and managing supply chain risk. The company uses this mechanism to transfer its corporate responsibility and sustainability criteria and policies to its entire supply chain. It also supports the decision-making process of the purchasing function and the identification of possible areas for improvement in supplier performance.

138

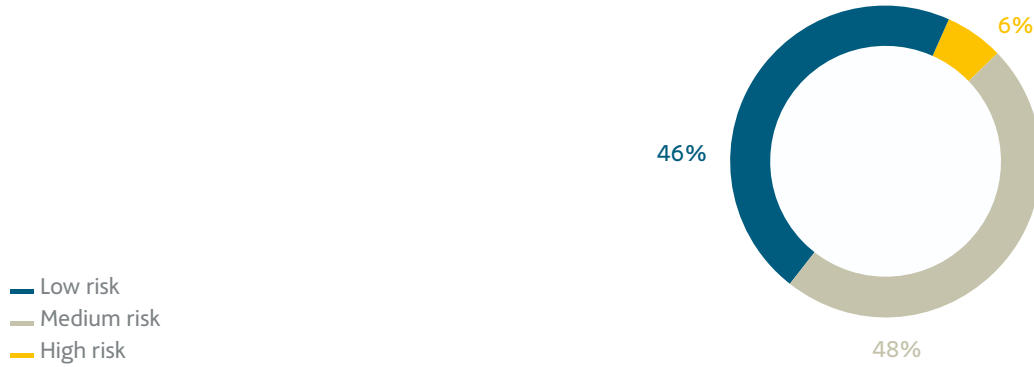
The risk map is known prior to purchasing and makes it easier for ESG criteria (environmental, social and good governance) to be an important part of the supplier selection process. The map is currently made up of 11 variables: Integrity, Country Risk, CR and Sustainability, Economic Solvency, Economic Dependence, OHS, Environmental Risk/CO<sub>2</sub>, Legal Documentation Status, ISO Status, Supplier Evaluation and, since 2018, Supply Chain.

### Risk Map v 4.0

At the end of 2019 the Risk Map v 4.0 in PROCUR-e had a total of 29,452 suppliers representing 77.3% of the company's total contracts, 12 percentage points higher than in 2018. The 2019 challenge that 100% of the suppliers awarded in PROCUR-e have a risk map was met and a new target was set for 2020 to continue consolidating the percentage of suppliers in the system, especially for own works and critical works (target of 97% nationally and 80% internationally).

The task of establishing mitigating controls when a supplier risk is detected, either through Enhanced Due Diligence, training initiatives, action or improvement plans in OHS or in environment matters, or by carrying out audits, means that 94% of suppliers in 2019 had a medium-low risk level.

PROCUR-e supplier risk map



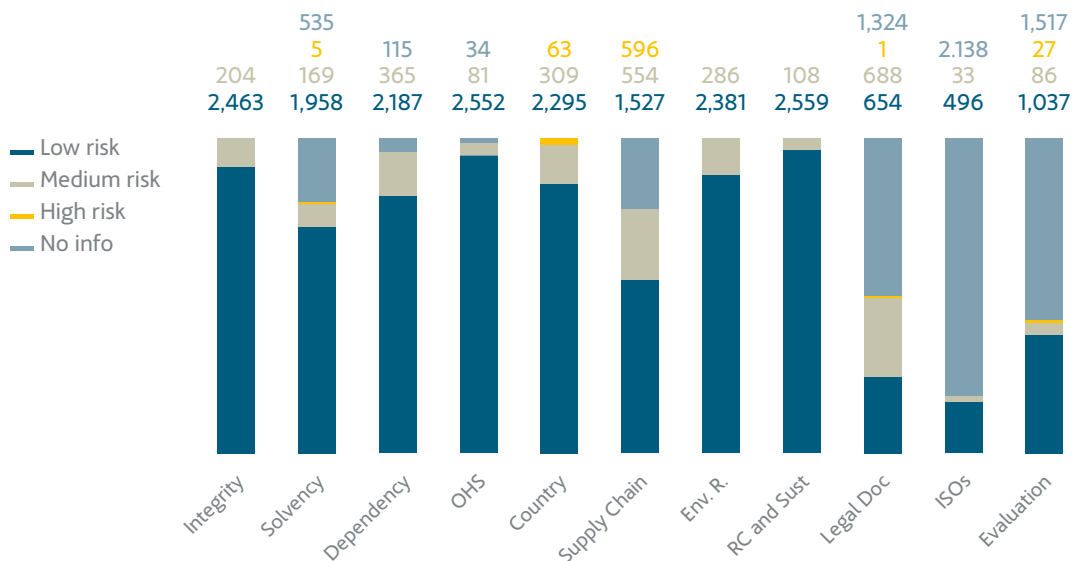
Critical Supplier Risk Map

The Risk Map of the number of critical suppliers in PROCUR-e had 2,667 suppliers in 2019, 23% more than the previous year. This figure represents:

- › 74% of the group's total contracting.
- › 79% of purchases made from critical suppliers with a risk map.

Focusing on critical suppliers for own work, 83.2% have a risk map, which accounts for 85.3% of all contracts with this type of supplier (work which ACCIONA is responsible for managing).

Risk distribution in the variables of the Procur-e Risk Map v4.0 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 2019.

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 an Enhanced Due Diligence process that mitigates that company's risk level.

A total of 108 suppliers with a medium risk in CR and sustainability have been identified, and ACCIONA will work with them in 2020 to reduce this risk the same way as it was done last year.

### Risk Map v 4.1

Because the calculation of risk is a process that is constantly evolving, every year ACCIONA works to introduce changes to ensure continuous improvement. To that end, the company analyses the variables that make up the Supply Chain Risk Map, adjusts its logic to corporate policies and strategies, and studies the possible incorporation of new variables. This model allows supplier management to focus on detecting risk, which may appear before or during commercial relations.

Following the efforts of previous years to increase the scope of the Risk Map of the group's suppliers, focusing on those with higher revenues, in 2019 a new risk assessment model was proposed that will bring sustainability closer to those with lower business volumes. As a result, a new Risk Map model was designed which will go live in 2020. Any future scheme will always include an ESG evaluation (Environment, Sustainability and Governance), which becomes more comprehensive as the volume of business with the supplier increases.

### "Supply chain" variable and Non-Tier 1 suppliers

In 2018, efforts were mainly focused on developing the new Supply Chain variable, the aim of which is to ascertain how well the direct suppliers know their own supply chain chains – identification, control, assessment and improvement capacity. The variable was implemented in 2019 and so far, 12,365 suppliers have reported on it. The target of "Over 80% of suppliers approved in PROCUR-e with this variable analysed in 2019" was surpassed after 1,747 of the 1,829 approved suppliers analysed this variable.

140

In addition, although ACCIONA does not have a direct contractual relationship with indirect suppliers (its supplier's supply chains), the company is aware of the duty to supervise all their agents. In this context, the company considers Non-Tier 1 suppliers (suppliers of suppliers) who work at its facilities and on its projects to be critical from a health and safety point of view. They are controlled through the contractual clauses during the relationship with Tier 1 suppliers and through specific tools for the Coordination of Business Activities. At the end of 2019, there were 5,970 indirect suppliers registered on these platforms.

### Human Rights assessment

The company assumes responsibility for identifying, preventing, mitigating and responding to the negative impact of its activities on human rights and therefore undertakes to conduct due diligence on its suppliers. In 2019, ACCIONA assessed 29,452 companies on their human rights performance with the Risk Map.

ACCIONA has established a series of mechanisms to help prevent and control the risk of human rights violations:

- › Self-Declaration of Responsibility for Suppliers, which includes, the Ethical Principles for Suppliers, Contractors and Partners, among other things.

- › CR self-assessment questionnaire, in which registered companies respond to questions regarding international standards. If the answer is negative, it impacts the Risk Map, prevents the supplier from being approved and activates the audit process.
- › Help sheets which suppliers can access when filling in the questionnaire and which are intended to inform, raise awareness and provide training in this area.
- › Risk Map with "Country Risk" variable comprising several indexes extracted from Maplecroft and linked to various factors: child labour, freedom of association and collective bargaining, forced labour, fair working hours, fair minimum wage and discriminatory practices. The countries that score the lowest are considered high risk and must be audited as required by the Approval Process. These suppliers are known as "MACS" (Mandatory to be Audited Critical Suppliers).
- › Auditing processes, which involve on-site verification of correct compliance with human rights management in the supply chain.

Furthermore, of the 29,452 ACCIONA suppliers with a Risk Map, 10,556 (35.8%) confirm that they conduct audits of regulatory compliance and adherence to international standards at their own suppliers, which is 0.5% over the previous year.

## Focus on the integrity variable

The Integrity variable analyses the supplier's position on issues such as money laundering, tax havens, corruption litigation, presence on international sanctions lists, etc.

By the end of 2019, the integrity variable of 8,829 suppliers had been monitored (14.8% compared to 2018), accounting for 65.0% of the year's contracts. ACCIONA monitors the most critical companies it works with, whether because they are accredited, or because they are among its main agent, or because they are recurrent, or because they work in an at-risk country, etc.

In addition, there are 16 suppliers with significant risk in the Integrity variable. Of these, 14 have No Go status and 2 have Invalid status.

Eight suppliers underwent Enhanced Due Diligence processes in the integrity area, as specified in both the company's anti-corruption regulations and the Integrity Interpretation Guide. Seven suppliers ceased to have a significant integrity risk and one, with No Go status, to be high risk in this area.

141

## No Go suppliers

Non-compliance with the minimums established in the No Go Policies and included in the SMP 2019 targets means that the supplier cannot be used for any project where these policies are applied, either nationally or internationally. ACCIONA maintains in 2020 its target of 0% general purchase orders from suppliers with this status.

Continues &gt;

The No Go policies are based on the following assumptions:

- › Suppliers with significant risk in terms of ethics and integrity, because their names appear on international sanctions lists or because there are serious indications of corruption, fraud or money laundering.
- › Critical suppliers in at-risk countries that have not been audited or have been audited and have one or more unresolved Serious Nonconformities.
- › Proven non-compliance with the United Nations Global Compact.
- › Economic solvency risk (contracts of €1 million or more).
- › Outstanding tax or social security debt.
- › Companies penalized for their performance evaluation on previous engagements or for serious deficiencies detected in audits and not resolved.

144 suppliers were categorized as No Go in 2019, of which 44 have been removed from this situation, either following an audit and/or action or improvement plans, or through Enhanced Due Diligence.

## SUPPLIER CERTIFICATION AND EVALUATION PROCEDURE

The Supplier Evaluation and Approval Procedure remains one of the main mechanisms for managing supply chain risks, generating improvement opportunities and sustainable growth in the purchasing processes.

At ACCIONA, standardisation is an integral and objective process. A complete analysis of the supplier allows it to know them both at the level of infrastructure, and in terms of CR positioning, solvency or legal situation, in order to minimize their risks.

A new edition of the procedure was prepared at the end of 2019 and will be approved in early 2020. The aim was to adapt it to external and internal demands and to reflect the evolution and expanded scope of the Risk Map (version 4.1, with the evaluation in ESG for lower revenue suppliers).

The company has approved 4,859 suppliers, 28% of which were confirmed for the first time, 62% maintained their current approval and 10% were re-verified.

The internationalization of ACCIONA's business was corroborated and verified by analysing the origin of approved suppliers. At the end of 2019, ACCIONA's approved suppliers represented 54 nationalities across five continents.

### Supplier management control

Supply chain controls are defined by levels of criticality, i.e. they become more comprehensive as the risk increases: economic, country, activity and CR & Sustainability.

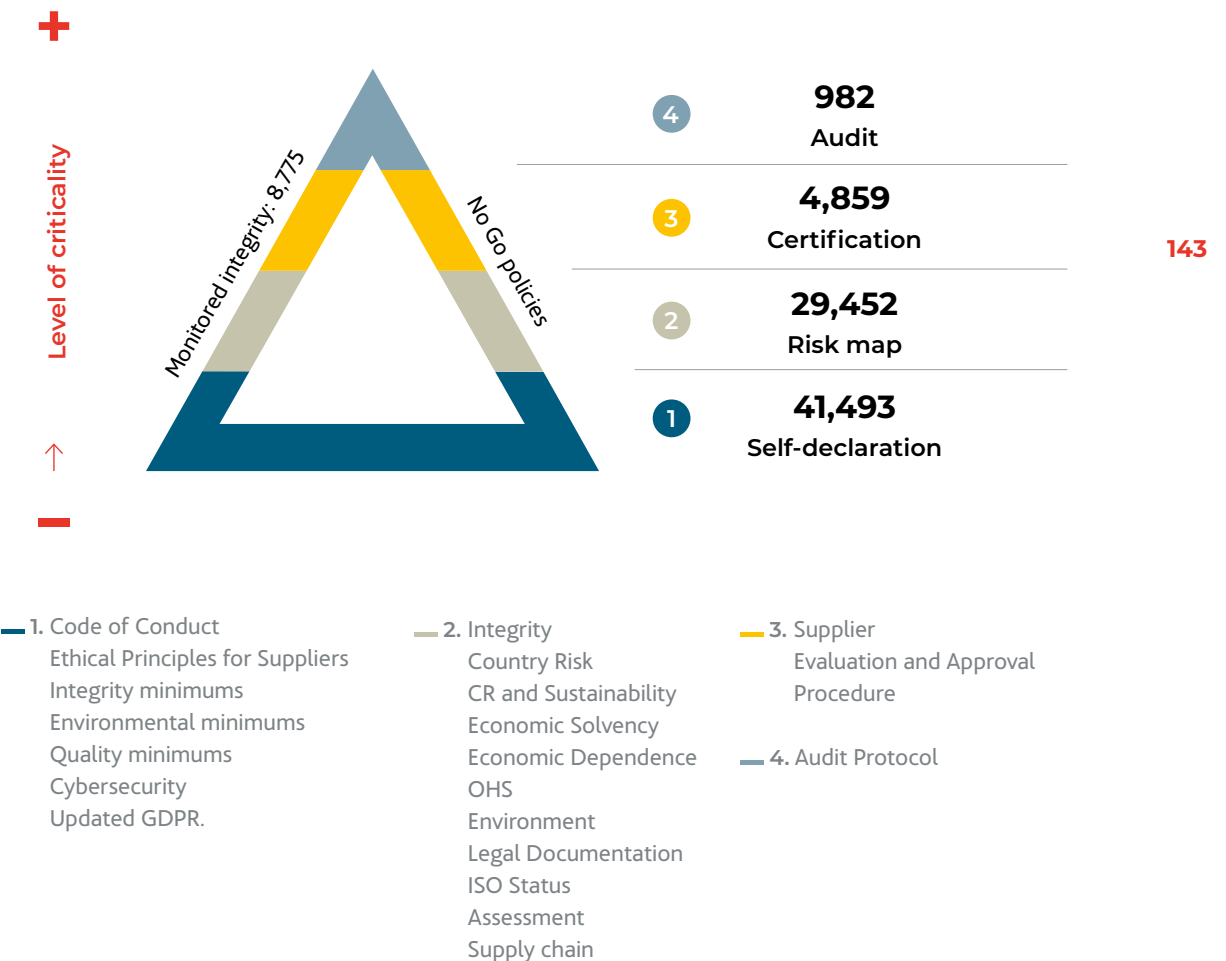


**Levels**

1. Suppliers must accept the group's Self-Declaration document which contains the Code of Conduct, the Ethical Principles and basic objectives in terms of integrity, environment and quality. This is an indispensable pre-requisite for accessing the Supplier Portal.
2. To be able to bid, suppliers must fill in the self-assessment questionnaire in PROCUR-e, so that the company's Risk Map can be calculated and monitored.
3. In order to be awarded contracts over €100,000 (critical suppliers), an additional control is required as reflected in the Supplier Certification and Evaluation Procedure (certification + evaluation).
4. Finally, the highest level is aimed at critical suppliers in risk countries with a "MACS", or with outstanding or recurrent contracts. For this group, social and regulatory compliance audits are carried out by an external organisation that performs an on-site evaluation with the group's Audit Protocol. Integrity analyses and monitoring of No Go Policies are common to all levels, regardless of their criticality.

**Supply chain controls**

Integrity analyses and monitoring of No Go policies are common at all levels regardless of their criticality



## Improvement plans in the approval process

Improvement plans are an opportunity to advance the supplier's business development as well as to reduce supply chain risk. ACCIONA implements these plans as a result of the supplier certification process, mainly in the areas of occupational risk prevention, financial solvency and environmental matters.

In 2019, 107 suppliers that required approval were analysed for having a high OHS risk. Following the analysis, a total of 28 suppliers signed onto an improvement plan, 7 took the online course for suppliers and 17 resolved the situation in other ways. Suppliers are not approved until they sign onto the improvement plan.

60 suppliers with economic risk were detected in the approval process. This situation was analysed with the businesses' finance and purchasing departments. For 46 of them, the appropriate action plan was established with measures to mitigate this risk and provide sufficient guarantees. However, the status of the other 14 remains the same and they are therefore not currently approved.

On the other hand, no environmental risk was detected in any of the suppliers that required approval. Therefore, no improvement plans were necessary other than the ones already mentioned.

## ENVIRONMENTAL, LABOUR AND SOCIAL EVALUATION OF SUPPLIERS AND AUDITS

Having a Risk Map means that suppliers are evaluated on ESG criteria as well: Environmental, Social, Human Rights, Ethics and Integrity and Governance. This evaluation is verified during the approval process and during audits.

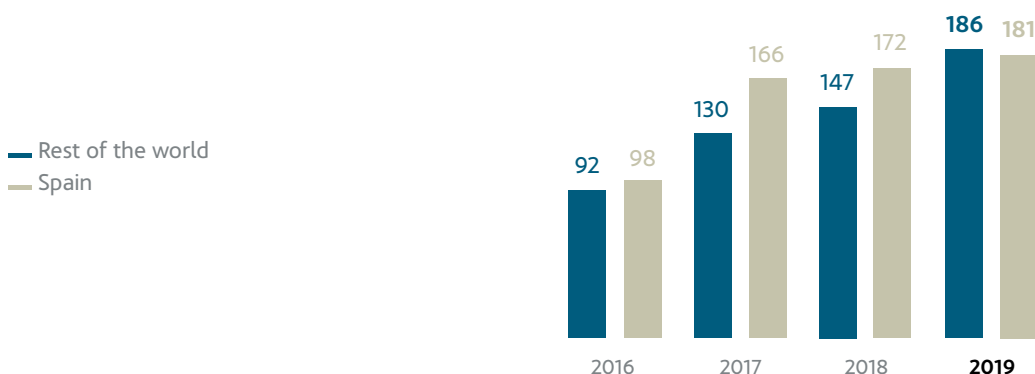
## Audit plan and verification of questionnaires

144

### Evolution of supplier audits

Since 2013, the group has been conducting annual ESG (environmental, social and good governance) audits of suppliers. During this time, 1,660 audits were concluded. They are carried out on behalf of ACCIONA by international audit companies, through local auditors with country knowledge, under a very robust protocol in which not only ESG aspects are verified, but also includes financial and quality aspects.

### Evolution of supplier audits



The company has made a remarkable effort to understand and improve its supply chain in recent years. At the end of 2019, there were 982 suppliers with a current audit, 22% more than the ones accumulated since 2016.

In 2019 alone, 367 supply chain audits were carried out, 50% of which involved suppliers outside of Spain. More than 89% examined the management of direct suppliers, and the remaining 12% examined the company's suppliers.

As stated in the supplier certification and evaluation procedure, there are two types of audits:

- › Approval audits for critical suppliers, which are mandatory for suppliers in at risk countries. This year, 73 audits of this kind were carried out in China, Saudi Arabia and the United Arab Emirates, 214% more than in 2018. ACCIONA is aware that its verification efforts must focus on countries where human rights risks are most likely to occur.

Moreover, one of the SMP targets states that "90% of critical suppliers from at risk countries (MACS) must be audited". This target was met again in 2019, as 92% of these suppliers have current audits and the same target remains in place for 2020. Last year was a challenge in this aspect because of the presence of projects in at risk countries.

- › Monitoring audits are carried out on suppliers of interest to the group, either because of their recurrence or criticality, or because of their specialisation. In 2019, there were 255 audits of this kind.

| In 2019, the number of audits carried out on suppliers in at risk countries was **214%** higher than in 2018

In addition, in 2019 the Energy business continued with the project it launched the previous year, "Tier 2 Audits". These audits seek to gain greater insight into suppliers that are below Tier 1. Last year, 39 Tier 2 companies were audited which, added to the 37 in 2018, brings the total to 76 Tier 2 suppliers audited.

### Internal audits

145

From an internal control perspective, ACCIONA visited 1,300 suppliers on site in 2019 (317% more than the previous year), mainly through employees assigned to the quality and purchasing areas. The aim of these visits is to ensure compliance with group standards, particularly in terms of product or service quality.

Throughout the year, 74 audits were carried out to check suppliers' compliance with minimum requirements in the areas of human rights, health and safety, quality and the environment, as reflected in the Guidelines for Minimum Sustainability Checks during Onsite Visits. Nine of these have taken place in at risk countries.

### Verification of questionnaire

The veracity of the information on suppliers registered with PROCUR-e is also checked with third-party document management tools, which validate and monitor the data. Of the 29,452 suppliers that have a risk map, the information for 6,121 of them was double-checked by Pro/Achilles and 4,502 by Obralia/Gestiona.

## Resolution of serious non-conformities

ACCIONA works together with its suppliers to resolve any Serious Non-Conformities (SNC) detected in the audits. They do so through action plans. If the deficiencies found cannot be resolved within a reasonable period of time, the company is considered a No Go. This helps to significantly minimise supply chain risks.

Focusing on the Non-Conformities of the 328 direct suppliers audited in 2019, it is worth highlighting:

- › 45% had 0 SNCs, 8 points below the previous year, mainly due to the increase in audits in at risk countries, where the average SNCs per audit increase.
- › The remaining 55% have taken advantage of the various action plans. Of this percentage, 18% have not fully resolved their SNCs and have moved to No Go status.

As for suppliers from at risk countries, of the 73 suppliers audited:

- › 29% had 0 SNCs.
- › The remaining 71% have implemented different action plans. 37% have resolved, 25% have been moved No Go and the rest are on schedule.

As in previous years, the area with the highest numbers of SNCs were Health and Safety, Quality and Environment. Therefore, it is in these areas, that the company makes the greatest effort in its improvement plans.

ACCIONA is aware that insisting on the resolution of Non-Conformities detected during the audit is the right way to help its suppliers improve as companies and to mitigate the risks associated with the supply chain. Working with suppliers that comply with standards enhances performance and generates shared value.

## Monitoring compliance with the Disability Law

PROCUR-e monitors compliance with the General Disability Law for Spanish suppliers. Of those with a risk map, 16,347 are Spanish and 97.3% state that they comply with the law or have a certificate of exemption.

## ETHICS FOR HIRING SUPPLIERS AND COLLABORATORS

ACCIONA sees the dissemination of the company's Ethical Principles to its supply chain as key to consolidating a network of suppliers, contractors and collaborators that is consistent with corporate values. The main tools for disseminating these principles are communication and transparency. Throughout 2019, there were more than 250,000 communications via the acceptance of the Self-Declaration of Responsibility for Suppliers (suppliers who do not accept this document are prohibited from working with the company), and also through orders, contracts and bidding terms, where mandatory clauses are incorporated. These were revised in 2019 to adapt to the new legal and minimum requirements of ACCIONA. They now include:

- › Ethical Principles for Suppliers, Contractors and Collaborators and Ethical Channel.
- › Sustainable Procurement.
- › Confidentiality.
- › Information Security.
- › Data Protection.

The new clauses were incorporated into more than 134,000 orders and contracts in 2019, 93% of the total. The 7% of projects that have not done so are mainly international joint ventures, where no suppliers were identified to have failed to comply with these ethical requirements.

Of the suppliers with a Risk Map, 51% declare that they have their own Code of Conduct. This figure is encouraging and, despite the growth in the number of suppliers registered with PROCUR-e, it is in line with the previous year.

## TRAINING AND COMMUNICATIONS WITH SUPPLIERS

The ACCIONA Corporate University Suppliers Campus is integrated in PROCUR-e and is available to 100% of the supply chain free of charge.

147

ACCIONA has a **free training campus for suppliers**

By the end of 2019, a total of 2,940 (cumulative total for the last three years) of the suppliers registered with PROCUR-e and 4,163 supplier employees had shown interest in these courses. Among them, *Sustainability applied to your company* stands out, where participation increased by 23% compared to 2018.

At the end of the year, ACCIONA launched two new training courses which will have greater visibility in 2020:

- › Climate Change, with the aim of providing its suppliers with knowledge about this phenomenon, its risks and consequences, its opportunities and challenges.
- › Human Rights, which aims to show the challenges faced by companies in respecting these rights and to provide the knowledge and tools needed to ensure compliance.

## Training of suppliers' employees

(cumulative volume)

	2016	2017	2018	2019
<b>Course offered</b>				
Code of Conduct	473	789	908	927
Sustainability applied to your company	0	16	165	219
CR and supply chain sustainability	498	683	790	805
OHS basic concepts, management y regulations	377	650	794	851
Equality and preventing discrimination	510	616	700	708
Raising awareness of disability	474	555	640	653
<b>TOTAL</b>	<b>2,332</b>	<b>3,309</b>	<b>3,997</b>	<b>4,163</b>

## Communications with suppliers

Suppliers have a wide range of two-way channels for raising questions about their business relationship with ACCIONA:

- › [compraresponsable@acciona.com](mailto:compraresponsable@acciona.com)
- › [boletinproveedores@acciona.com](mailto:boletinproveedores@acciona.com)
- › [proveedores@acciona.es](mailto:proveedores@acciona.es)
- › [procure.helpdesk@acciona.com](mailto:procure.helpdesk@acciona.com).

Similarly, suppliers can use the Ethical Channel to report any irregular practices detected, which will be duly analysed by the company.

148

## Supplier satisfaction survey

For the third consecutive year, the "Supplier Satisfaction Survey" was sent to 20,998 domestic and international companies, with 2,654 or approximately 12.6% responding. The main objective is to find out about ACCIONA's relationship with its supply chain through their opinions, assessments and experiences.

These are some of the findings of the survey:

- › 97% of suppliers consider ACCIONA's commitment to sustainability to be good or very good, and 94% say that the company inspires confidence and would recommend it to other companies. These figures hold true year after year.
- › Integrity, transparency and business ethics are the most highly rated questions in the sustainability section.
- › 73% of supplier companies stated that they apply one of the following measures to mitigate the greenhouse gas emissions they produce: calculate, reduce and/or offset.

- › 89.8% consider the group’s impact on the local communities where it operates to be good or very good.
- › 15.8% stated that they were aware of punch-out technology.





The company also uses the survey as a solidarity instrument. For each survey answered this year, ACCIONA made a donation to a project aimed at training young people and other vulnerable groups in the Philippines for access to decent employment.

At the end of 2019 and as a result of the survey, five of the group’s main suppliers were awarded a CR and Innovation Consultancy. The aim of these consultancy services is to help this group bring to light the ESG and innovation initiatives they are implementing, to detect their contribution to the Sustainable Development Goals (SDGs) and to develop a tailor-made sustainability action plan. Work on the project began at the end of 2019 and it is expected that the project will be completed by April 2020.

## INTEGRATION OF ESG PRINCIPLES INTO THE PROCUREMENT PROCESS

ACCIONA has incorporated sustainability criteria into its procurement management process with the Sustainable Procurement Guide. Although there is still much to be done, at ACCIONA more and more orders are being identified with this brand every year. 2,723 orders were marked as sustainable in 2019, of which 527 were placed with socially responsible companies.

### Sustainability criteria in procurement and contracting management

 <p><b>Renewable energy</b></p>	<p>369.87 GWh of renewable energy were consumed in Spain in 2019. 1,184 installations consumed 100% renewable energy and 105 plants added to the use of 100% green energy.</p>	<p>149</p>
 <p><b>Eco-efficient vehicle fleet</b></p>	<p>The fleet of vehicles for executives included 419 vehicles in 2019, of which 148 are low-emission, i.e. less than 120 gCO<sub>2</sub>/km, which also means lower fuel consumption. 89% of the vehicles in the executive fleet have EURO5 and EURO6 engines, 11.9% are hybrid vehicles with EURO6 engines (total 50 vehicles) and 0.7% are electric vehicles (total 3 vehicles), which means lower emissions of CO<sub>2</sub> and reduced emissions of NOx and particles.</p> <p>As for the service fleet, ECO or zero emission vehicles increased in 2019 by 104%, with electric, hybrid and LPG/CNG vehicles available.</p>	
 <p><b>Sustainable wood</b></p>	<p>1,714 tons of wood with chain of custody certificates (FSC, PEFC, or similar) were purchased for Construction.</p>	
 <p><b>Working with Special Employment Centres</b></p>	<p>Contracts were signed with 14 Special Employment Centres that promote the incorporation of people with disabilities into the labour market. These contracts totalled €1,559,449 for 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.</p>	

## Tax information

People 38  
Risks and opportunities  
of the climate  
emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for  
Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

### Responsability, soundness and honesty

ACCIONA is accountable to society in all the countries and businesses in which it operates, and acts transparently and responsibly in this regard.

150



#### KEY MILESTONES 2019

› **Incorporation of tax risks into the Risk Map**, meeting all the objectives set for the countries implemented in the first phase: Spain, Mexico, Brazil, Poland, Canada, Australia and Norway.



#### MAIN CHALLENGES 2020

› **Analysis of the value chain for the implementation of new transfer pricing policies**: finish the pilot project in Water and start implementing in the rest of the divisions.

Fiscal transparency and responsibility are relevant issues for ACCIONA in relation to economic performance.

The company's fiscal strategy, approved in 2015 by the Board of Directors, defines ACCIONA's approach to fiscal matters, as well as its consistency with the overall business strategy. Applicable to all group companies, the fiscal policy is based on three core values: social responsibility; financial strength, returns and results; and honesty in compliance with regulations in all jurisdictions where it operates.

The adaptation of more transparent fiscal policies is one of the objectives within the Sustainability Master Plan.



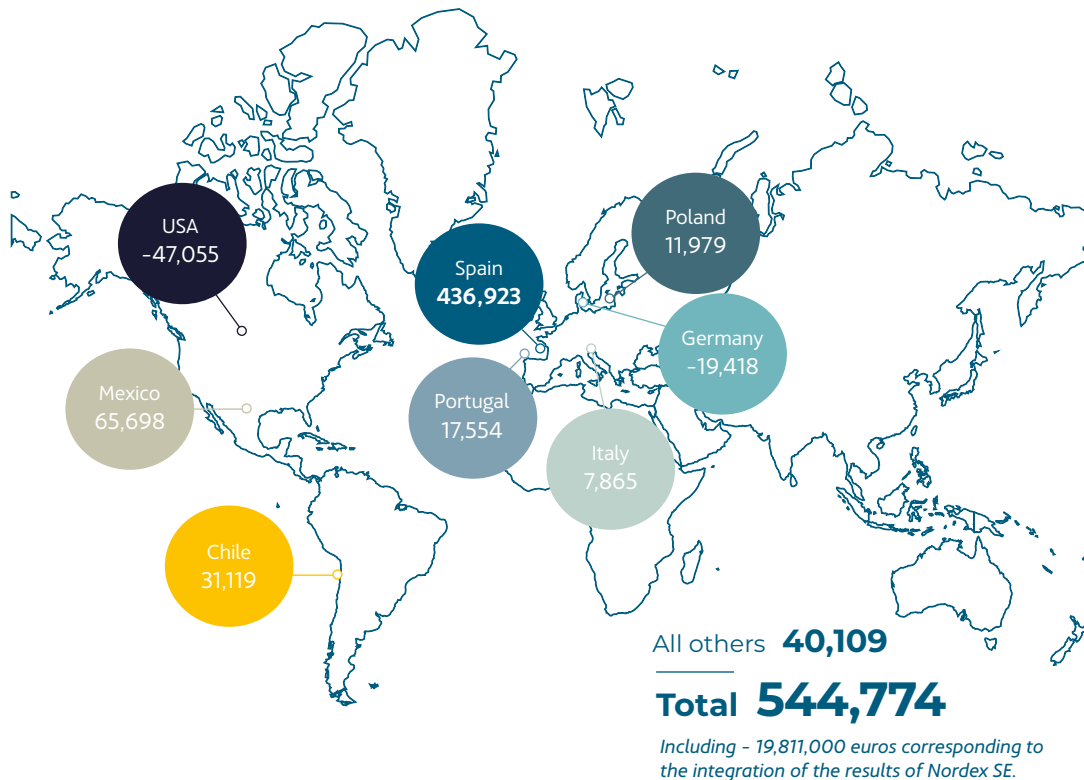
In line with these commitments, ACCIONA presents submits an *Annual Fiscal Transparency Report* to the Spanish Tax Agency (AEAT) as a result of signing onto the AEAT Code of Good Tax Practices (CBPT) in 2011. Since fiscal year 2018, it also delivers a Tax Transparency Report to Australian authorities (Australian Taxation Office - ATO). Likewise, in strict compliance with its tax and fiscal transparency obligations, the company submits a Country-by-Country Report to the tax authorities each year.

The group's annual Integrated Report includes details of the social cash flows for the year, explaining ACCIONA's impact and the contributions it makes to real value through the cash flows generated by its activity. It also specifies the total tax contribution, broken down by country.

Finally, tax risks were added to ACCIONA's Risk Map in 2019, using the same methodology and mitigation plans applied to the rest of the group's risks.

**Profits earned country-by-country**

At 31 December 2019, the pre-tax profit of the main countries where the group operates was as follows (in thousands of euros).



**Income taxes paid**

At 31 December 2019, the income tax paid by ACCIONA totalled €43,990,000.

**Government subsidies received**

At 31 December 2019, the amount of capital grants and operating subsidies received by the company totalled €643,000 and €6,023,000.

## Corporate Governance

People 38	Social impact 112
Risks and opportunities of the climate emergency 64	Respect for Human Rights 130
Environmental impact 80	Supply chain 134
Innovation 96	Tax information 150
Customers 104	Corporate Governance 152
	Ethics and anti-corruption 158

### Governance and representative bodies

ACCIONA guarantees the transparent management of all its business and operations. The Corporate Governance Policy complies with the CNMV's Good Governance Code, and its implementation is the result of the meticulous and rigorous work of the Board of Directors. Its members aim to contribute real value to the company and stay in constant contact with investors and shareholders.

152



#### KEY MILESTONES 2019

› **Formulation of a specific sustainability training programme** for board members.



#### MAIN CHALLENGES 2020

› **Analysis and study of the modifications to the Good Governance Code**, and adaptation of measures, if necessary.

### CORPORATE GOVERNANCE

One of ACCIONA's commitments in the area of corporate governance is to strive for continuous improvement and greater transparency, efficiency and rigour in the operation of its governing bodies. This factor is decisive for the generation of trust and long-term commitment between ACCIONA and its stakeholders.

The organization is governed by the recommendations set out in the Code of Good Governance for Listed Companies of the Spanish National Securities Market Commission (CNMV), as well as domestic and international best practices in this area.

**Governance structure**  
at ACCIONA

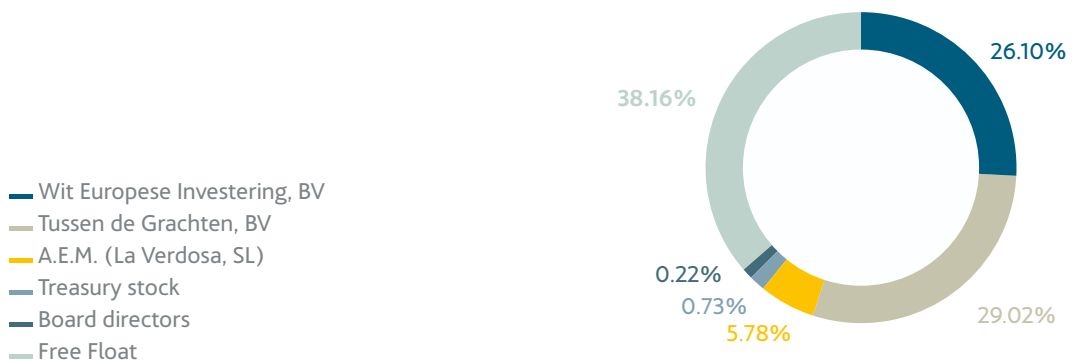


+ More information details on the governing bodies:  
<https://www.acciona.com/shareholders-investors/corporate-governance/governance-and-executive-boards/>

**Shareholders and the General Shareholders' Meeting**

As of the date of this Report, the parent company's share capital was made up of 54,856,653 fully subscribed and paid-up in ordinary shares with a par value of €1 each.

**Shareholding as of the date of preparation of this report**



The change in the shareholding structure with respect to last year is due to the reduction in share capital through the redemption of treasury stock carried out by the Board of Directors on 28 March 2019, by delegation of the General Shareholders' Meeting (GSM) in 2018.

The company's bylaws contain no restrictions or maximum limits on the exercise of voting rights by shareholders. Nor are there any legal or statutory limitations on the acquisition or transfer of shares, without prejudice to the pre-emptive acquisition rights, which are reciprocally granted to significant shareholders declared to the company.

Ever since 2011, ACCIONA has had an Electronic Shareholders' Forum prior to the Shareholders' Meeting in order to guarantee and facilitate communications with all shareholders, including minority shareholders, pursuant to the terms of the Spanish Corporations Law. Proposals for adding to the agenda announced in the notice of the General Shareholders' Meeting applications to join such proposals, initiatives aimed at achieving a sufficient percentage to exercise a minority right provided for by law, and offers and requests for voluntary representation are published there. ACCIONA also establishes permanent channels of communication with its shareholders and investors through its Investor Relations department.

In addition, ACCIONA makes available to shareholders, on the occasion of the call to the Shareholders' Meeting, and through its web site, a system for remote electronic or mail-in voting in order to facilitate the exercise of voting rights.

At the General Shareholders' Meeting held on 30 May 2019, various issues were discussed which included the following (i) the approval of a gross dividend of €3.5 euros per share, paid on 1 July 2019; (ii) the appointment of a new Independent Director; and (iii) the approval of the Non-Financial Information Statement and the Sustainability Report for the 2018 financial year. All resolutions were approved with favourable vote of at least 88.52% of the voting capital in attendance at the Meeting.

## Board of Directors

154

The Board of Directors is the highest management and representative body, with the exception of certain matters which are reserved for the General Shareholders' Meeting. Composed of a group of professionals with diversity of knowledge, origins, experiences, nationalities and gender, whose aim is to provide real value to the company, working every day from a position of integrity and transparency in the most efficient and effective way.

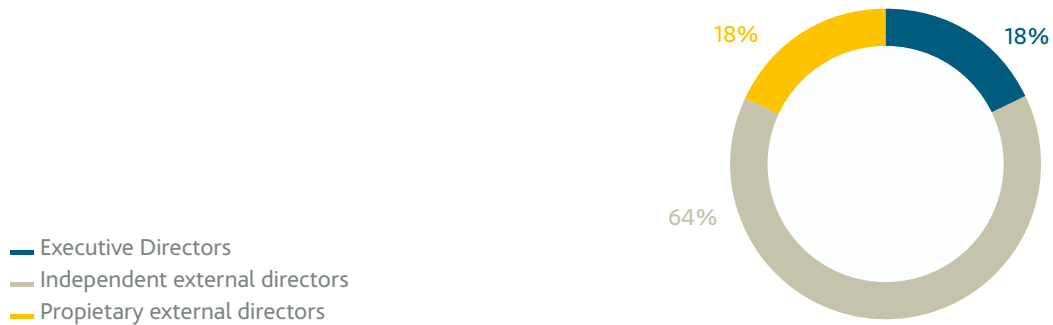
The mission of ACCIONA's Board of Directors is to promote the corporate interest by representing the company and its shareholders by administering its assets, managing its business and overseeing its operations.

In 2018, ACCIONA approved a Director Selection Policy that ensures that proposals for the appointment or re-election of directors are based on a prior analysis of the needs of the Board of Directors, taking into account their diversity in terms of composition, origins, nationalities and gender.

Board members serve for a three-year terms and may be re-elected one or more times. The Board of Directors of ACCIONA comprises eleven members:

- › Nine are external. Of these, seven are independent directors and two are proprietary directors.
- › Two of the eleven members are executive directors.

Composition of the Board according to the nature of the position



Three women sit on the Board, representing 27.27% of the total number of members, the same percentage as the year before.

The Appointments and Remuneration Committee has been promoting the incorporation of female directors for some time now. At present, the percentage of women on ACCIONA's Board of Directors is close to 30%.

Board of Directors in 2019

Member	Profile	First appointment (year)	Committees of the Board of Directors to which he/she belongs
José Manuel Entrecanales Domecq	CEO	1997	
Juan Ignacio Entrecanales Franco	Executive Vice-Chairman	1997	
Juan Carlos Garay Ibargaray	Lead Independent Director	2013	Audit Committee (Member) Appointments and Remuneration Committee (Chairman)
Javier Entrecanales Franco	Proprietary Director	2011	Sustainability Committee (Member)
Daniel Entrecanales Domecq	Proprietary Director	2009	Sustainability Committee (Chairman)
Javier Sendagorta Gómez del Campillo	Independent Director	2018	Appointments and Remuneration Committee (Member)
Ana Sainz de Vicuña Bemberg	Independent Director	2015	Audit Committee (Chairwoman)
Jerónimo Marcos Gerard Rivero	Independent Director	2014	Appointments and Remuneration Committee (Member)
José María Pacheco Guardiola	Independent Director	2018	Sustainability Committee (Member)
Karen Christiana Figueres Olsen	Independent Director	2017	Audit Committee (Member)
Sonia Dulá	Independent Director	2019	
Jorge Vega-Penichet López	Secretary Non-Director	2006	

### Attendance and meetings of the Board of Directors and Committees in 2019

	Board of Directors	Audit Committee	Appointments and Remunerations Committee	Sustainability Committee
Quorum	93.63%	83.33%	100%	100%
No. of meetings	10	8	4	4

To guarantee the quality and efficiency of its management, every year the Board of Directors evaluates its operation, including the performance and contribution of each director and the diversity in composition and expertise. The Chairman, Vice-Chairman and Lead Independent Director evaluate the performance of the functions and positions of each director, based on the report submitted to them by the Appointments and Remuneration Committee. The evaluation of the Committee's functions and the members' position is also based on the reports of each individual Committee.

The evaluation is carried out by means of individual forms that are completed anonymously by each director. Once completed, the Audit Committee and the Appointments and Remuneration Committee analyse the results and issue the corresponding reports to the Board of Directors.

In compliance with the recommendation 36 of the Good Governance Code of Listed Companies, ACCIONA conducts evaluations with the support of external consultants every three years, the last one having been done in 2017 and the next one planned for 2020.

The Board of Directors of ACCIONA, at the proposal of the Nomination and Remuneration Committee, has a Lead Independent Director. The Regulations of the Board of Directors, in compliance with Best Corporate Governance Practices established in the Good Governance Code of Listed Companies and the Spanish Corporations Law, assigns the following functions to the Lead Independent Director:

156

- › Chair the Board of Directors in the absence of the Chairman and the Vice-Chairmen, if there is one.
- › Coordinate and meet with non-executive directors. Voice their concerns.
- › Maintain contacts with investors and shareholders to ascertain their views and concerns, particularly in relation to the corporate governance of the company.
- › Direct the Board of Directors' assessment of the Chairman.
- › Coordinate the Chairman's succession plan.
- › Request the scheduling of the Board of Directors meeting or the inclusion of new items on the agenda of a meeting already convened.

As a result of the greater interaction between the Supervisory Committees, at least two joint meetings of the Audit and Sustainability Committees have been instituted to deal with matters related to non-financial information. In 2019, these joint meetings were held in February and July.

## Management Committee

The Management Committee is made up of a multidisciplinary group of eleven professionals with extensive international expertise. This Committee is the link between the Board of Directors and the rest of the company.

## REMUNERATION POLICY

A new Directors' Remuneration Policy for 2018, 2019 and 2020 was approved as a separate item on the agenda at the General Shareholders' Meeting on 18 May 2017, in accordance with Article 529 *novodicies* of the Spanish Corporations Law and Article 31.5 of ACCIONA' Articles of Association. Both establish the obligation to approve the Director Remuneration Policy at least every three years as a separate agenda item. The new guidelines are published on ACCIONA's website <sup>19</sup>.

The company's remuneration policy, including that of members of the Board of Directors who perform executive functions, is governed by the following principles:

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

The Annual Report on Directors' Remuneration for 2019, approved by the Board of Directors, which includes the remuneration policy for its members, details the compensation received by each individual director (see Annual Report on Directors' Remuneration 2019 <sup>20</sup>. Section C.1).

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<sup>19</sup> Director's Remuneration Policy available at:  
[https://mediacd.accion.com/media/3127729/directorremuneration\\_policy.pdf](https://mediacd.accion.com/media/3127729/directorremuneration_policy.pdf)

<sup>20</sup> More information at:  
<https://mediacd.accion.com/media/3544931/accion-irc-2019.pdf>

## Ethics and anti-corruption

People 38  
Risks and opportunities  
of the climate  
emergency 64  
Environmental impact 80  
Innovation 96  
Customers 104

Social impact 112  
Respect for  
Human Rights 130  
Supply chain 134  
Tax information 150  
Corporate Governance 152  
Ethics and anti-corruption 158

## Compliance and integrity

ACCIONA's ethical principles are enshrined in a Code of Conduct that unequivocally rejects illicit business practices of any kind or inappropriate behaviour in the workplace. The company has specific training focused on the Code of Conduct for all employees, accessible in seven languages.

158



### KEY MILESTONES 2019

- › **Updating the risk and control matrices** of the Corporation, Infrastructure and Energy.
- › **Implementation of a Compliance Department** for Infrastructure.



### MAIN CHALLENGES 2020

- › **Updating the risk and control matrices** of the Other Businesses.
- › **Obtain dual UNE 19601 and ISO 37001 certification** for Infrastructure and Construction in Spain.

## FIGHT AGAINST CORRUPTION, BRIBERY AND MONEY LAUNDERING

The specific policies established by ACCIONA to fight corruption and bribery, as well as money laundering, are as follows:

- › **Anti-Corruption Policy:** approved in 2013, this policy establishes the group's clear and explicit position against any corrupt or criminal act, which extends to all persons who are part of the company in their professional performance.



- › **Crime Prevention and Anti-Bribery Policy:** approved by the Board of Directors in April 2018, it reinforces the group's commitment to zero tolerance of illegal activities, through permanent monitoring measures for prevention and detection, effective communication and awareness mechanisms for all employees and a business culture based on ethics and compliance.

The above policies are based on international standards and were implemented by the company through corporate provisions and instructions regulating aspects such as: donations and sponsorships, hiring of business consultants, interaction with public officials, international trade sanctions, rules on gifts and hospitality or personnel selection and the ACCIONA Bonus.

The rules deriving from these policies apply to all companies that are part of ACCIONA, to all its employees and to third parties that are related to the group.

The Anti-Corruption Guidelines were approved by the Board of Directors in 2016. They provide specific guidelines to avoid improper conduct, and are applicable and mandatory for each and every employee and all groups associated with ACCIONA (including agents, intermediaries, advisors, consultants and suppliers). The Anti-Corruption Guidelines have been accepted by 17,150 employees.

## Organization and management model

The company, in the process of running its business, maintains relations with public administrations and participates in infrastructure bidding processes in various countries. It is therefore necessary to analyse the public corruption risks for each project, based on the country involved and the importance of the operation in question. These notwithstanding, control policies and measures have been implemented to avoid or identify possible cases of corruption.

The General Compliance Management supervises the operation and effectiveness of the procedures, controls and internal commitments established to ensure that obligations, whether legal or voluntary, of an ethical, organisational, environmental or social nature are complied with, and that the related risks are identified, prevented and mitigated. In 2019, the Compliance Department reported to the Audit Committee of the Board of Directors on four occasions.

ACCIONA has adopted and implemented an Organization and Management Model for Crime Prevention and Anti-Corruption (MPDA), the characteristics of which are as follows:

- › It is designed in accordance with the group's organizational structure, assigning specific criminal compliance risks and their corresponding controls to each department.
- › Internal controls have been associated with each risk to mitigate, to some extent, the probability of involving a criminal risk.
- › These internal controls have a series of characteristic attributes, among others, the corporate area or department responsible for them and the description of the specific control activity.
- › The MPDA includes supervisory measures pertaining to the group's Internal Financial Reporting Control System (SCIIF) appropriate for preventing the commission of certain crimes.

The main activities carried out in 2019 to improve the Model include:

- › **Updating of the control matrices** for the Corporation, Infrastructure and Energy areas following the risk review in 2018.
- › **Creation of a Compliance Department** for the Infrastructure Division.
- › **Organization of biannual Infrastructure Compliance Committees.**
- › **Start of work to obtain dual ISO 37001 and UNE 19601 certification** for the Infrastructure and Construction businesses.
  - Expansion of the compliance model for the Innovation Project Development corporate standard.
  - Revision of the Donation and Sponsorship Regulations.
  - Development of the International Trade Sanctions Standard.

## Anti-corruption guidelines

The company strictly forbids:

1. Offering or accepting bribes to or from civil servants or private individuals.
2. Offering or accepting facilitation payments to initiate or expedite administrative proceedings.
3. Offering or accepting gifts and hospitality to or civil servants or any other third party in violation of these Guidelines.
4. Making contributions on behalf of the group with political aims.
5. Obtaining preferential treatment by using sponsorship or donations as a means of obtaining it.
6. Using the company's business relationships and contacts for one's own benefit or that of a third party.
7. Establishing business relationships with third parties without performing complying with minimal due diligence duties as regards third-party knowledge.

## Anti-money laundering

In terms of money-laundering, within the group, Real Estate and Bestinver are bound by the terms of Article 2 of Law 10/2018 and have the internal control bodies and procedures required by current regulations. In addition, ACCIONA has imposed a company-wide obligation on all employees to pay special attention to cases where there are indications of a lack of integrity on the part of the persons or entities with which they have business relations. Except in rare cases, cash payments are not permitted and require explicit authorization with traceable supporting documentation. Furthermore, the group has established controls in matters of payments and due diligence procedures, suppliers and business partners.

In 2019, in addition to the mandatory training courses for the staff of the regulated entities, a classroom course on the Prevention of Money Laundering Risk was launched and attended by a total of 50 employees. This course is available in an online version, which has been used by 172 employees.

## CODE OF CONDUCT

The Code of Conduct sets out the values that should guide the behaviour of all ACCIONA companies. Its aim is to reinforce the type of business conduct that is accepted and respected by all employees and managers.

By complying with it, the company undertakes to carry out its activities in accordance with the laws in force in each of the places where it does business, always based on the highest international standards. Among others: the United Nations Universal Declaration of Human Rights, the Conventions of the International Labour Organization (ILO), the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.

The company documents the acceptance of the Code, which has already been accepted by 20,853 employees.

The Code of Conduct addresses a variety of issues, from the ethics and compliance model to the basic principles of action or guidelines for behaviour relating to respect for human rights, to the prevention of money laundering.

Compliance with and control of this corporate standard is carried out through:

- › **The Code of Conduct Committee:** a body that analyses reports of non-compliance.
- › **Ethical Channel:** allows for confidential reporting of irregular conduct related to any alleged breach of the Code of Conduct. The mailbox is available to the company's employees, suppliers and contractors.
- › **Protocol for action in situations of harassment:** through the Ethical Channel, the Commission assesses the case and establishes the necessary actions. With this protocol, ACCIONA makes clear its intention to adopt whatever measures are necessary to prevent harassment at work.

The messages received through the Ethical Channel have increased thanks to more intense communication with employees and greater awareness. In 2019, 100 reports were received through this channel (20% more than in 2018). Of those, 71 cases were investigated, 24 by an external examiner and 47 by an internal examiner. The remaining reports were dismissed, either ex officio because they do not fall within the competence of the Code of Conduct Committee, or after having received additional information from the corresponding department.

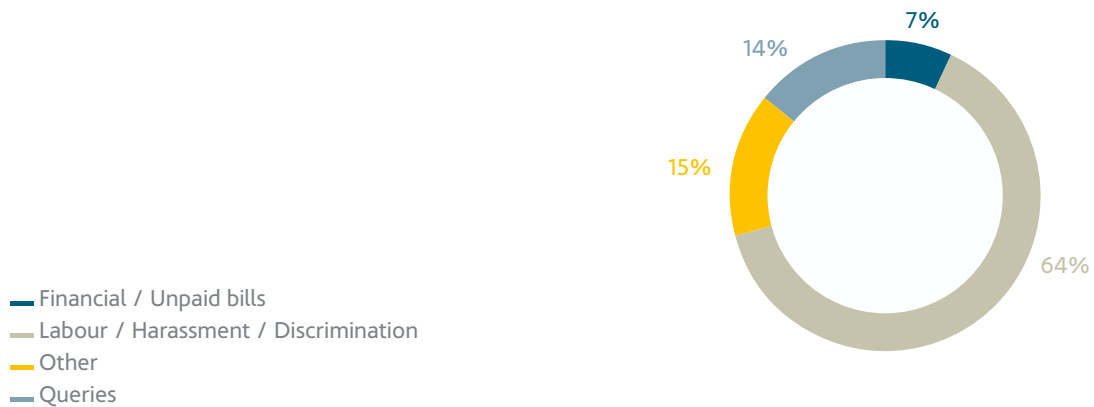
161

**The Code of Conduct sets out the values that should guide the behaviour of all ACCIONA companies**

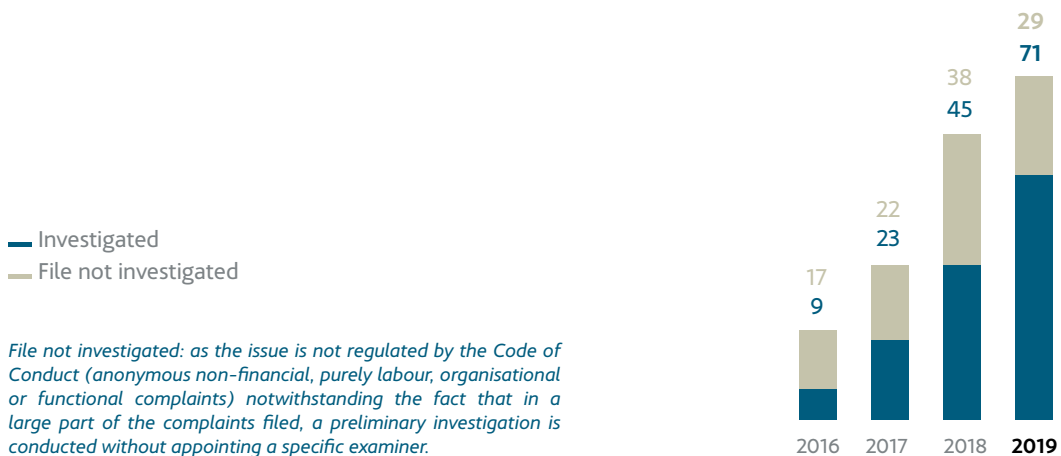
The acceptance of the Code which has already been accepted by

**20,853**  
employees

### Types of reports



### Processing of reports



162

*File not investigated: as the issue is not regulated by the Code of Conduct (anonymous non-financial, purely labour, organisational or functional complaints) notwithstanding the fact that in a large part of the complaints filed, a preliminary investigation is conducted without appointing a specific examiner.*

None of the reports received refers to the giving or offering of bribes or any other type of remuneration or similar consideration, to any public or private person or entity in order to illegally obtain or retain a contract or business advantage for the group.

Two ongoing training activities continued in 2019. On the one hand, 170 directors and manager completed the Anti-Corruption Course which has been attended by a total of 1,962 directors and managers since 2016. On the other hand, 1,505 employees completed the Code of Conduct course which is available in 7 languages. Since 2017, 10,500 ACCIONA employees have taken the latter course. In June, a seminar was offered on "International Business Development and Corruption" with the help of a prestigious law firm. Six sessions were also held on the criminal liability of directors, executives and legal entities, attended by a total of 300 employees.

**170 directors and managers** completed the Anti-corruption course and **1,505 employees** completed the Code of Conduct course

## Training per country in the Code of Conduct and Anti-Corruption Courses

(no. of employees)

Country	Code of Conduct	Anti-Corruption
Spain	814	97
Australia	266	39
Mexico	90	7
Chile	81	3
Peru	48	2
USA	43	0
Other	163	22
<b>TOTAL</b>	<b>1,505</b>	<b>170</b>

### Examples of communications with employees on compliance issues

Both the Code of Conduct and the Corporate Policies and Standards of Conduct on Anti-Corruption have been communicated to employees and published on the company's intranet and website. In addition, both standards require mandatory reading and acceptance by employees. The corporate principles for the development of the policies and, in particular, those referring to the prevention of corruption and bribery are accessible in both Spanish and English on the intranet.

The communication work on both the Code of Conduct and on issues related to its compliance has involved the publication of 30 internal memoranda with relevant anti-corruption information, specifically on issues such as gifts, bribes, intermediaries and agents, interaction with civil servants and the importance of the Ethical Channel for reporting irregularities. An internal communication campaign was also carried out at a global level on the Anti-Corruption Performance Standards.

163

## CONTRIBUTIONS TO FOUNDATIONS AND NON-PROFIT ORGANISATIONS

As part of the UNE 19601 and ISO 37001 certification process, the Corporate Standard for Donations and Non-Commercial Sponsorships was developed and approved. The purpose of this corporate standard is to establish a framework for action that enables the group to ensure that non-commercial donations and sponsorships to charitable or non-profit organisations are not used to disguise illegal payments to civil servants or other persons in violation of the company's Anti-Corruption Performance Standards. Donation and sponsorships by ACCIONA must not give rise to the slightest doubt as to their suitability or appropriateness and must certainly not involve a breach of any applicable law or regulation. These rules are

binding on all group companies and employees, as well as on third parties acting on their behalf. Similarly, ACCIONA follows a policy of strict neutrality and does not make donations to any political party, candidate or foundation that could be construed as a political contribution under the terms of the Code of Conduct.

Contributions to foundations and non-profit organizations are made by properly analysing the entity receiving the donation or sponsorship, as well as its reputation and financial transparency.

Finally, all contributions are made as part of ACCIONA's Social Action Plan, which aims to align 100% of social aid with the company's objectives through medium to long-term sustainable projects in all the locations where it operates.

In 2019, ACCIONA contributed €2,119,835 to associations or organizations for the promotion of sustainability and trade associations.

### Contributions to associations for the promotion of sustainability and trade associations

Organizations	Contribution	Featured entities
Entities promoting sustainability and global dialogue	822,913 €	World Economic Forum and UN Global Compact
Entities for the technical development of ACCIONA's business	385,513 €	CEOE and Círculo de Empresarios
Industry associations	911,409 €	SEOPAN and Wind Europe
<b>TOTAL</b>	<b>2,119,835 €</b>	

 More information in the “Social Action Plan” section under “Social Impact”.

## THIRD-PARTY DUE DILIGENCE

The group has implemented a tool, PROCUR-e 3P, to facilitate the process of identifying and learning about the third parties with which it interacts (partners, consultants and agents). The main advantages of this process are:

- › It allows the company to do an initial analysis of the third party with whom ACCIONA has or intends to have a commercial or corporate relationship.
- › It improves the risk management of projects thanks to more in-depth knowledge of the third parties with whom ACCIONA interacts.
- › Complies with the requirements of due diligence on third parties.

Using blockchain, ACCIONA is able to certify that the mandatory procedures for **hiring commercial consultants** are carried out

126 third parties registered with the programme in 2019. A total of 454 partners, consultants and agents have already been assessed by PROCUR-e 3P. This has allowed for adequate knowledge of who the third party is, who runs the company, the possible relations of these persons with public officials, possible litigation involving corruption, money laundering, fraud or use of tax havens, among other issues.

In addition, ACCIONA has developed a platform that acts as a digital notary, ensuring that all departments involved in the hiring of commercial consultants carry out the mandatory procedures established in the internal regulations. Blockchain technology has been used for this purpose. With this technology, ACCIONA applies protocols and control mechanisms that minimize the risk of employees and collaborators engaging in illegal or unethical behaviour. 29 third parties were registered in blockchain in 2019.

Finally, there were 83 reports on third parties. In some cases, it was recommended not to have relations with the company in question or with its shareholders, while for others, additional information was requested.

# The Energy Business

The following matrix shows the results of the materiality analysis, from which the table of contents of the chapter is generated.

⊕ More information on how this matrix is obtained can be found in section titled "Materiality analysis".

## Materiality analysis for Energy

166



\* Performance on Ethics and Anti-Corruption, Human Capital and Human Rights are described in the previous chapters at a consolidated level.



Energy is the world's largest operator dedicated to producing electricity exclusively from renewable sources

 **ENERGY**  
BUSINESS 2019

<b>1,629</b> Employees	<b>10,117 MW</b> Renewable installed capacity	<b>22,994 GWh</b> Produced
With assets in <b>16</b> countries on five continents	<b>1,976 M€</b> Sales	<b>845 M€</b> EBITDA

 **2019**  
KEY MILESTONES

**Economic**

- › The rate of **satisfied customers** is 98%.
- › **55% of the suppliers** are local.
- › A total of **€75.5 million** in innovation.

**Social**

- › Implementation of **Social Impact Management** in **22 projects** in 10 countries.
- › The accident **frequency rate** for employees and contractors has been **reduced by 3%**.
- › **More than 213,700 beneficiaries** of social initiatives.

**Environmental**

- › Production of **100% renewable energy** through 5 renewable technologies.
- › **More than 13 million tonnes of CO<sub>2</sub>** avoided.
- › **7 new LCAs** developed for renewable production plants.

## Presence of the energy business in 2019



Wind



Photovoltaic



Hydroelectric



Solar Thermal



Biomass

### America



### Asia and Oceania



## INVESTING EXCLUSIVELY IN RENEWABLE ENERGY

The most remarkable characteristic of Energy is its firm commitment to the production of energy exclusively from renewable sources. This is the basis of the business model, which promotes a positive impact and brings intrinsic value to the fight against climate change.

Investment in renewable energies, thanks to its technical and economic competitiveness, contributes to reducing the CO<sub>2</sub> emissions that cause climate change, and is the best sustainable energy solution in the long term.

Due to the nature of its activity, Energy is not a relevant emitter. However, it participates in the achievement of the group's carbon-neutrality objective by offsetting 100% of its generated emissions (30,477 tCO<sub>2</sub>e in 2019).

### Greenest electricity company in the world for the fifth consecutive year

ACCIONA has once again confirmed its position as the world's "greenest" electricity generation company, occupying the New Energy Top 100 Green Utilities ranking since 2015. This ranking is drawn up annually by Energy Intelligence, an independent consultancy firm specialized in energy markets.

The ranking selects one hundred of the largest electricity companies in the world and classifies them according to their CO<sub>2</sub> emissions and their installed capacity in renewable technologies (excluding hydroelectric), to determine their degree of involvement in the transition to a low-carbon electricity system.

The consultancy firm highlights the prominence of the European market in the ranking (with 6 companies from the continent in the top 10), the ratio of GHG emissions below 440 kgCO<sub>2</sub>/MWh for all the companies evaluated and the growing evolution of installed renewable power which has tripled in the last eight years.

169

Countries	Installed power (MW)	Production (GWh)	Avoided emissions (tCO <sub>2</sub> e)
Australia	435	1,234	1,081,251
Canada	181	479	345,470
Chile	542	735	574,851
Costa Rica	50	267	195,864
Croatia	30	82	43,338
USA	930	2,284	1,463,226
Egypt	186	329	159,085
Spain	5,678	12,791	6,043,527

Continues &gt;

Countries	Installed power (MW)	Production (GWh)	Avoided emissions (tCO <sub>2</sub> e)
Hungary	24	51	33,430
India	164	396	355,922
Italy	156	257	126,668
Mexico	1,144	2,864	1,663,956
Poland	101	244	200,238
Portugal	165	405	236,827
South Africa	232	538	537,119
Ukraine	100	40	39,172
<b>TOTAL</b>	<b>10,117</b>	<b>22,994</b>	<b>13,099,944</b>

Energy produces and sells exclusively renewable energy, helping to displace fossil fuels in the national electricity mixes. As part of the 2020 Sustainability Master Plan, this division has committed to investing \$2.5 billion over the period 2016-2020 in renewable generation to reach a total capacity of 10,500 MW. In 2019, ACCIONA reached 10,117 MW of installed capacity and avoided the emission into the atmosphere of a total of 13.1 million tonnes of CO<sub>2</sub>.

With over 20 years' experience in the sector, it is present in the main renewable technologies, covering activities that encompass the entire value chain: development, engineering and construction; operation and maintenance; and energy marketing.

## Reducing carbon footprint and environmental impacts through processes based on Life Cycle Analysis (LCA)

ACCIONA believes it is important to have indicators that reflect the performance of its facilities throughout their life cycle in an objective, detailed and quantitative manner, and this can include environmental criteria from the design stage.

To facilitate simplified LCAs, the company has integrated a new tool into the process of diagnosing and analysing these indicators, which has made it possible to identify specific lines of improvement for each type of project and to reduce their environmental impact.

Thus, for example, the change of foundations at the Palmas Altas wind farm (2019) has reduced emissions from CO<sub>2</sub>e by 20% for every kWh generated with respect to Mt. Gellibrand (2018) and 23% compared to Bannur (2017). This measure alone will reduce tCO<sub>2</sub>e by 27,900 in the project's life cycle.

## INNOVATION IN RENEWABLES

In the energy business, innovation is a fundamental pillar for maintaining a leading position in an increasingly competitive sector. The accredited figure for innovation in renewables in 2019 is €75.4 million.

In turn, the savings realized by operational improvements in processes amount €5.6 million.

### Evolution of R+D+i in Energy

(millions of euros)

	2016	2017	2018	2019
R+D+i Energy	73.3	66.4	61.8	75.4

## Energy technology management

The Energy Technology Department is located in Madrid and is the core of ACCIONA's renewable energy innovation activity, where most of the strategic lines of research are carried out: wind, solar, electric storage and grid integration. The energy innovation team is distributed among the energy centres in Pamplona, Madrid and Mexico. ACCIONA tests, characterizes and integrates the best technologies available on the market and collaborates with various manufacturers on new products to improve the cost and reliability of the energy generated.

171

Among the key milestones in innovation undertaken in 2019, the following deserve special mention:

### Blockchain to energy

- › Gradual implementation of the GREENCHAIN technology that allows the group to provide customers with traceability of the renewable origin of electricity generation. This means that it is possible to check anywhere in the world and in real time that 100% of the electricity supplied is clean.

### On-shore wind area

- › Life Extension: WINDBRAIN project aimed at developing and applying predictive maintenance methodologies based on big data and neural networks.
- › Power maximization through innovative control strategies that maximize the power curve in the AW1500 and AW3000 fleet and study, implement and validate noise reduction in wind turbines with different brands of blades.

- › Development of a tool that generates automatic alarms for detecting and monitoring thunderstorms and lightning observation (THOR), thus increasing the safety of the company's employees and assets.
- › Use of 3D printing to manufacture spare parts, avoiding international logistics.

## Hybridization of organic solar panels with wind towers

This project consists of covering the tower of a wind turbine at the Breña wind farm (Albacete) with flexible organic photovoltaic modules to meet the internal consumption of the turbine's auxiliary systems. This is a revolutionary global solution in the field of hybridization between wind and photovoltaic energy that will allow ACCIONA to study both the behaviour of the organic panels - an emerging photovoltaic technology - and their application to improve wind turbine efficiency.

### Photovoltaic solar area

- › Start of construction on the floating PV plant in the Sierra Brava reservoir (Cáceres) with a power of 1,125MW.

172

## Innovation in photovoltaic generation

ACCIONA has created a hub or innovation centre at its El Romero Solar plant (Atacama, Chile) with the aim of testing new photovoltaic technologies to increase the efficiency and performance of solar installations. Specifically, the centre is studying the mechanical and energy behaviour of bifacial crystalline technology in split-cell and thin-film cadmium telluride (CdTe) modules, all of which are in the development phase and are expected to mark the future evolution of photovoltaic energy.

## CONTRIBUTION TO SOCIETY

Energy contributes to improving society with its projects as a leading company in the transition to an energy model based on renewables. The positive impacts it has achieved have a very broad social dimension: effects on people, on the lives of communities or on the generation of wealth and employment in the region. More than 213,700 people have benefited from the different initiatives undertaken by this division in 2019.

The company uses three basic tools to manage and measure these impacts: Social Impact Management, measurement of socio-economic and environmental impact, and social investment associated with projects.

## Social Impact Management

ACCIONA uses its own Social Impact Management (SIM) methodology to understand, starting in the bid or design phase, the social risks that its operations or services can pose in the catchment areas where its projects are carried out. The goal is to generate positive impacts and minimize negative ones on the local communities and environments where it works.

 More information in the section on 'ACCIONA's Social Impact Management' under 'Social Impact'.

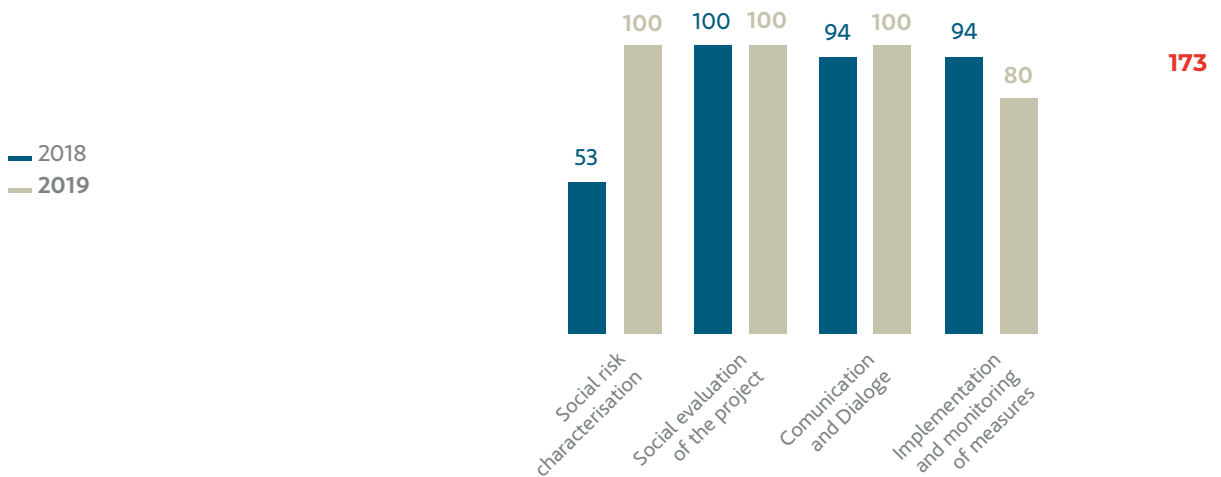
In 2019, Energy implemented Social Impact Management at 22 wind farm and photovoltaic plant projects in 10 countries.

### Evolution of the implementation of the SIM methodology by Energy

	2016	2017	2018	2019
Number of projects	18	13	17	22

### Level of implementation of each phase of the SIM methodology in Energy projects

(% of total Energy division projects with SIM)



In addition, external audits were carried out on two wind projects in Australia to assess the degree of implementation of the SIM methodology.

In order to provide a complaint mechanism for communities and other stakeholders, Energy has set up dedicated communication channels at 100% of its projects and a public form on its website for individuals or groups wishing to submit queries and/or suggestions regarding the company's projects (<https://www.accion-energia.com/sustainability-innovation/health-and-safety/>).

## Socio-economic impact of projects

To detect and measure the socio-economic and environmental benefits generated by Energy projects from start to finish, the division uses the economic model based on input-output tables (analysis of the relationships between different industries). Through this tool it obtains quantitative results of the direct, indirect and induced impact of its activities on the employment figures and contribution to the GDP of each country, as well as the impact on environment and communities.

In 2019, Energy prepared specific socio-economic impact studies for the entire life cycle of 14 projects. As of the beginning of 2020, there are plans to measure the socio-economic impact of all Energy assets from 2019.

## Social investment associated with projects

Another way for Energy to manage its contribution to society is by developing social projects in the communities where it operates. For example:

- › Support for nutritional programs for children.
- › Vaccination campaigns.
- › Improvements to basic infrastructure.

## Projects with notable social actions

174

### Social actions at the Bannur wind farm (India)

#### Social Impact Management

The project's area of influence was studied during the construction period. Information was obtained from 83 families, as well as from local authorities, regarding the basic needs situation. With this information, it was possible to plan a medium-term social action intervention in collaboration with a local social entity starting in 2017. The following actions from this initiative are noteworthy:

- › Regular participation by ACCIONA staff in meetings in the various communities which involved local and regional authorities, children, parents and volunteers.
- › Direct dialogue with members of the community that help to identify different needs.
- › Local media coverage of the company's initiatives in the area.

Continues >



**Socio-economic impact**

Socio-economic impacts focus on the local contribution to GDP and employment generation during all phases of a project's life.

- › Contribution to GDP: €95,965,000,000.
- › Job creation: 4,029 jobs (over the entire life cycle of the project).
- › Emissions avoided: 227,798 tCO<sub>2</sub> per year.
- › Water savings: 438,544 m<sup>3</sup> of water per year.
- › Improved air quality: 1,971 tons of SO<sub>2</sub> and NO<sub>x</sub> avoided per year.

**Social action**

Since 2017, a project has been underway in collaboration with Pratham, a NGO dedicated to improving the quality of education in India. Some highlights from 2019 include:

- › Continued support for the 1,394 children with whom ACCIONA worked the year before in order to continue accompanying them in their improvement and learning process.
- › Competitions to discourage school dropouts and encourage the involvement of parents in the educational process.
- › Weekly skills building sessions for public school teachers.

This initiative was chosen by the United Nations Global Compact as an example of good practices to be disseminated by networks on the 4th anniversary of the approval of the Sustainable Development Goals.

## Social actions at Mortlake wind farm (Australia)

**Social Impact Management**

The following strategies have been key in fostering a positive relationship:

- › Forum made up of land owners, neighbours, local businesses, emergency services, council members and builders to ensure that they represent the different interests of the community.
- › Distribution of communication materials: quarterly newsletter, press releases and a fortnightly update on the state of construction.
- › Community information centre located in the largest population centre.
- › Follow-up meetings with neighbours and land owners.
- › Site visits with local schools, universities and community groups.

### **Socio-economic impact**

The aim is to contribute significantly to the community in particular and to the growth of the country in general and to generate employment throughout the project's life cycle.

- › Contribution to GDP: €139.13 million.
- › Job creation: 371 jobs (over the entire project life cycle).
- › Emissions avoided: 691,405 tCO<sub>2</sub> per year.
- › Water savings: 1,018,347m<sup>3</sup> of water per year.
- › Improved air quality: 4,620 tons of SO<sub>2</sub> and NO<sub>x</sub> avoided per year.

### **Social action**

The following actions in 2019 merit special mention:

- › Shared benefits programme: the initiative not only supports the projects of local groups, but also develops a programme of benefits for the community and promotes local economic activity.
- › Community investment: in addition to disseminating the contribution of renewable energy to society, the company works to build a positive relationship with different stakeholders. One of the highlights is the lookout point installed on Mount Noorat with information panels to provide information on how green energy works. Also noteworthy is the agreement signed for post-doctoral grants to researchers in related areas.

## **SUPPLY SECURITY AND QUALITY TO BUILD CUSTOMER TRUST**

The Control Centre of Renewable Energy (CECOER), part of the Energy business, guarantees the maximum availability and quality of energy, in a predictable manner and in compliance with the regulations in force in each one of the countries where it operates. It does so through control, supervision and 24/365 operation.

### **Energy certifications**

- › 100% MW installed certifiable <sup>21</sup> are ISO 9001 and ISO 14001 certified.
- › 100% of the marketing and sale of renewable energy with guarantee of origin accredited by the CNMC.

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<sup>21</sup> Certifiable power is any installation that is operational one years after commissioning and owned by ACCIONA.

## Long-term agreements

There are three factors that make corporate purchasing of green energy a powerful tool for the transition to a decarbonized economy: the competitiveness of renewable technologies, the interest of companies in securing an energy supply at a stable price over time, and corporate climate change policies.

In this area ACCIONA continued in 2019 to reinforce its strategy of selling renewable energy to large corporate customers who wish to reduce their carbon footprint with new agreements for long-term renewable supply.

### Power Purchase Agreements (PPA)

Three corporate PPAs were signed in 2019: with ECONNSA in Chile, with PREH in Mexico and with VIVA ENERGY in Australia for the long-term sale of renewable energy.

PPAs offer customers **better risk coverage** in the face of electricity market volatility, competitive prices and a reliable electricity supply

Energy also develops turnkey projects for customers under Engineering, Procurement and Construction (EPC) contracts, in addition to managing the operation and maintenance of renewable plants.

## Customer relations and services at their disposal

Green Energy Developments, a subsidiary of ACCIONA, manages the sale of 100% of the renewable energy produced at the group's facilities. It also handles the sale of renewable energy of other independent producers, who benefit from the group's technical capacity and experience, adapted to customer needs. Green Energy has a long history of selling energy in wholesale markets.

In addition to energy sales, customers receive support and advice for the most convenient cost-effective contracting modality. The associated services include invoice downloading and 24/7 telephone service, plus the possibility of consulting usage history and price forecasts. The company has a CRM system that manages the relationship with the customer, contributes to the provision of the service and effective follow-up. The 2019 customer segmentation is intended to ensure better customer relationship management. In Spain, 58% see the group better than the rest of the electricity companies and 42% see it at the same level.

177

### Customer satisfaction and loyalty

The division's overall rate of customer satisfaction is 98%.

Evolution of customer satisfaction				
(%)				
	2016	2017	2018	2019
Satisfied customers	94	100	100	98

Includes the subsidiaries Green Energy Spain and Portugal, Solar, Energía México and Energía Chile.

With regard to complaint handling, Energy has implemented a system for prioritizing complaints in order to manage them more quickly. The division received 52 B2B complaints, 92% of which were resolved. Solar has resolved 74% (23 in total) in an average time of 24 hours. The Energy business received no complaints from any customer – either public or private – in the following countries: Australia, India, Mexico, Costa Rica, South Africa, Ukraine, the United States and Canada.

### **Greenchain: traceability of the renewable origin of electricity with blockchain**

ACCIONA's Greenchain project traces the renewable origin of its electricity generation with blockchain technology, so that customers who wish to do so can check in real time that 100% of the electricity supplied is clean. This system increases their confidence and favours the growth of these types of contracts.

### Continuous improvement

Over the past year, 885 Energy employees participated directly in 14 improvement groups, generating 98 lessons learned. The Think Quality project stands out, whose goal is to reinforce the quality function throughout the value chain, completing a diagnosis of the situation and a programme of actions. Cross-cutting initiatives have also been developed on the cost of faulty quality, the governance model and the definition of key indicators, among others.

The Best Value project continues to make the projects more economically competitive. Measures such as the prefabrication of buildings and foundations or the robotic pre-assembly of structures have succeeded in reducing energy costs beyond the division's objectives.

178

### **ENVIRONMENTAL IMPACT MANAGEMENT**

ACCIONA's environmental management is based on the principle of improving environmental performance. Having robust management systems and a structure of responsibilities adapted to each country where the company does business is fundamental to achieving high quality standards of environmental management.

With this goal in mind, the different areas establish specific actions to reduce their impact on the environment.

The Energy business, as part of the system for managing and controlling the environmental aspects of the business, includes the acoustic impact during both the project design phase and during the operation of the installations using any type of technology. In the design phase, to prevent environmental noise risks and in the operation phase, to verify compliance with applicable regulations, as well as the implementation of technological improvements that reduce the acoustic effects, with special emphasis on particularly sensitive areas.

## Protection and conservation of biodiversity

The Energy division has its own wildlife conservation initiatives, some examples of which in 2019 were as follows:

### Tagging of Bonelli's eagles

The Bonelli's eagle is an endangered bird of prey. 75% of the European population is in Spain. Direct persecution, electrocution and collisions with power lines are some of the threats it faces.

In order to understand the species' habitat and potential risks, six Bonelli's Eagles (3 pairs) were fitted with GPS/GSM transmitters in collaboration with environmental authorities and the University of Valencia. These emitters have provided more than 7 million locations to date. The monitoring is expected to last 3 years.

### Measures to minimise the risk of collision of threatened birds in the Tahivilla wind farms (Cádiz)

The livestock operations that takes place in and around the Tahivilla Parks attract numerous birds such as the common Egyptian vulture, a species catalogued as Vulnerable in the national catalogue and Endangered in the regional one, because of the water in the livestock drinking troughs and the organic remains generated.

To learn how endangered species use space, flight notes are taken and sightings are mapped (616 Egyptian vulture flights in 2019).

In addition, 70 structures have been located that can attract wildlife (feeding grounds and water points) to reduce the number of Egyptian vultures reaching the area.

Finally, supplementary feeding has been provided in the vicinity of the nests during breeding to minimise the birds' movements around the wind turbines.

179

## WORKER'S HEALTH IN THE ENERGY BUSINESS

Energy maintains an Integrated Management System for the entire business that establishes the minimum health and safety requirements to be taken into account in any of its companies and countries. In 2019, this system was certified according to the ISO 45001 standard for 100% of the activity. The division has aligned its Health and Safety Policy with the reforms required by this standard.

The health and safety strategy of ACCIONA's Energy area is based on excellence (zero accident target), continuous improvement and employee support.

## 100% of the Energy activity is certified in accordance with ISO 45001

Energy's occupational health and safety risks arise from two of its main activities: construction and operation & maintenance of renewable energy facilities.

### Identification and management of occupational risk

The identification and assessment of possible risks in the working environment and control measures to minimize the likelihood of occurrence are documented in specific procedures for each of the facilities. Risk analysis determines the critical points at each centre and the associated preventive actions, which affect not only the own employees but also those of the division's contractors and collaborators.

In addition, the facilities have their own emergency plans with guidelines for how to proceed in emergency situations. Employed or subcontracted personnel can report any hazardous situation they detect by sending an e-mail to [safety.energy@acciona.com](mailto:safety.energy@acciona.com) or using the occupational risk prevention management tool.

As a good practice to be highlighted, the Energy division publishes safety alerts on its website for incidents from which lessons have been learned that are of interest to the sector (<https://www.acciona-energia.com/sustainability-innovation/health-and-safety/>).

## 180

Energy has changing rooms and showers on its premises which allows workers to take part in sports on a daily basis and fosters work-life balance.

The Energy business chairs the Global Wind Organization (GWO) for the promotion of occupational health and safety standards in the wind energy sector worldwide. This platform promotes safe working environments based on the technical qualifications of the professionals working in the sector, especially in countries where the level of training is lower.

### Think Safe: promoting a culture of prevention

The THINK SAFE programme aims to improve the culture of prevention among employees through an innovative learning system in which the students' active participation makes them more aware of their safety.

The plan was launched in 2017 and by 2019 it had reached 100% of the workforce in Spain and 90% of the international workforce.

Whilst the frequency rate decreased in 2019, the severity rate increased with respect to the previous year.

No cases of professional disease were detected in the division and there were no fatal accidents. In addition, the hygiene risk is minimal and the incidence of occupational disease is zero.

**Evolution of accident indicators for Energy employees**

	2016	2017	2018	2019	2016	2017	2018	2019
	Severity Rate				Frequency rate			
Energy	17.1	7.9	17.7	19.4	0.5	0.4	0.5	0.4

Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.  
 Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

Among the objectives defined by Energy for the year 2019, the following deserve special mention:

- › A programme of ergonomic improvements in maintenance and construction operations to be implemented within two years.
- › A road safety programme to be implemented in two years, starting with five pilot plants, with the aim of obtaining certification according to the ISO 39001 standard in 2021.
- › Define and implement a programme for the prevention and protection of workers from wild animals.

### Act Safe and Build Safe projects

With defined action plans which are ready to be launched in the next two years and three years respectively, both initiatives share the same structure and mode of operation, although each has its own particularities.

- › Projects led by the respective O&M and I&C Directorates. The H&S's function is to support this leadership.
- › Both have received the advice of the expert health and safety consultant DUPONT.
- › Both are based on a diagnosis made by DUPONT regarding the situation of the O&M and I&C services within the Bradley Preventive Culture curve. From there, it was possible to identify where the company is and where it wants to be in two years' time.
- › There are also individual actions, such as "Risk Factor" training within O&M or a "Learning from Major Incidents" programme within I&C.

- › Both projects have their own Management and Execution Committees, with the active participation of management-level personnel in both departments.
- › There are common actions such as the development and implementation of a "Preventive Observations" programme, a "Personal Action Plan" programme and a "Life Saving Standards" programme.
- › There are also individual actions, such as "Risk Factor" training within O&M or a "Learning from Major Incidents" programme within I&C.

### Road safety

The Energy division has developed a new worldwide Guide (internal procedure) with the minimum requirements that must be met when employees use vehicles for work purposes.

In addition, road safety awareness initiatives have been developed in Mexico, Chile and Spain. These programmes include extraordinary and specific courses, communication campaigns for employees, reinforcement of vehicles, road inspections and enhanced compliance controls (use of mobile radars or breathalyser tests).

### Health and safety in the Energy supply chain

182

Energy's occupational safety policy establishes that the requirements to prevent risks are the same for its own employees as for its subcontractors. At the time of contracting, all suppliers must undergo an assessment of their performance in this area. The company's contract is thus contingent upon effective implementation. Energy has measures in place that cover all phases of the process, from tendering to completion:

- › Limiting the frequency rates of suppliers and contractors in tenders.
- › Personalization of tasks and periodic compliance assessments.
- › Warning letters and fines for reiterated misconduct.
- › Final occupational health assessment by the manager and the procurement area with a view to future tenders.

In addition, the division periodically organizes "meeting points" with suppliers to share experiences and agree on health and safety actions to be taken.

In 2019, accident rates for Energy contractors increased slightly, although none of them resulted in fatal accidents.



Energy's occupational safety policy establishes that **the requirements to prevent risks are the same** for its own employees as for its subcontractors

**Evolution of accident indicators for Energy contractors**

	2016	2017	2018	2019	2016	2017	2018	2019
	<b>Severity Rate</b>				<b>Frequency rate</b>			
Energy	46.7	3.6	22.0	24.4	1.9	1.1	0.6	0.8

Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.  
 Frequency rate: (no. of accidents with work loss/hours worked) x 200,000.

# The Infrastructure Business

The table below shows the results of the combined materiality analysis for the division’s four business units. This table is used to generate the content index of the chapter.

 More information on how this table is obtained can be found in the section titled "Materiality analysis".

## Infrastructure materiality analysis

Chapter	Material issues	Infrastructure	Construction	Concessions	Water	Services
	Diversity and equal opportunities					✓
Employees	Human capital	✓	✓	✓	✓	✓
	Safety, health and welfare	✓	✓	✓	✓	✓
Risks and opportunities of the climate emergency	Climate strategy	✓	✓	✓	✓	✓
	Environmental management and biodiversity	✓		✓		
Environmental impact	Water usage				✓	
	Waste and the circular economy	✓				✓
Innovation	Innovation and digital transformation	✓	✓	✓	✓	✓
Customers	Quality, safety and customer satisfaction	✓	✓	✓	✓	✓
Social impact	Local communities		✓			
Respect for human rights	Human rights					
Supply chain	Sustainable supply chain			✓		✓
Tax disclosures / Corporate governance / Ethics and anti-corruption	Ethics and anti-corruption	✓	✓	✓	✓	✓

Note: performance on Diversity and Equal Opportunities, Human Capital, Human Rights, Sustainable Supply Chain and Ethics and Anti-Corruption are described in the previous chapters at a consolidated level.

The Infrastructure division has extensive experience in the development and implementation of complex projects and services around the world. Its activities are focused on four main lines of business: Construction, Concessions, Water and Services. The Industrial business line was incorporated into Construction at the end of 2019, but it is still broken out in some of the indicators.



## THE INFRASTRUCTURE BUSINESS 2019

<b>37,039</b> Employees	<b>€207 million</b> Pre-tax profit	<b>€396 million</b> CAPEX
Operations in <b>42</b> countries on five continents	<b>€4,870 million</b> Sales	<b>€431 million</b> EBITDA



## KEY MILESTONES 2019

185

### Economic

- › 98% **customer satisfaction** rate for Infrastructure overall.
- › **96.5% of suppliers** are local.
- › A total of **€149.6 million in innovation**.

### Social

- › Implementation of **Social Impact Management in 102 projects** in 22 countries
- › **Decrease in accident rates for employees: 3% for severity and 4% for frequency.**
- › **Socio-economic impact measured** in the Power to Green Hydrogen project in Mallorca (Spain).

### Environmental

- › **1,030 hm<sup>3</sup> of desalinated, purified drinking water.**
- › **More than 50% of water treated** in countries or areas with water stress.
- › **100% of emissions generated** are offset (134.127 t CO<sub>2</sub>e).

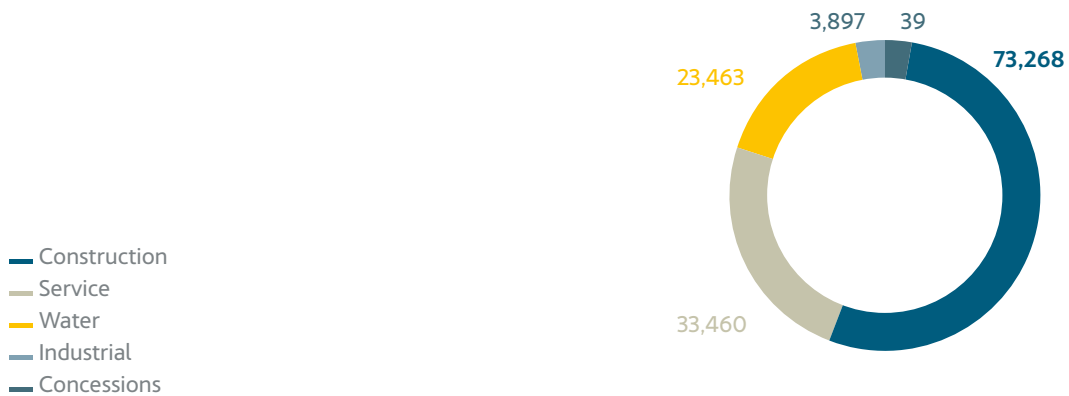
Presence of infrastructure business in 2019



## CLIMATE CHANGE

The Infrastructure Division's priority is to respond to the global demand for sustainable infrastructure. The division implements energy efficiency solutions at its own locations and those of its customers, optimising consumption and reducing the associated CO<sub>2</sub> emissions.

### Emissions generated by the division in 2019 (tCO<sub>2</sub>e)



The Infrastructure division participates in achieving the goal of carbon neutrality for all groups by offsetting 100% of the emissions generated, which were 134,127 tCO<sub>2</sub>e in 2019.

The Infrastructure business has developed different solutions in the area of climate change mitigation and adaptation, such as:

### ACCIONA's fleet of electric motorbikes for shared mobility increases fivefold

Following last year's successful launch of the service in Madrid, ACCIONA began operating in 2019 in Valencia, Gandía, Barcelona, Seville, Lisbon and Zaragoza.

The motorcycles, with features equivalent to 125cc, are powered by rechargeable batteries and offer three driving modes: the Standard "S" mode, with a speed of up to 50 Km/h for city use; the Custom "C" mode, which allows the motorcycles to reach 80 Km/h, and the "X" mode, which reaches 100 Km/h.

By the end of 2019, ACCIONA had a fleet of more than 5,000 motorcycles powered by renewable electricity which, as alternatives to private vehicles, save more than 700 tCO<sub>2</sub>e per year. The maintenance team recharges the motorcycles by changing the batteries at night, with a fleet of vehicles that are also 100% electric.

## The Infrastructure division participates in achieving the goal of carbon neutrality for all groups

by offsetting 100% of the emissions generated, which were

**134,127**  
tCO<sub>2</sub>e in 2019

### Efficiency plan for the management of the integral water cycle

ACCIONA has initiated a three-year project to optimize the management of the integral water cycle which, in its first year in operation, has already yielded significant environmental benefits: it has reduced energy consumption by 16 GWh/year and prevented the emission into the atmosphere of 1,622 tonnes of CO<sub>2</sub>.

The plan involves an investment of 2.3 million euros, covers all the water treatment plants and services managed by ACCIONA in Spain and will continue in 2020 and beyond in the companies in which ACCIONA has an interest in Spain and abroad.

The plan includes the implementation of remote control systems based on GIS and mathematical models, the use of Business Intelligence and Artificial Intelligence and the use of acoustic pre-locators, correlators and smart-balls.

188

### Madrid City Council and ACCIONA join forces to improve energy consumption at 400 municipal buildings

The contract, which has a term of four years and is valued at approximately €17 million, includes the creation of a municipal Energy Management System, which will allow the real time monitoring and analysis of energy consumption at the buildings in order to detect and correct inefficiencies.

Through energy audits, ACCIONA will identify and implement energy-saving projects, whose consumption will be monitored in real time at the company's control centre using Big Data and Machine Learning techniques.

The City Council's objective is to reduce energy consumption in these buildings by 50%.

## Resilient roads with the capacity to adapt to climate change

The effects of climate phenomena account for between 30% and 50% of road maintenance costs in the European Union (between €8 and €13 billion euros per year), a figure that will be increased by the effects of climate change in Europe.

Through its infrastructure maintenance business, ACCIONA participates in the European CLARITY and PANOPTIS projects with the aim of creating an integrated management tool that guarantees a resilient road network, with the capacity to adapt to different adverse climate situations, avoid traffic interruptions and maximize time of use.

The company participates in the CLARITY project as an end user on the A-2 motorway where it passes through Guadalajara (Spain) (a section maintained by ACCIONA), in the development of a cloud-based Integrated Climate Services Information System (CSIS).

As part of the PANOPTIS project, the company has deployed various monitoring, inspection and management technologies on the same section of the highway: structural and corrosion sensors coupled with early warning systems or computer vision and artificial intelligence technologies for pavement inspection.

## Adapting to climate change by minimizing the risk of heat stroke

Because of climate change, the frequency and duration of extreme heat events to which employees working outdoors are particularly vulnerable are lengthening. To prevent ACCIONA's road maintenance workers from being stricken by the heat stroke is the aim of the ZERO IoT device, the pilot phase of which was carried out on the A2 motorway concession in Torija at the beginning of the summer.

The device consists of a bracelet and a sensor, which measures both the worker's pulse and the environmental aspects that can affect them: temperature, humidity, etc. The device creates and detects risk patterns in real time, warning the employee when he or she needs to cool down to avoid possible problems.

189

## HEALTH AND SAFETY AT INFRASTRUCTURE

For ACCIONA's Infrastructure division, the Sustainable Development Goals (SDG) allow it to tackle the greatest challenges to humanity from a global and transversal perspective, where the solutions to some problems will help to solve others. In its relationship with society, the company assumes the need to collaborate in improving people's quality of life: the group's commitment is to create a safe, attractive, inspiring and successful working environment.

The group is working on a model of reference within the culture of excellence in Health and Safety at Work through by creating and improving efficient working conditions, guaranteeing health and safety in the workplace with the aim of creating a healthy environment, improving the well-being of all employees at work, helping to reduce the number of on-the-job accidents and occupational diseases and influencing the entire value chain, especially in collaborating companies. All of this places an increase importance on the human factor by strengthening the relationship between positive behaviour and the management

of occupational health and safety in the 21st century, through innovative programmes which are already having success in sectors where it operates.

The model provides a new order of things leading to the consolidation of a new culture of prevention, as evidenced by its visible leadership programmes, safety based on positive behaviour and reinforcements, voluntary protection programmes aimed at suppliers and collaborating companies, high safety standards, or the new critical activity planning models based on intuition, simplicity and documentary economy, where simplification is key. A profound technological transformation has resulted in a revolutionary digital management model for preventive management, such as remote assistance in streaming, IoT, virtual and augmented reality, and especially the development of predictive tools.

**Intelligent prevention.  
Cultural transformation.**

**Leadership  
and  
commitment**

**LEADER:** leadership program  
Visible director. Middle Manager  
**BBS4U:** Behavior - based Safety program

**Procedures  
and processes**

- PAC**
- › Critical Activities Planning
  - › Simplification and effectiveness of planning
- ESA Plus**
- › Standars and processes

**Learning**

Learning techniques based on the "12 Rules"

**Well-being**

- › Physiotherapy Service
- › Medical assistance
- › Nutrition and diet campaigns
- › Health-related campaigns
- › First and advice

**Indicators**

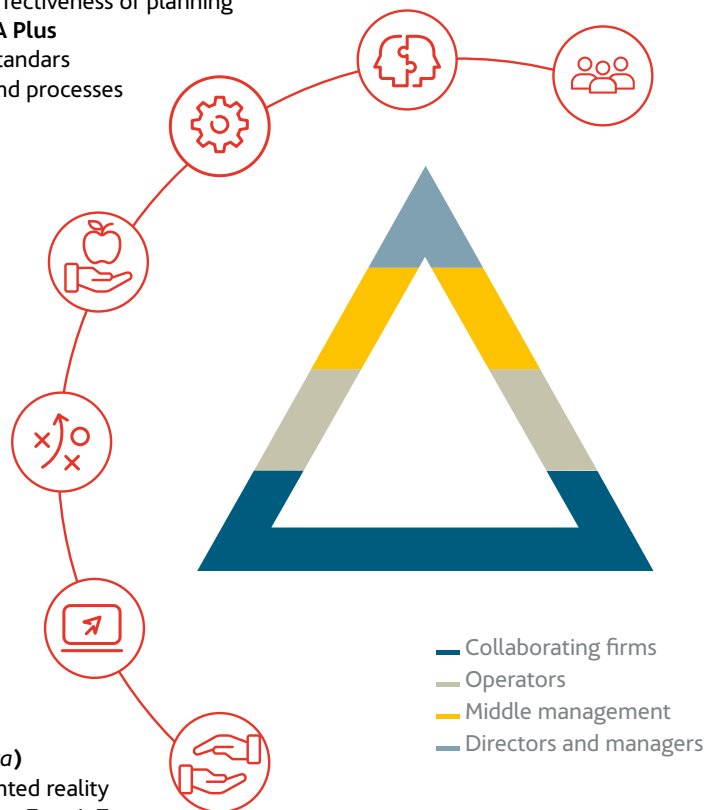
- HS & Fast HS**
- › Management evaluation system
  - › 12 Rules
  - › Evaluation system based on the "12 Rules"
- NOSACQ-50**
- › Safety Environment Measurement
  - › Accident rate

**Digitalization**

- Smart HGS (Big Data)**
- › Virtual and augmented reality
  - › Internet de las cosas, Zero IoT and sensorization
- HS App**
- › Expert Remote Prevention
  - › SST App
  - › Autodesk BIM 360

**Value chain**

**PPV**  
Voluntary protection program





**Most noteworthy among the many advances in health and safety at work in 2019 are:**

- › Launch of the new Participate! campaign to encourage the participation and consultation of workers (own and subcontracted) in all of the division's businesses.
- › Migration to ISO 45001 certification has begun, reaching 36.14% of companies with more than 150 workers which is 10% over the 2019 target.
- › Improved control over suppliers through the implementation of Remote OHS with a total of 40 visits in all businesses in the platform countries: Mexico, Chile, Brazil, Canada and Australia. Supplier control has also evolved with the establishment of BBS4U programs (at 15 locations) and PPV (at 21 partner companies) on projects in the platform countries of Mexico, Chile, Brazil, Canada and Australia that can meet the requirements.
- › Implementation of Health and Safety Committees for effective integration at all hierarchical levels of the company.
- › The "You're not alone on the road" campaign to publicize the risks of working on roads. It was sponsored in collaboration with ACEX (Association of Conservation and Exploitation Companies), the General Directorate of Traffic and the Ministry of Development.
- › Occupational Health and Well-being Programme.
- › Emotional gym: workshops on understanding and managing emotions for construction employees.
- › Courses on road safety, efficient driving, use of measuring equipment, good posture, nutrition, diabetes, heat stroke, eye health, first aid, injuries, chronic illnesses, tobacco, alcohol and drugs.

**Project ZERO IoT**

The ZERO IoT project, in which Water and Construction businesses participate, is based on the "Internet of Things" (IoT), which connects different wearable devices such as wristbands or smartbands and sensors in real time with smartphones, beacons, and tablets. This system provides early detection with alerts of risk situations that can lead to real incidents for both workers and supervisors.

Zero IoT functions as a "Zero Accident" program for workers. It allows the parameterization of the "shields" based on the working conditions, with the aim of identifying unforeseen risks in order to avoid them or, in the case of an emergency situation, intervene as quickly as possible.

191

## Implementation of Health and Safety Committees

for effective integration  
at all hierarchical levels  
of the company

## Critical activity planning (CAP)

ACCIONA's Infrastructure division has designed and implemented a tool that makes it possible to describe the methodology to be followed in planning critical project activities. The mechanism is based on a document that contains the keys to carrying out the necessary preventive actions for particularly difficult tasks.

In 2019, the following types of work were added to the tool:

- › Drainage and urbanization work.
- › Power facilities (CSP, wind turbines and photovoltaic).
- › Wastewater treatment and desalination plants (WWTP, DWTP, SWRO, Distribution Networks, etc.).
- › Ships, tanks and reservoirs.
- › Dams.

Under this model of preventive management, communication and response to incidents are fundamental. The established communication channel ([prl.infraestructuras@acciona.com](mailto:prl.infraestructuras@acciona.com)) has expedited the management of these incidents.

Severity and frequency rates are down by 3% and 4% respectively.

192

### Evolution of accident indicators for Infrastructure employees

	2016	2017	2018	2019	2016	2017	2018	2019
	Severity Rate				Frequency rate			
Infrastructure	111.3	142.4	165.5	<b>160.5</b>	4.0	4.8	5.0	<b>4.8</b>
› Construction	64.5	53.9	49.2	<b>62.5</b>	1.9	1.6	1.1	<b>1.9</b>
› Concessions	64.2	111.9	139.5	<b>191</b>	2.3	2.7	3.1	<b>6.5</b>
› Water	108.8	119.0	172.7	<b>153</b>	4.1	4.4	4.4	<b>3.7</b>
› Services	126.5	194.4	212.0	<b>188.7</b>	4.5	6.8	6.7	<b>5.7</b>
› Industrial	0	5	0	<b>5.6</b>	0	0.5	0	<b>0.7</b>

Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.

Frequency rate: (no. accidents with loss of work/hours worked) x 200,000

Following on from the work in previous years, a series of road safety initiatives was implemented in 2019 to prevent the incidence of occupational accidents while commuting or on work-related travel. In the Water and Service divisions, 17 courses were offered on this subject (12 theoretical-practical and 5 theoretical), in which 161 workers received a total of 1,057 hours of training. Even so, the accident data shows that considerable effort will be required in this area in the coming years.

### Evolution of commuting accidents involving Infrastructure personnel

(with and without sick leave)

	2016	2017	2018	2019
Infrastructure	178	158	148	296
> Construction	13	9	10	31
> Concessions	4	9	3	4
> Water	14	0	1	10
> Services	146	140	133	248
> Industrial	1	0	1	3

### Evolution of on mission accidents

	2016	2017	2018	2019
Infraestructuras	100	15	9	19
> Construction	0	4	6	13
> Concessions	0	3	0	0
> Water	62	2	0	2
> Services	38	5	3	4
> Industrial	0	1	0	0

193

## Health and safety in the Infrastructure supply chain

In almost all prevention activities ACCIONA has the full collaboration of contractors, subcontractors and suppliers since they participate in the company's regular management system procedures. Generally speaking, the accident rates of Infrastructure contractors increased in 2019.

### Evolution of accident indicators for Infrastructure contractors

	2016	2017	2018	2019	2016	2017	2018	2019
	Severity rate				Frequency rate			
Infraestructure	29.5	19.1	18.6	23.1	1.9	0.9	0.9	1.0
> Construction	30.4	15.8	16.1	19.2	2.0	0.8	0.8	0.8
> Concessions	71.4	16.9	32.3	116.9	2.8	0.7	0.9	3.6
> Water	12.3	43.9	30.7	22.1	1.6	2.0	1.9	0.9
> Services	0.0	1.6	0.0	35.7	0.0	0.8	0.0	3.1
> Industrial	6.8	19.8	10.6	29.2	1.0	0.8	0.6	1.1

Severity rate (no. of days lost due to occupational accidents/hours worked) x 200,000.

Frequency rate: (no. accidents with loss of work/hours worked) x 200,000.

**22 agreements** were reached with suppliers under the voluntary protection programme (VPP)

In addition to their participation in practically all the usual preventive activities (risk identification, definition of controls, inspections, training, information, behaviour-based security programmes, etc.), specific processes have been developed that focus on suppliers. On the one hand, ACCIONA's corporate procedure defines the situations that trigger the risk alarm in OHS by means of the accident rates provided by suppliers or the health and safety criteria in the technical protocols for audits. There are also voluntary programmes that seek to improve suppliers' OHS, such as the VPP (Voluntary Protection Program), with 22 agreements signed in 2019.

194

### INNOVATION AT THE SERVICE OF SUSTAINABILITY

Infrastructure is at the forefront of R&D&I, applying specific solutions with a heavy technological component to solve the problems of each of its activities. In 2019, the figure accredited by the division totalled €149.4 million. The continuous improvement of processes thanks to innovation has resulted in verified savings of €19.4 million.

**Infrastructure is at the forefront of R&D&I**

In 2019, the figure accredited by the division totalled

**149.4**  
millions of euros

## Evolution of R&D&I figures by business in Infrastructures

(millions of euros)

	2016	2017	2018	2019
<b>Business</b>				
Infrastructure	119.9	142.4	161.8	<b>149.4</b>
› Construction	63.8	78.2	73.4	<b>64.7</b>
› Water	35.6	19.7	20.7	<b>15.3</b>
› Services	2.6	3.5	0.6	<b>0.1</b>
› Industrial	18	41.0	67.1	<b>69.3</b>

Infrastructures has two Technology Centres in Spain: the Construction Technology Centre and the Water Technology Centre. The innovation function is also present with the development of projects in the other Infrastructure businesses.

### Construction Technology Centre

Located in Madrid, it is dedicated to the improvement of construction processes as well as the incorporation of new technologies and efficient construction materials, which gives ACCIONA a competitive edge over other companies in the sector.

In 2019, the Construction Business Technology Centre focused on its three main lines of action:

- › Improving the environmental aspects of construction projects.
- › Including developments for the digital transformation of construction, and
- › Providing innovative solutions for the use of materials such as concrete

Different platforms have been developed to control processes such as the tunnel construction or earthworks; methodologies based on the circular economy have been used to reduce raw materials on the projects, and the centre has included its own developments that allow it to reduce execution times, for example, in the tunnel construction.

## Water Technology Centre

This Technology Centre ranges from the most basic laboratory activities to pilot studies and industrial scale-up. It is made possible through the use of powerful modelling software using fluid dynamics and for carrying out structural studies.

The strategic lines are:

- › Desalination and new technologies
- › Water purification and reuse, and
- › Drinking water and water chemistry

In addition to the facilities at the Water Technology Centre (Barcelona), ACCIONA has a series of demonstration plants located in water treatment plants operated by the Water business, where experiments are conducted under real conditions that supplement those conducted at the Technology Centre.

Some of the projects that have contributed to cost savings or revenue generation for the Infrastructure Division in 2019 are as follows:

### Innovation in Construction and Engineering

- › The use of an inspection system based on geo-radar technology for underground works (such as the Quito Metro). This led to a significant reduction in the time needed to perform this work, with the consequent cost savings.
- › The design of a reverse osmosis desalination plant with a regulation system that does not need control valves. The tanks are connected and work as one thanks to the innovative design of the filling pipes, which also allows the process to be automated. In addition, the land occupancy is reduced thanks to the land gained from the sea.
- › Development of an earthmoving platform with GPS technology for all works that require it, in order to measure and optimize the productivity of resources, in particular, machinery and subcontractors.

196

### Innovation in Service

- › New last mile service, where the business line already has more than 60 delivery vehicles and a high growth in the number of deliveries and turnover.
- › With 6,000 motorcycles in seven cities, the group is in the process of rolling out the motosharing service internationally to other cities, thus consolidating ACCIONA as one of the benchmarks in sustainable mobility.

### Innovation in Water





- › The DIGEST-UP project studies the use of substances obtained from the purification process itself as additives in the pre-treatment of secondary sludge. Laboratory and pilot scale experiments have shown that this achieves a 57% increase in biogas production and a 45% increase in methane content, improving the energy efficiency of anaerobic digestion.

- › The STARNIT project is evaluating the use of sludge treatment by-products to optimize nitrogen removal in the main water treatment line, thus reducing energy demand and sludge production.
- › The LIFE-DREAMER project has succeeded in increasing the percentage of water recovery in seawater desalination systems from 50% to 75% in reverse osmosis (RO) treatment plants. The conversion rate in the desalination process has been increased from 45-50% to 75%, with 70% of dissolved organic carbon contained in reverse osmosis washing currents being eliminated, minimizing the final discharge. All these improvements contribute to reducing the specific energy consumption of the desalination process.

## COMMITMENT TO CUSTOMERS AND PROCESS QUALITY

Infrastructures has Quality Management Systems (ISO 9001) and Environmental Management Systems (ISO 14001) certificates, as well as other certifications which guarantee its technical capacity, competitiveness and processes.

### Main Infrastructure certifications in 2019

 <p>Construction</p>	<p><b>ISO 9001 and ISO 14001:</b> 100% of the activities in several countries (Spain, Chile, Brazil, Mexico, Colombia, Canada, etc.).</p> <p><b>Distinction of Socially Responsible Company ESR®</b> in Construction Mexico and <b>PBQP-H certification (Brazilian Program of Quality and Productivity of the Habitat)</b> in Brazil.</p> <p><b>Green and Gracious Builder Scheme in Singapore</b> (new 2019).</p>
 <p>Concessions</p>	<p><b>ISO 9001 and ISO 14001:</b> 90% of directly managed concessions.</p> <p><b>ISO 27001:</b> in Gran Hospital Can Misses (Ibiza, Spain).</p> <p><b>ISO 39001:</b> Sociedad Concesionaria A2 section 2 and Autovía de la Plata.</p>
 <p>Water</p>	<p><b>ISO 9001 and ISO 14001:</b> 100% of the water treatment activities in Spain, Italy, Australia (100% Chile in ISO 9001) 100% of the integral management services in Spain.</p> <p><b>ISO 50001:</b> at fifteen centres, two new ones: Lluçmajor WWTP and Ciudadela WWTP.</p>
 <p>Services</p>	<p><b>ISO 9001 and ISO 14001:</b> Urban and Environmental Services activity in Spain and Mexico; Renewable Energies Operation and Maintenance (EROM); cleaning of trains and railway stations; passenger boarding bridge handling and driving activities at airports in Spain and Chile; Health Care and provision of energy services (ESCO); Facility Services in Spain, Portugal and Mexico.</p> <p><b>ISO 22001:</b> 100% of Facility Services.</p> <p><b>ISO 50001:</b> 100% of the energy services and Facility Services.</p> <p><b>ISO 179002:</b> Quality Management Systems for Health Transport Companies for the Healthcare business (new in 2019).</p> <p><b>EMAS:</b> certified Environment, dedicated to the management of landscaping and public spaces and environments, 50% owned by ACCIONA (new in 2019).</p>

## Customer relations and service at their disposal

Taking into account the diversity of Infrastructure customers, communication with them is managed through a wide variety of channels ranging from face-to-face service to websites for each one of the division's businesses.

The company also carries out various actions to strengthen links with its customers. In 2019, the Forwarding business held the "First Project Cargo Conference", whose main objective was to resolve the most common doubts when contracting an international transport operation. The conference was a resounding success in terms of attendance and participation.

In the Entorno subsidiary, the relationship with the customer, through the Service Managers, has been aimed at planning the control of the services provided, changes in frequency and special events. In the Healthcare business, ACCIONA held monthly contract monitoring meetings with the customer, dealing with a range of issues: work organisation, presentation of the new incident management tool, etc.

### Quality of water supplied to the customer

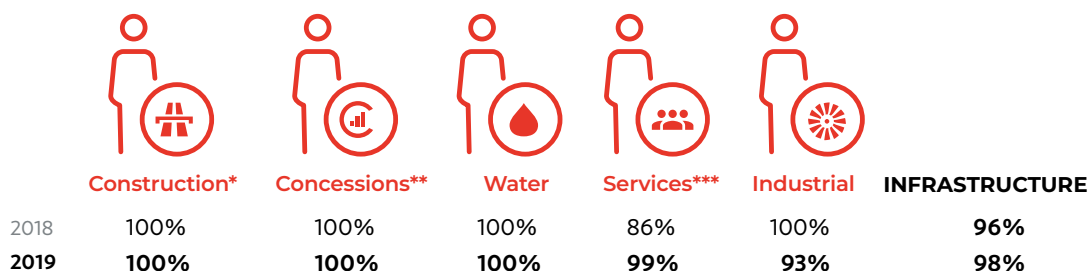
Water's customers have at their disposal different channels for managing claims, complaints, suggestions and incidents, such as customer websites and virtual offices in the Water Service concessions, among others.

## Customer satisfaction and loyalty

The percentage of customers satisfied with Infrastructure's services increased from 96% in 2018 to 98% in 2019.

198

### Infrastructure customer satisfaction



\* Includes works in Spain and AMISA.

\*\* Includes Novo Hospital de Vigo, Hospital Infanta Sofía, and A2-Tramo 2.

\*\*\* Includes: AFS Spain, AFS Portugal, Mexico, Environment, Healthcare, Mobility and EROM.



Some noteworthy indicators in the area of customer satisfaction during the year are:

- › In 86% of the surveys received by Construction and in 90% of those received by Water, the customers stated that they would award the project to the company again.
- › Facility Services' customer satisfaction in Spain increased from 3.26 to 3.95 out of 5.
- › The customers of the Lisbon motorsharing service gave ACCIONA a score of "excellent", based on the NPS indicator (Result = 52%, the indicator ranges from -100 and +100, any figure greater than 1% is good and a value  $\geq 50$  is excellent).

In this regard, the way ACCIONA's is viewed compared to its competitors is also significant. For example, 70% of customers consulted by Construction consider the business "better or much better" than its competitors.

## Tools for improvement

Infrastructure launched 23 improvement groups in 2019 and has identified 350 lessons learned with the aim of documenting, sharing knowledge and identifying innovative solutions.

Notable among these is the case of the MECA group for improving the efficiency of the integral water cycle. To that end, the group focuses on identifying improvement opportunities in each area and estimating the net impact on the income statement. Once it is decided to implement any of the changes, they are monitored to verify effectiveness.

The Service business has thoroughly analysed the backoffice app to adjust the user incident reporting in the Mobility business. Various applications have been modified to improve the user experience, as well as the customer service procedure.

In terms of lessons learned, Construction has identified a total of 19 (2 in Engineering, 5 in Spain and 12 in Australia). Some of the most significant ones included:

- › Alternative to foundation reinforcement using self-drilling micropiles.
- › Soil stabilization using cement mixed with ash.
- › Protection of test cylinders for in-situ concrete control.

199

## Improving the procedures of the process management system

The division continues to make progress in the implementation of process management models and the revision of process maps. For example:

- › Construction has implemented an IT tool for the application of the GPP (General Project Plan) for projects in the execution phase, which covers all activities by management areas, including the responsibilities associated with each one of them and the characterization of the risks of each project.
- › Water has prepared a new map of strategic, corporate and business processes, standardizing different areas of the organization. This allows for greater organizational and operational efficiency and increases the capacity for adaptation and flexibility in the face of change.

## ENVIRONMENTAL IMPACT MANAGEMENT

The division's environmental management is based on the principles of improving environmental performance. All businesses have environmental targets that are reviewed annually in line with the Sustainability Master Plan 2020 (SMP 2020).

### Protection and conservation of biodiversity

Infrastructure's activities can have adverse effects on biodiversity as a result of their operations. Therefore, all areas identify and evaluate possible alterations in each phase of the projects they execute, with the aim of implementing the necessary prevention and correction measures.

#### Sea turtle preservation in Brazil

As part of the environmental actions established for construction sites in Brazil, ACCIONA launched a campaign for monitoring and preserving sea turtles in the Caretta-caretta species. Considering that all sea turtle species are protected in Brazil, the Caretta-caretta is classified as vulnerable by the International Union for the Conservation of Nature and is included in Appendix I of the Convention on International Trade in Endangered Species (CITES). It is also listed as endangered on the National List of Brazilian Fauna Species.

These campaigns consisted of the safe release of offspring after spawning season on Grussaí beach, since both the loss of beaches suitable for laying eggs and the introduction of exotic predators are seriously affecting the populations of Caretta-caretta, a species already with a low reproduction rate.

200

#### Biodiversity conservation in Madrid's historical parks

ACCIONA is responsible for the comprehensive conservation of Madrid's eight most emblematic parks, which are either classified as Assets of Cultural Interest or include representative elements that are over a century old. These parks, as well as leisure spaces, constitute small ecosystems with their own particular fauna and flora, whose balance must be maintained.

The company has developed various initiatives, such as studies of nocturnal birds of prey in the Quinta de los Molinos and El Capricho parks; and studies of lepidoptera (butterflies) in the Dehesa de la Villa, to promote the preservation of these species.

Four species of bats have also been observed in the Parque del Oeste, all included on the List of Wild Species under Special Protection. The installation of nesting sites to facilitate their refuge and reproduction has been proposed as a conservation measure. Finally, it has also been observed that the Iberian painted frog, another protected species, has grown in number at the Parque del Oeste at the majority of census points thanks to the measures adopted in 2017.

## CIRCULAR ECONOMY: SUSTAINABLE USE OF RESOURCES 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.

In its different lines of business, it promotes the creation and monitoring of procedures aimed at minimising, separating, reusing, recycling and recovering waste. Similarly, the use of renewable materials is encouraged to replace virgin materials.

### Ness Energy Project: construction and operation of a waste to energy plan

In August 2019, ACCIONA was awarded a 20-year contract for the engineering, procurement, and construction (EPC) and operation and maintenance (O&M) of the NESS Energy Project waste-to-energy plant in Aberdeen (Scotland). This facility will have the capacity to sustainably and fully treat 150,000 tonnes of waste per year, generating electricity for the national grid and heating for the inhabitants of the Torry district.

The project, with a budget of around €400 million, responds to the need to manage non-recyclable waste (MSW) in Aberdeen, Aberdeenshire and Moray in accordance with regulations that will be updated in 2021 and that will prohibit the dumping of waste in the country. This project is part of ACCIONA's commitment to cutting-edge technologies that contribute to sustainability and environmental protection, particularly the modernization of cities and the circular economy.

### Reuse of earth and rubble on site

Excavated earth and rubble are the most common types of waste generated by ACCIONA. They are the focus of much of its 2016-2020 Waste Management Plan. In 2019, a significant amount of this type of waste has been recovered from the company's construction sites. The following cases must be highlighted:

- › The rehabilitation of the neighbourhood market in the Legazpi district (Madrid). Nearly all of the earth and debris removed was used for restoration and filling at other sites.
- › The remodelling of the railway facilities at the Canfranc station (Huesca). All the material used to clean up the esplanade was reused as selected soil, prepared subgrade, drainage material and sub-ballast, generating a saving of almost €200,000 in material.
- › The construction of the Olivo Arena sports centre (Jaén). The more than 2,000 tonnes of debris generated are taken to a recycling plant.

## Recovery of plant debris from parks and gardens managed by ACCIONA

Waste of plant origin generated by the parks and gardens maintenance services is the most significant waste in this line of business. The way it is treated exemplifies the company's commitment to circularity.

94% of the plant-based waste generated in this business last year, a total of 5,187 tonnes, was reused as compost or as an element to promote the retention of organic matter and water from the soil.

### Use of resources and waste management at Infrastructure

	2016	2017	2018	<b>2019</b>
TOTAL resources (tonnes)	11,954,024	8,548,722	17,389,443	<b>10,894,748</b>
Recycled or renewable* resources (%)	14%	21%	29%	<b>9%</b>
TOTAL Non-hazardous waste (tonnes)	12,552,224	12,073,759	9,566,294	<b>3,752,589</b>
Non-hazardous waste (%)	37%	43%	58%	<b>75%</b>

\* Recycled or renewable: biomass, certified wood (FSC or similar), soil, aggregates, steel, cardboard and recycled paper.

## 202

### MANAGEMENT OF WATER RESOURCES

Through the management of the integral water cycle ACCIONA meets the needs of millions of people around the world by responding to one of the greatest environmental challenges facing humanity: access to water and sanitation. In 2019, the treatment plants managed by ACCIONA Water desalinated, treated and purified 1,030 hm<sup>3</sup> of water (519 hm<sup>3</sup> in water-stressed countries), while the water supplied from primary networks and groundwater sources amounted to 42 hm<sup>3</sup>.

### Evolution of the volume of water managed

(hm<sup>3</sup>)

	2016	2017	2018	<b>2019</b>
Desalinated water	196	296	318	<b>455</b>
Drinking water	218	199	26	<b>123</b>
Treated wastewater	358	279	445	<b>453</b>
<b>Total</b>	<b>772</b>	<b>775</b>	<b>790</b>	<b>1.030</b>

## COMPLEXWAT project for the treatment of industrial effluents

The treatment of industrial wastewater is a challenge given its variety and complexity. ACCIONA has dedicated a line of research to the water treatment from mining and metallurgy and from the washing of membranes in desalination plants, among other industrial sectors, in order to improve the quality of treated effluents (in discharges) or to facilitate the reuse of water (in regeneration).

To separate the contaminants from the complex waters, physical-chemical techniques are being used such as dissolved air flotation (DAF) and electro-chemical systems (electro-coagulation, electro-oxidation, etc.).

These types of solutions are open to collaboration with universities and research centres or the end user industries themselves.

### Infrastructure's use of water for internal consumption

The use of water for internal consumption decreased in 2019 compared to 2018 by approximately 1M m<sup>3</sup>, mainly due to a lower intensity of use in the Construction business, while the consumption of recycled and reused water and rainwater rose to 44% of the division's total, mainly due to a WWTP in Egypt using more process water.

## Rapid system for repairing water distribution leaks

According to data from the National Institute of Statistics, leaks, breaks and breakdowns in the supply network can waste up to 16% of the volume distributed and account for up to 65% of the total volume of unrecorded water.

Therefore, early repair of leaks in the network is a high priority to prevent waste. ACCIONA has developed an innovative system that consists of building, in situ, a new carbon fibre pipe inside the old one, which makes it possible to do the repairs without having to open trenches and also reduces disturbances to road traffic and other inconveniences.

203

## WATER TREATMENT IN WATER-STRESSED REGIONS

ACCIONA is once again contributing to ensuring access to drinking water in water-stressed areas and to environmental sustainability in areas with low levels of sanitation, through the construction, operation or maintenance of drinking water, desalination and water treatment plants. In 2019, more than 50% of the treated water was generated in water-stressed areas of the world.

## Shuqaiq 3 desalination plant

ACCIONA continues to respond to the demand for water treatment infrastructure in regions with water stress or projected shortages due to climate change.

ACCIONA will be present throughout the construction of the Shuqaiq 3 desalination plant project in Saudi Arabia: as an investor partner, as the sole EPC (turnkey) contractor and as the leading and majority partner in its operation and maintenance for 25 years. The project has a budget of nearly €750 million

The facility, which will be completed in 2021, will be one of the largest desalination plants in the country, will incorporate reverse osmosis technology and will have a treatment capacity of 450,000 cubic meters per day to serve a population equivalent to 2 million people.

## CONTRIBUTION TO SOCIETY

Infrastructure contributes to the improvement of society with its projects. The benefits it generates leave a positive mark on the life of communities through access to drinking water, modernization of communications, promotion of the local market and generation of employment. More than 600,000 people have been benefited this year from the initiatives of the Infrastructure projects.

Three types of actions are being developed to manage and measure these impacts: Social Impact Management, measurement of socio-economic and environmental impact, and social investment associated with projects.

### 204 Social Impact Management

Through its own Social Impact Management (SIM) methodology, ACCIONA determine out from the outset what social risks its projects, operations and services pose to the catchment areas of its projects. By following this procedure, the company can have positive impacts and minimize negative ones on the local communities and environments where it operates.

In 2019, Infrastructure worked on 102 projects in 22 countries where social impact management was implemented. The types of projects vary: from the construction of metro lines, linear infrastructure, hospitals or tunnels, to building or comprehensive water management and cleaning services.

### Evolution of the implementation of SIM methodology at Infrastructure

(no. of projects)

	2016	2017	2018	2019
Construction	44	55	47	55
Water	17	26	10	15
Service	3	6	24	32

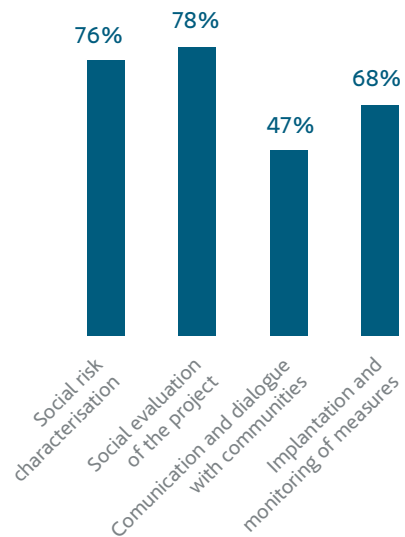
 More information in section "ACCIONA's Social Impact Management" under the chapter "Social Impact".

## Infrastructure contributes to the improvement of society with its projects

The benefits it generates leave a positive mark on the life of communities through access to drinking water, modernization of communications, promotion of the local market and generation of employment

### Status of implementation of the phases of the Social Impact Management methodology by Infrastructure

(% of total Infrastructure projects with SIM)



205

To evaluate the degree of implementation of the SIM methodology, external audits were carried out on 6 infrastructure projects.

The division currently establishes channels for suggestions and complaints in each business line and on those projects where the customer requires or allows it. In 2019, 71% of the projects where SIM was implemented have such channels (web forms, e-mails, phone numbers, suggestion boxes, community service offices), through which the stakeholders affected by a specific project were able to ask questions and/or make suggestions.

Infrastructure has **102 projects in 22 countries** where Social Impact Management is carried out

## Projects with remarkable social actions

### Social actions at La Pradera pumping station (Ecuador)

#### Social Impact Management

The project is financed by the European Investment Bank and is therefore subject to requirements such as the development of a Community Relations Plan under which a community information office is set up along with a system for complaints and consultations, citizens' assemblies in collaboration with the customer, community meetings, home visits and the distribution of posters and information sheets on the project.

Worth highlighting as a result of Social Impact Management:

- › 30% increase in workers' salaries over the salaries of each professional category of public employment.
- › 60% of qualified manual labour hired locally.
- › 65% of services arranged locally.
- › Employee training on the code of conduct and good environmental practices.

#### Social action

- › Education in environmental practices for schoolchildren.
- › Volunteer initiatives.
- › Support for community members through several local organizations.

206

### Social actions on the Puhoi-Warkworth highway (New Zealand)

#### Social Impact Management

There were several different initiatives:

- › Appointment of a team to maintain a proactive and constant dialogue, plan and implement the events and social initiatives, inform about the works and handle queries or complaints from neighbours or affected parties.
- › Publication of a monthly bulletin with information about the project: work plans, traffic rerouting, and ways of contacting the project.
- › Organization of informative visits and meetings about the project.
- › Surveys of stakeholders to detect areas for improvement.

Worth highlighting as a result of social impact management:

- › Work with the Maori culture, such as placing a stone of cultural interest under the advice of cultural advisors and supporting festivals related to this culture.

Continues ›



**Social action**

- › Support for sports camps for children and adults.
- › Talks at area schools.
- › Sharing detailed information about Aboriginal culture with all stakeholders in the area.

## Socio-economic impact of the projects

The Infrastructure division measures the socio-economic and environmental impact of some of its projects in order to identify and reinforce the benefits generated throughout their life cycle. Using an econometric model based on input-output tables (analysis of the relationships between different industries), the company obtains quantitative results of the direct, indirect and induced impact of its operations in terms of job creation and contribution to the country's gross domestic product (GDP). This tool allows the company to learn about other positive effects of its work on the environment and the communities in which it operates.

In 2019, the division calculated the socio-economic impact of the Power to Green Hydrogen project in Mallorca (Spain). The project consists of the creation of the largest hydrogen plant in Europe, produced thanks to a photovoltaic park, for use as fuel in the transport sector.

The results are:

**Photovoltaic plant**

- › €6.87 million contribution to local GDP during the construction phase (1 year).
- › Creation of 85 local jobs-year\* during the construction phase (1 year).

**H<sub>2</sub> plant by PEM electrolysis (Proton Exchange Membrane):**

- › €20.82 million contribution to local GDP during the construction phase (2.5 years).
- › Creation of 237 local jobs-year\* during the construction phase (2.5 years).

**207****Positive carbon footprint in operation phase**

- › Emissions reduction of approximately 10,000 tCO<sub>2</sub>e/year.

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\*Jobs-Year: full-time equivalent job for one year.

# Other ACCIONA Businesses

ACCIONA is involved in other types of business such as financial services for fund management and brokerage services through Bestinver, the production of high-quality wines by Grupo Bodegas Palacio 1894 and housing development through Real Estate.

208

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## OTHER ACCIONA BUSINESSES 2019

**1,031**  
Employees


**345 M€**  
Turnover

**84 M€**  
EBITDA

*These data include Bestinver, ACCIONA Producciones y Diseño (APD), Grupo Bodegas Palacio 1894 and Real Estate. APD does not have a specific section in this chapter as it was separated from Service during 2019 and does not have its own materiality analysis.*

## BESTINVER'S SUSTAINABILITY PERFORMANCE IN 2019

Bestinver is a leading company in management services for investment funds, pension funds and other collective investment institutions. Bestinver focuses on delivering attractive and sustainable returns through the construction of robust portfolios. Alignment of interests is fundamental, as both investors and managers co-invest with the same objective: to obtain the best possible returns over the long term. Bestinver's investment philosophy is defined in a simple way: "to obtain returns by investing in undervalued companies through fundamental analysis, appropriate risk management and a long-term time horizon shared by investors and managers".

	<b>+ 30 years</b> of experience	<b>98 M€</b> Turnover	<b>6,432 M€</b> Under management
	<b>62 M€</b> EBITDA	<b>13 M€</b> CAPEX	<b>51.705</b> Investors

Below is Bestinver's 2019 materiality matrix, which determines the relevance of the identified issues to stakeholders and/or the business. The chapter describes the sustainability performance of the business in terms of high relevance issues, but only if there is business-specific information not already addressed in previous chapters.

### Bestinver's materiality analysis



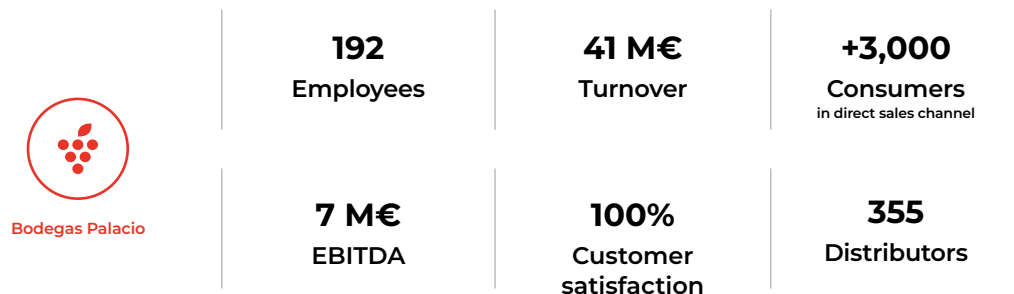
### Investor satisfaction

To increase the satisfaction of its customer base on an ongoing basis, Bestinver maintains a large investor relations team in charge of informing them at all times of the status of their portfolios, as well as facilitating operations in the management of their investment and pension funds.

Bestinver has a private area for customers where they can carry out online operations and an "Investing School" section which discusses the essential concepts of investing in investment funds and pension plans.

In 2019 Bestinver held two conferences for its customers. The first one, in Barcelona, was attended by 394 people, who reviewed the performance and positioning of portfolios and answered participants' questions; the other one, in Madrid, was attended by 564 people. The fund manager held another 18 meetings in various Spanish cities, attended by 1,978 people.

## SUSTAINABILITY PERFORMANCE OF GRUPO BODEGAS PALACIO 1894 IN 2019



Below is materiality matrix of Grupo Bodegas Palacio 1894 for 2019 which determines the relevance of the identified issues to stakeholders and/or the business. The chapter describes the sustainability performance of the business in terms of high relevance issues, but only if there is business-specific information not already addressed in previous chapters.

### Grupo Bodegas Palacio 1894's materiality analysis



## Climate strategy

Since 2015, ACCIONA's wine group has been consuming only electricity from renewable sources, and in 2019 it has emitted only 274 tCO<sub>2</sub>e. Furthermore, like the rest of the company's businesses, Grupo Bodegas Palacio 1894 is a carbon-neutral company which has offset the emissions generated by its operations.

The company's wineries and vineyards continue to make progress with measures to reduce energy use. Among the measures carried out in 2019, the following are worthy of note:

- › A 25% reduction in electricity consumption per litre bottled at the Peñascal winery thanks to the adaptation of wine temperatures to seasonality, thus optimising the refrigeration method
- › The installation of electric vehicles charging stations for customers and the general public.

## Commitment to quality and food safety

Grupo Bodegas Palacio 1894 strives to ensure the quality and safety of the products offered to customers and to promote responsible consumption. It participates in initiatives such as Wine in Moderation, a project of the European wine sector that promotes moderation and responsible drinking to prevent excessive or inappropriate consumption of alcoholic beverages.

### Certifications

- › ISO 9001 and ISO 14001: 100% of wine production 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 field of environmental sustainability and the fight against climate change. This seal requires actions to improve processes that reduce emissions and increase energy efficiency.
- › ISO 22000: food safety management system at Bodegas Peñascal, Viña Mayor, Caserío de Dueñas and Bodegas Palacio.

211

Improving the quality of the group's products and services has a direct impact on the satisfaction of customers and consumers. The effort to improve the Route to Market, with changes in the approach of the sales team or the launch of more modern product ranges, in addition to the presence in the HORECA channel (hotels, restaurants and cafeterias), have led to 100% of the customers in this market segment recommending Grupo Bodegas Palacio 1894. For the end-consumer and food channels, the recommendation level this year is 99.7% and 100% respectively, and the overall satisfaction rate is 100%.

Grupo Bodegas Palacio 1894 gained 15 new customers in different countries during 2019. The Direct Online Channel has been transformed to optimize the customer relationship model. Improvements have been made to complaint handling by including a complaint handling flowchart in the customer satisfaction procedure.

At the end of the year, Grupo Bodegas Palacio 1894 has no record of any fines related to the safety or quality of its products.

## Environmental management: water, circular economy and biodiversity

### Circular economy

Several notable measures were undertaken in this area last year:

- › Treatment with trichoderms instead of sulphur to fight wood diseases, thus reducing the consumption of chemical products and improving the structure of the soil.
- › The use of natural treatments with pheromones to fight pests, avoiding the use of pesticides.
- › An 86% reduction in the amount of sewage sludge from the Peñascal treatment plant through the implementation of an O<sub>2</sub> monitoring system.

### Reduction of water consumption

Water consumption is one of the most important environmental variables in winemaking. In 2019, Bodegas Palacio was responsible for 15% of ACCIONA's total water consumption. In particular, the ownership of more than 500 hectares of vineyards makes water management a strategic issue.

Therefore, in 2019 the company continued to implement measures aimed at reducing water consumption in the vineyards. Among others:

- › At Viña Mayor, new grape varieties that are more resistant to drought have been introduced by regrafting an additional 1.42 hectares. The irrigation schedule has also been adjusted to minimize evaporation and evapotranspiration and the pruning system in certain areas has been modified to favour the microclimate and avoid thermal stress.
- › In Caserío de Dueñas, a study was conducted using drone flights to evaluate soil texture and moisture, water stress and plant vigour.

### Biodiversity

In the past year, Grupo Bodegas Palacio 1894 continued to implement measures for the protection and conservation of biodiversity:

- › The creation of green corridors around the perimeter of the Viña Mayor plots that serve as a refuge for insectivorous birds and auxiliary fauna.
- › Installation of bird houses for insectivorous birds (robins, tits and coals) and small birds of prey (owls) to nest.

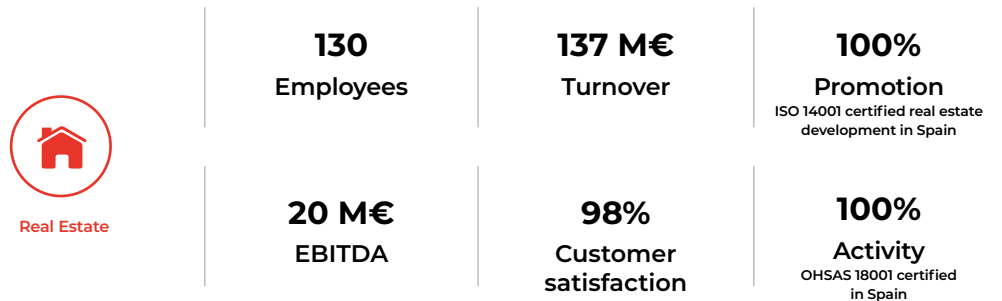
## Contribution to society

For the fifth year running, Grupo Bodegas Palacio 1894 participated in the Gastronomix cuisine social project. The aim is to offer a training opportunity in the hotel and catering industry to 50 young people from vulnerable backgrounds and prepare them for the job market.

The group is responsible for bringing the culture of wine to the 50 young people in an educational, professional and responsible way. Among other activities, the group of wineries gave a wine masterclass at the school, educating students on the essential concepts such as proper conservation and service, as well as the basic rules of wine pairing and, in short, giving students tools and techniques to apply in their daily lives.

## REAL ESTATE SUSTAINABILITY PERFORMANCE IN 2019

With more than 30 years of experience in the sector, the real estate division is a leader in residential development and management in Spain, having built more than 13,000 homes throughout Spain, Portugal, Poland and Mexico.



Below is materiality matrix of Real Estate for 2019 which determines the relevance of the identified issues to stakeholders and/or the business. The chapter describes the sustainability performance of the business in terms of high relevance issues, but only if there is business-specific information not already addressed in previous chapters.

### Real Estate materiality analysis



## Environmental management: eco-efficient housing

For years, ACCIONA has been committed to having all new developments certified with the BREEAM sustainable seal, aspiring to the qualification of "good" or higher in all of them.

This prestigious method of evaluating sustainability provides tools and procedures to measure, analyse and weigh the levels of sustainability in the design, execution and maintenance of new buildings. The certificate applies to both the design and construction phases in ten categories: management, health and well-being, energy, transport, water, materials, waste, ecological use of soil, pollution and innovation.

In 2019, Real Estate delivered 5 residential developments with this certification (94% of the homes are rated "Very Good") and has another 11 underway.

Thanks to the improvement brought about by the sustainability seals, BREEAM-certified homes have higher quality standards than those available on the market. Lower consumption and maintenance requirements make them a more attractive investment. Accreditation of the building's construction quality makes it easier for customers to obtain mortgages with better conditions and thereby speed up the sales and/or rental operations.

## Improving the customer's experience and satisfaction

In 2019, Real Estate worked on the implementation of its CRM which will be complete in 2020. The purpose is to improve customer segmentation. Similarly, the company has a new tool, integrated into the private area for customers on its website, which centralizes complaints that reach the after-sales department, as well as information on their contracts, invoices, supplies, services in their area, etc. In 2019, a private area for customers was set up where they can register their complaints. The customer satisfaction rate was 98%.

Real Estate was present at the Salón Inmobiliario Internacional de Madrid (SIMA), where the first 100% paperless stand in the history of the fair was presented. Visitors could access the company's entire offering by means of and a series of digital supports (virtual and augmented reality, LED screens, QR codes, tablets, etc.), including a specific sustainability corner. They were also able to receive information on sales promotions on their mobile phones, introducing sustainable mobility with the purchase of a home for the first time.

214

## Supply chain good practices

Before it starts any project and in relation to the BREEAM certification for all promotions, Real Estate holds a meeting with the suppliers where they are informed of the planned scope of the project in terms of sustainability. This way, the designer considers the requirements to be met in areas such as energy, water, sustainable materials, pollution, health and welfare, etc. before starting the design work.



| **The new Real Estate CRM** will improve customer segmentation

## Health and safety

Real Estate's security management is integrated into the entire organizational structure of the company. It is certified according to OHSAS 18001 and is being adapted to ISO 45001. At all fixed locations, there is a liaison with Prevention Services which carries out health and safety monitoring. This allows a real integration of the preventive functions in each work centre.

The circle of influence of the prevention culture includes not only the employees but also the customers. Information on the residence's risks and instructions on prevention and how to proceed in the event of an emergency have been incorporated into the residence hall contracts. In addition, awareness-raising talks are offered to all staff at the beginning of the school year.

# Materiality analysis

## Focus on essentials

ACCIONA operates on five continents with different activities, business models and stakeholders. The contents of this *Report* focus on an analysis of the most relevant issues.

216

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This section details how ACCIONA has identified the priority issues for the company and its stakeholders on the sustainability agenda, and which ones have the greatest potential to impact the business.

This materiality analysis provides insight into the importance of issues related to the business strategy, determines stakeholder expectations and needs, and clarifies accountability planning. It combines the internal viewpoint of the different businesses and the external viewpoint of the stakeholders, applying the Global Reporting Initiative's (GRI) "Principles for defining report content" according to GRI Standard 101: Foundation.

| Each one of the business has a materiality analysis adapted to its characteristics

On the occasion of the *2019 Sustainability Report*, the relevant issues identified last year, which were based on the macro-trend analysis carried out during the design of the 2016-2020 Sustainability Master Plan, have been updated. This update was performed individually for each one of ACCIONA's business lines: Energy, Construction, Water, Services, Concessions, Bestinver, Grupo Bodegas Palacio 1894 and Real Estate.

## METHODOLOGY (GRI 102-42; GRI 102-43)



### 1. Identification

Review and update of the issues identified in the 2018 Materiality Analysis in order to renew them and standardise their definition across the different business lines.



### 2. Prioritisation

Prioritisation of issues based on a dual analysis:

- › External relevance of sector influencers, investors and the press.
- › Internal relevance of the analysis of SMP 2020 and the consultation in 2018 of experts selected by the business sustainability managers.



### 3. Validation

Review, validation and evaluation of the issues by the business through dialogue with its sustainability managers.



## (GRI 102-40)

### Stakeholders consulted

The stakeholders consulted for this report include competitors, public administrations and regulatory bodies, the media, employees, investors, analysts, local communities and the scientific community.

These sources reflect the opinion of other ACCIONA stakeholders present in its sectors of activity, such as shareholders, partners and customers, among others.

217







## 1. Identification of material issues

The 2019 Materiality Analysis updates the issues identified the year before using information sources that are a reference for ACCIONA's sectors. These include the analysis of the group's competitors, various think tanks and guidelines such as the Financial Stability Board, the Spanish Non-Financial Information and Diversity Act and the European Union's Technical Expert Group on Sustainable Finance. The sectoral materiality analysis of the Sustainability Accounting Standards Board (SASB) for the 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 and Developers & Investment Trusts industries were also taken into account.

All of these sources allow ACCIONA to identify nuances and specificities, obtaining different lists of issues for each business line. Below is a single list of topics linked to the corresponding section of the *Report*.

Section of the Report	Material issues	Definition of the issues	
 <b>Employees</b>	<b>Diversity and equal opportunities</b>	Measures that guarantee diversity and equal opportunities, from hiring people at risk of social exclusion to multiculturalism training. The actions taken to promote work-life balance and to reduce the wage gap are also taken into account.	
	<b>Human capital</b>	Strategies and plans for attracting and retaining talent, as well as reducing employee turnover: performance evaluation processes, employee satisfaction surveys and investment in training and other tools for motivating commitment such as scholarships or target-linked incentives. Measures to promote training on key sustainability issues and to link employee remuneration to the company's sustainability performance are also assessed.	
	<b>Safety, health and welfare</b>	Protecting the safety, health and welfare of workers requires a process of awareness and training, together with risk identification and mitigation measures. Aside from reducing occupational accidents, it is also important to identify suppliers that have health and safety certificates.	
 <b>Risks and opportunities of the climate emergency</b>	<b>Climate strategy</b> (except Bestinver)	Measures adopted by the company to contribute to the mitigation of climate change: establishing a policy on the subject, investing in renewable energy, promoting energy efficiency, reducing greenhouse gas emissions, using a carbon price or offsetting emissions; adapting projects or assets to external climate phenomena; and managing risks and opportunities arising from climate change. Today, the energy transition and its associated regulatory mechanisms are having a major impact on businesses.	
<b>218</b>	 <b>Environmental impact</b>	<b>Environmental management and biodiversity</b> (except Bestinver)	In order to guarantee adequate environmental management, it is necessary to develop an environmental policy, evaluate the vulnerability to environmental regulations, manage risks, establish compliance objectives and implement Environmental Management Systems in all activities. Managing the company's impact on biodiversity includes measures such as establishing policies, analysing the state of the affected ecosystems and developing actions to protect biodiversity.
		<b>Water usage</b> (except Bestinver)	Proper water management must include collection, usage and discharge. To achieve this, it is advisable to measure your water footprint and define objectives for reducing it.
		<b>Waste and the circular economy</b> (except Bestinver)	Good waste management includes updating policies, researching new ways to use waste and innovating in waste recycling. The circular economy promotes a shift towards an economy that is efficient in the use of material resources, based on an analysis of the complete life cycle of the products and services associated with the value chain.

Continues >

Section of the Report	Material issues	Definition of the issues
 <b>Innovation</b>	<b>Innovation and digital transformation</b>	Having a sustainable innovation roadmap leads to new business opportunities. This guide includes aspects such as investment in R&D, development of new technologies, digital transformation, setting measurable objectives and collaborating third parties.
 <b>Customers</b>	<b>Quality, safety and customer satisfaction</b>	Establishing mechanisms to collect customer opinions in order to measure their satisfaction and manage the relationship with them. Guaranteeing the privacy and protection of customer data. Ensuring the quality and safety of the products.
 <b>Social impact</b>	<b>Local communities</b> (except Bestinver)	The negative impact of the company's activity on local communities must be managed and that starts with dialogue. The effects on the environment include aspects such as population displacement, noise or dust generated, visual impact and public safety. The company's activities also have positive impacts, such as the generation of wealth, the creation of local employment or the hiring of local suppliers.
 <b>Respect for human rights</b>	<b>Human rights</b> (except Bestinver)	Measures put in place to respect the human rights of stakeholders and mechanisms to address possible violations. Aside from the definition of a policy in this regard, training and awareness on the subject and risk assessment of projects and investments, including the supply chain, are also considered relevant.
 <b>Supply chain</b>	<b>Sustainable supply chain</b>	Environmental, social and ethical criteria must also be applied to supplier management. This includes establishing policies, corrective measures in cases of non-compliance, risk assessment and identification of suppliers' water and carbon footprints. In this sector, local procurement and "green" procurement are considered relevant.
 <b>Tax disclosures / Corporate governance / Ethics and anti-corruption</b>	<b>Ethics and anti-corruption</b>	As part of a company's good governance, it is necessary to establish an anti-corruption policy and a code of ethics or conduct, in addition to promoting legal compliance and integrity in tenders and bids. A high degree of transparency, efficiency and rigour in the operation of the governing bodies is decisive for the generation of trust and long-term commitment in the stakeholders. The trend among large listed Spanish companies is to provide more and more information in relation to transparency and tax contributions.

## 2. Prioritisation of material issues

Issues are prioritised based on a double analysis of information sources:

› **External relevance conferred by investors and prescribers:**

- › Criteria and aspects evaluated in the Dow Jones Sustainability Index questionnaire.
- › Investors' expectations in terms of social, environmental and good governance criteria.
- › Analysis of relevant issues for stakeholders identified in the press and social networks.
- › Consultation with international organisations and sectoral institutions carried out in 2018, considering the countries where ACCIONA is most active: World Wildlife Fund (WWF), Mexican Energy Association, Spanish Association of Renewable Energy Companies (APPA), American Wind Energy Association (AWEA), International Energy Agency (IEA), Canada Green Building Council, Australia Green Building Council, World Economic Forum, Water Association, Global Compact Chile, Canadian Water and Wastewater Association (CWWA), National Association of Water and Sanitation Companies of Mexico (ANEAS), International Facility Management Association and World Business Council for Sustainable Development (WBCSD).

› **Internal relevance, based on internal documents and stakeholders:**

- › Analysis of the 2020 Sustainability Master Plan.
- › Consultation with business sustainability managers: the experts selected by each business provided their views on the relevance of the issues identified in 2018.

## 3. Validation of material issues

In order to assess and validate the material issues, a dialogue is established with the sustainability managers of each one of ACCIONA's businesses, concluding with an evaluation in which the assessments from the previous phase are contrasted for consistency.

220

## RESULTS OF THE ANALYSIS (GRI 102-47)

The issues that proved to be material for each one of ACCIONA's divisions are detailed below: Energy, Infrastructure (Construction, Concessions, Water and Services) and Other Businesses (Bestinver, Grupo Bodegas Palacio 1894 and Real Estate).

Several issues are relevant to all of ACCIONA's businesses: Climate strategy; and Quality, safety and customer satisfaction.

In addition, there are other issues that are important to all the main lines of business such as Ethics and anti-corruption; Human capital; Safety, health and welfare; and Innovation and digital transformation.

From here, a consolidated analysis determines the order and volume of content of the chapters. Although some issues may not be highly relevant on a consolidated basis, they are included if they are relevant to a particular business.

Chapter	Material issues	Consolidated result	Energy	Infrastructure	Construction	Concessions	Water	Services	Other business	Bestinver	Wineries	Real Estate
Employees	Diversity and equal opportunities	✓						✓		✓	✓	
	Human capital	✓	✓		✓	✓	✓	✓		✓		✓
	Safety, health and welfare	✓	✓		✓	✓	✓	✓			✓	✓
Risks and opportunities of the climate emergency	Climate strategy (except Bestinver)	✓	✓		✓	✓	✓	✓			✓	✓
Environmental impact	Environmental management and biodiversity (except Bestinver)	✓	✓		✓		✓				✓	✓
	Water usage (except Bestinver)	✓					✓				✓	
	Waste and the circular economy (except Bestinver)	✓			✓			✓			✓	✓
Innovation	Innovation and digital transformation	✓	✓		✓	✓	✓	✓		✓		✓
Customers	Quality, safety and customer satisfaction	✓	✓		✓	✓	✓	✓		✓	✓	✓
Social impact	Local communities (except Bestinver)	✓	✓			✓					✓	
Respect for human rights	Human rights (except Bestinver)	✓	✓								✓	✓
Supply chain	Sustainable supply chain	✓				✓		✓			✓	
Tax disclosures / Corporate governance / Ethics and anti-corruption	Ethics and anti-corruption	✓	✓		✓	✓	✓	✓		✓		✓

The **main issues** relevant to all business are: climate strategy, quality, safety and customer satisfaction

**DETERMINATION OF CONTENTS** (GRI 102-46)

The GRI Content Index in this Report shows the complete list of identified issues, along with the associated GRI Standards and the coverage of each one. As seen in the previous section, all the issues are relevant to at least one of ACCIONA's businesses.

All GRI Standards associated with the issues are disclosed in this Report. For each individual business:

- › the materiality matrix for that business is provided,
- › the matters that are highly relevant to that business are reported.

# About this report

## Transparency and accuracy

This *Report* meets the requirements of Law 11/2018 on Non-Financial and Diversity Information. The information presented fulfils the criteria of comparability, materiality, relevance and reliability.

222

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(GRI 102-46)

This *Sustainability Report* sets out the progress, results and status of ACCIONA's sustainability performance in 2019, as well as its management approach and the challenges it faces. The object of this *Report* is to provide, in a clear and rigorous manner, the most relevant information about the company as it relates to the most significant positive and negative impacts on its different stakeholders.

The report is based on the challenges described in previous years' sustainability reports and focuses on the progress made during 2019. This year, the content has been formulated to serve as the 2019 *Non-Financial Information Statement*. It includes information, both individual and consolidated, on all significant aspects of all group companies, as required by Law 11/2018<sup>22</sup> of December 28 on non-financial and diversity information.

This *Report* also describes the company's annual progress in implementing the United Nations Global Compact's Ten Principles on human rights and labour rights, the environment, anti-corruption, and ACCIONA's contribution to the achievement at local level of the Sustainable Development Goals (SDGs).

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<sup>22</sup> The group companies that meet the requirements of article 49.5 of the Commercial Code are as follows: ACCIONA Facility Services S.A., ACCIONA Energy S.A., ACCIONA Construction S.A., ACCIONA Agua S.A., ACCIONA Medioambiente S.A., ACCIONA Servicios Urbanos S.L., ACCIONA Airport Services, S.A., Energías Renovables Operación Y Mantenimiento, S.L.



The information published in this document is supplemented by other company reports: the *Consolidated Financial Statements and Directors' Report*, the *Annual Corporate Governance Report*, the *Integrated Report* (GRI 102-45). The sustainability content is updated regularly on ACCIONA's website: [www.acciona.com](http://www.acciona.com).

The company addresses the main sustainability issues that concern its stakeholders, whether they involve a particular topic or a particular line of business. The first sections deal with the issues regulated in Law 11/2018, with a structure adapted to the Sustainability Master Plan and the Materiality Analysis. Following this, the reader will find the most relevant information on sustainability for the different divisions: Energy, Infrastructure and Other Businesses.

The report complies with the principles of comparability, materiality, relevance and reliability:

### Comparability

The *Sustainability Report* is published annually and is prepared in accordance with the Reporting Principles included in Standard 101 of the Global Reporting Initiative (GRI). ACCIONA has followed the principles – as comparability, completeness and balance – described in this standard. This report has been prepared in accordance with GRI Standards: comprehensive option.

### Materiality and relevance

The 2018 Materiality Analysis, carried out by ACCIONA in keeping with the principles of GRI Standard 101, has made it possible to identify those economic, environmental and social issues that have the greatest impact on the company's activities.

As a result of this study, ACCIONA considers that the information contained in this Report is relevant for the company and its various stakeholders. The section titled "Materiality Analysis" describes the development process and methodology used to identify the contents of the document.

### Reliability

To check the reliability of the data and the consistency of the information in response to GRI Standards, the company commissioned an external verification from KPMG Asesores S.L.

223

As in previous reports, ACCIONA aims to ensure that its reasonable level of assurance covers a large number of relevant indicators. As part of the verification process, this *Report* contains an *Independent Report* detailing the objective and scope of the review, the procedures used and the conclusions reached.

## SCOPE (GRI 102-46)

ACCIONA has been reporting on the non-financial performance of its businesses in Sustainability Reports since 2005. The company describes its activities, providing an overview by division and, where possible, by geographical area of operation.

Throughout the report, the scope of each one of the indicators shown is specified. Similarly, data from previous years is provided in order to facilitate a better understanding of the evolution of the company's performance.

The environmental data published in the *Report* are taken from ACCIONA's environmental reporting system, which is the point of reference for the centralised monitoring and control of the environmental indicators of the company's activities. The scope of the environmental data published encompasses all of ACCIONA's activities in Spain and internationally. The criterion for the consolidation of environmental information is based on the financial control scheme, as is defined in the GHG Protocol standard.

# Annex of itemized indicators

## EMPLOYMENT

(102-8)

### Breakdown of workforce by contract type and gender

(number of employees)

224

	2018						2019					
	Temporary			Permanent			Temporary			Permanent		
	H	M	Total	H	M	Total	H	M	Total	H	M	Total
Energy	50	17	67	1,117	403	1,520	42	13	55	1,150	424	1,574
Infrastructure	8,665	3,268	11,933	15,836	7,826	23,663	8,232	3,366	11,599	17,311	8,129	25,440
> Construction	3,258	432	3,690	5,819	1,278	7,097	3,415	431	3,846	5,670	1,432	7,102
> Concessions	30	38	68	300	322	622	8	19	27	125	139	264
> Water	1,353	210	1,564	1,750	434	2,183	991	159	1,150	1,796	494	2,290
> Services	3,963	2,574	6,537	7,819	5,750	13,569	3,781	2,747	6,528	9,438	6,011	15,449
> Industrial	60	14	74	149	42	192	36	11	47	283	52	335
Other businesses*	84	68	152	644	565	1,209	69	64	133	478	420	898
<b>TOTAL</b>	<b>8,798</b>	<b>3,354</b>	<b>12,152</b>	<b>17,598</b>	<b>8,794</b>	<b>26,392</b>	<b>8,343</b>	<b>3,443</b>	<b>11,786</b>	<b>18,940</b>	<b>8,973</b>	<b>27,912</b>

\* Includes Bestinver, Corporative, Grupo Bodegas Palacio 1894, Real Estate, APD and Trasmediterranea (up to deconsolidation in May 2018).

### Breakdown of workforce by job category and age group

(number of employees)

	2018				2019			
	< 31	31 - 50	> 50	Total	< 31	31 - 50	> 50	Total
Directors and managers	9	1,578	595	<b>2,182</b>	19	1,676	672	<b>2,367</b>
Technical staff	1,248	4,566	848	<b>6,663</b>	1,154	4,322	984	<b>6,460</b>
Support	223	864	275	<b>1,362</b>	245	723	237	<b>1,205</b>
Operators	3,652	15,264	8,867	<b>27,783</b>	4,898	15,484	8,794	<b>29,176</b>
Other*	69	256	228	<b>554</b>	134	234	122	<b>491</b>
<b>TOTAL employees</b>	<b>5,201</b>	<b>22,529</b>	<b>10,814</b>	<b>38,544</b>	<b>6,451</b>	<b>22,439</b>	<b>10,809</b>	<b>39,699</b>

\* The "Other" category refers to personnel not included in any of the standard roles, most pertaining to managed joint ventures to which the model does not apply.

### Number of employees by contract type and age range

(%)

	2018		2019	
	Temporary	Permanent	Temporary	Permanent
< 31 years old		54	44	56
31 - 50 years old		31	28	72
> 50 years old		24	23	77

225

### Number of employees by contract type and job category

(%)

	2018		2019	
	Temporary	Permanent	Temporary	Permanent
Directors and managers	0	100	0	100
Technical staff	22	78	20	80
Support	18	82	20	80
Operators	37	63	33	67
Other	29	71	26	74

## Geographical breakdown of workforce

(number of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Spain	13,534	8,206	21,740	13,619	7,251	20,870
Germany	316	63	380	26	452	478
Australia	984	216	1,200	922	204	1,126
Brazil	1,037	71	1,108	803	70	873
Canada	272	218	490	834	366	1,200
Chile	1,877	332	2,209	2,530	428	2,957
USA	146	25	172	154	28	182
Italy	338	41	379	297	135	432
Mexico	1,282	955	2,237	1,171	852	2,023
Norway	628	38	665	640	43	683
Poland	939	609	1,548	940	559	1,498
Portugal	979	775	1,753	923	1,019	1,942
Qatar	123	12	135	1,076	407	1,482
Ecuador	1,864	178	2,042	1,301	116	1,417
United Arab Emirates	455	74	529	375	96	472
Peru	706	92	798	644	83	727
Rest of the world	915	243	1,159	1,030	307	1,337
<b>TOTAL employees</b>	<b>26,396</b>	<b>12,148</b>	<b>38,544</b>	<b>27,283</b>	<b>12,416</b>	<b>39,699</b>

226

## Breakdown by full time /part time and gender

(number of employees)

	2019					
	Full time			Part time		
	Men	Women	Total	Men	Women	Total
Energy	1,001	294	1,295	191	143	334
Infrastructure	19,429	6,263	25,692	6,115	5,232	11,347
› Construction	5,950	1,166	7,116	3,135	697	3,832
› Concessions	118	126	244	15	32	47
› Water	2,181	447	2,628	606	206	812
› Services	10,877	4,468	15,346	2,342	4,289	6,631
› Industrial	302	55	358	17	8	24
Other businesses*	508	374	881	39	110	150
<b>TOTAL employees</b>	<b>20,938</b>	<b>6,931</b>	<b>27,868</b>	<b>6,345</b>	<b>5,485</b>	<b>11,831</b>

\* Includes Bestinver, Corporate, Grupo Bodegas Palacio 1894, Real Estate and APD.

## Breakdown of workforce by job category and gender

(number of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Directors and managers	1,756	426	2,182	1,885	482	2,367
Technical staff	4,424	2,239	6,663	4,444	2,016	6,460
Support	452	910	1,362	418	787	1,205
Operators	19,449	8,335	27,783	20,307	8,869	29,176
Other*	315	238	554	229	261	491
<b>TOTAL employees</b>	<b>26,396</b>	<b>12,148</b>	<b>38,544</b>	<b>27,283</b>	<b>12,416</b>	<b>39,699</b>

\* The "Others" category corresponds to personnel who are not identified within the role model. Most of them are employees of Trasmediterranea, together with managed UTEs where the model does not apply.

## Breakdown of workforce by job category and full/part time status

(%)

	2019					
	Full time			Part time		
	Men	Women	Total	Men	Women	Total
Directors and managers	81	79	81	19	21	19
Technical staff	74	67	72	26	33	28
Support	84	70	74	16	30	26
Operators	78	51	70	22	49	30
Other	61	62	61	39	38	39
<b>TOTAL employees</b>	<b>78</b>	<b>56</b>	<b>71</b>	<b>22</b>	<b>44</b>	<b>29</b>

227

## Breakdown of staff by age range and full/part time status

(%)

	2019					
	Full time			Part time		
	Men	Women	Total	Men	Women	Total
< 31 years old	79	66	75	21	34	25
31 - 50 years old	79	59	73	21	41	27
> 50 years old	75	46	64	25	54	36
<b>TOTAL employees</b>	<b>78</b>	<b>56</b>	<b>71</b>	<b>22</b>	<b>44</b>	<b>29</b>

### Average permanent contracts per year by age, gender and job category

(number of employees)

	2019							
	Women				Men			
	< 31	31 - 50	> 50	Total	< 31	31 - 50	> 50	Total
Directors and managers	1	360	77	437	14	1,169	532	1,715
Technical staff	250	1,351	192	1,792	498	2,454	637	3,589
Support	77	492	153	722	76	180	91	347
Operators	518	2,678	2,858	6,053	1,591	7,464	3,909	12,963
Other*	35	66	43	143	37	75	24	137
<b>TOTAL employees</b>	<b>881</b>	<b>4,946</b>	<b>3,322</b>	<b>9,148</b>	<b>2,215</b>	<b>11,342</b>	<b>5,193</b>	<b>18,750</b>

\* The "Other" category refers to personnel not included in any of the standard roles, most pertaining to managed joint ventures to which the model does not apply.

### DISMISSALS (401-1)

#### Dismissals by gender and job category

(number of employees)

228

	2018			2019		
	Men	Women	Total	Men	Women	Total
Directors and managers	68	13	81	64	11	75
Technical staff	141	45	156	160	64	224
Support	6	26	32	11	26	37
Operators	693	281	1,058	804	338	1,142
Other*	-	-	-	-	-	-
<b>TOTAL</b>	<b>908</b>	<b>365</b>	<b>1,273</b>	<b>1,039</b>	<b>439</b>	<b>1,478</b>

Note: data as of 31/12/2019 for active personnel. Three categories of dismissals are considered for Spain (Dismissals on objective grounds, disciplinary grounds and collective layoffs). For the rest of the world, involuntary resignations, contract terminations and repatriations or deconsolidations are excluded).

## Dismissals by job category and age range

(number of employees)

	2018				2019			
	< 31	31 - 50	> 50	Total	< 31	31 - 50	> 50	Total
Directors and managers	0	38	43	81	0	54	21	75
Technical staff	33	119	34	186	46	141	37	224
Support	2	18	12	32	9	18	10	37
Operators	204	516	254	974	324	613	205	1,142
Other*	-	-	-	-	-	-	-	-
<b>TOTAL employees</b>	<b>239</b>	<b>691</b>	<b>343</b>	<b>1,273</b>	<b>379</b>	<b>826</b>	<b>273</b>	<b>1,478</b>

Note: data as of 31/12/2019 for active personnel. Three categories of dismissals are considered for Spain (Dismissals on objective grounds, disciplinary grounds and collective layoffs). For the rest of the world, involuntary resignations, contract terminations and repatriations or deconsolidations are excluded).

## NEW HIRES

(401-1)

### New hires by age group

(No.)

	2018			2019		
	Men	Women	Total	Men	Women	Total
< 31 years old	4,377	1,916	6,293	4,816	2,381	7,197
31 - 50 years old	6,901	3,678	10,579	6,110	3,188	9,298
> 50 years old	2,364	1,508	3,872	1,763	1,334	3,097
<b>TOTAL employees</b>	<b>13,642</b>	<b>7,102</b>	<b>20,744</b>	<b>12,689</b>	<b>6,903</b>	<b>19,592</b>

229

### New hires by region

(No.)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Spain	9,477	5,606	15,083	5,807	3,576	9,383
All others	4,165	1,496	5,661	6,882	3,327	10,209
<b>TOTAL employees</b>	<b>13,642</b>	<b>7,102</b>	<b>20,744</b>	<b>12,689</b>	<b>6,903</b>	<b>19,592</b>

## MATERNITY AND PATERNITY LEAVE

(401-3)

### Employees with right to maternity/paternity leave

(number of employees)

	2018			2019		
	Men	Women	Total	Men	Women	Total
Number of employees with the right to maternity/paternity leave	541	323	864	684	277	961
Number of employees who took maternity/paternity leave	541	323	864	684	277	961
Number of employees who returned to work after taking maternity/paternity leave	541	318	859	682	277	959
Number of employees who returned to work after taking maternity/paternity leave and remained in their jobs twelve months after returning to work	516	315	831	662	277	939
Retention ratio*	0.95	0.99	0.97	0.97	1.00	0.98

GRI has no specific definition for the ratio, so for the calculation of ratios, the number of employees remaining in their jobs on 31 December 2019 after having taken paternity/maternity leave in 2019 will be reported as part of the paternity/maternity leaves that took place in the same year (2019).

230

## TRAINING

(404-1)

### Training received by job category and gender

		2019				
		Directors and managers	Technical staff	Support	Operators	Total
Total number of hours received	Men	75,044	111,248	4,045	237,550	427,887
	Women	30,196	69,193	12,735	32,961	145,385
	<b>Total</b>	<b>105,540</b>	<b>180,441</b>	<b>16,780</b>	<b>270,511</b>	<b>573,272</b>
Students	Men	1,765	3,708	268	12,345	18,086
	Women	421	1,809	638	3,628	6,496
	<b>Total</b>	<b>2,186</b>	<b>5,517</b>	<b>906</b>	<b>15,973</b>	<b>24,582</b>
Training hours per employee/year	Men	39.81	25.03	9.68	11.57	15.68
	Women	63.27	34.32	16.18	3.61	11.71
	<b>Total</b>	<b>44.59</b>	<b>27.93</b>	<b>13.93</b>	<b>9.12</b>	<b>14.44</b>



## REMUNERATION

(405-2)

### Total average remuneration broken down by gender, age and professional category

(€)

		2018			2019		
<b>Production and business development areas</b>							
Gender	Professional category	< 31	31 - 50	> 50	< 31	31 - 50	> 50
Men	Directors and managers	60,031	90,714	129,546	59,316	90,110	127,610
	Technical and qualified staff	35,815	45,001	49,745	34,261	44,481	48,982
	Other personnel	18,919	25,284	26,356	15,792	21,410	24,337
Women	Directors and managers	N/A	70,260	85,385	N/A	69,628	88,481
	Technical and qualified staff	26,420	36,115	37,972	25,659	35,869	39,036
	Other personnel	12,930	16,279	16,530	14,499	16,872	17,326
<b>Support Areas</b>							
Men	Directors and managers	56,979	90,968	151,770	52,146	102,890	154,037
	Technical and qualified staff	28,723	37,615	44,378	30,080	37,508	43,013
	Other personnel	12,643	16,895	26,167	15,047	18,524	32,216
Women	Directors and managers	57,054	80,605	118,639	57,000	82,270	124,685
	Technical and qualified staff	27,374	36,014	41,063	27,610	36,426	42,652
	Other personnel	18,015	24,198	28,919	17,858	23,329	29,558

Notes: professionals with annual earnings of less than 3,000 euros who could not be annualised are not included in the statistical analysis. Bestinvest employees are not included in this table. It is worth noting the inclusion of the salaries of workers in more than 40 countries where ACCIONA does business. ACCIONA has defined remuneration policies for each one of the countries where it does business. Therefore, the average aggregate compensation figures for all countries taken together are not representative of the individual wage management policies of each business unit and country where ACCIONA operates.

The average total remuneration for directors who were not executive directors was €170,000 for men and €130,000 for women.

(102-38)

### Ratio between highest wage earner and average wage, by business line and country in 2019

	2019				
	Spain	Mexico	Chile	Australia	Poland
Energy	4	9	6	2	27
Infrastructure	14	39	25	6	-
› Construction	8	5	15	6	-
› Concessions	11	-	-	-	3
› Water	9	20	3	0	31
› Service	13	9	12	-	-
› Industrial	3	2	-	-	-
Other businesses	7	5	-	-	-
› Bestinver	5	-	-	-	-
› Wineries	4	5	-	-	-
› Real Estate	7	1	-	-	-

Note: professionals with annual earnings of less than 3,000 euros who could not be annualised are not included in the statistical analysis. Bestinver employees are not included in this table.

232

(102-39)

	2018				
	Spain	Mexico	Chile	Australia	Poland
Energy	31	20	11	2	3
Infrastructure	-	-	-	-	-
› Construction	16	6	17	4	10
› Concessions	15	-	-	-	-
› Water	21	28	3	-	-
› Service	17	20	7	-	-
› Industrial	15	3	-	-	-
Other businesses	-	-	-	-	-
› Bestinver	96	-	-	-	-
› Wineries	21	-	-	-	-
› Real Estate	5	9	-	-	5

Note: for 2018, those professionals with annual earnings of less than €1,000 and cannot be analysed are not included in the statistical analysis.

## WATER USE

(303-3, 303-4, 303-5)

### Evolution of the use of water

Water use at ACCIONA (Total)

	2016	2017	2018	2019
<b>Water treatment and distribution to customers (m<sup>3</sup>)</b>				
Production at wastewater treatment plants discharged to surface water	325,332,637	251,550,688	416,580,208	236,658,413
Production at wastewater treatment plants discharged to the sea	33,140,000	27,855,000	28,771,011	196,014,190
Production at wastewater treatment plants for recycled water network	ND	ND	ND	20,749,799
Production of drinking water at drinking water treatment plants	217,740,000	199,310,999	26,456,455	122,557,216
Production of drinking water at desalination plants	196,141,575	296,122,571	318,210,247	454,509,684
Drinking water supply from primary network and groundwater sources	ND	ND	ND	42,268,959
<b>TOTAL</b>	<b>772,354,212</b>	<b>774,839,258</b>	<b>790,017,921</b>	<b>1,072,758,262</b>
<b>Water for internal consumption (m<sup>3</sup>)</b>				
On-site recycled/reused water	809,201	221,134	250,859	652,989
Recycled water from networks	70,499	509,153	448,458	492,621
Rainwater	23,802	17,182	13,796	33,825
Municipal drinking water	1,328,093	1,699,584	1,754,917	1,175,724
Surface water	3,330,316	3,660,073	927,457	649,654
Groundwater	445,822	941,973	894,841	654,501
<b>TOTAL</b>	<b>6,007,733</b>	<b>7,049,099</b>	<b>4,290,328</b>	<b>3,659,313</b>
<b>Discharge (m<sup>3</sup>)</b>				
Discharge from desalination plants into the sea	255,811,944	392,051,821	479,707,216	511,008,634
Other discharge into the sea	34	2,266	45	0
Discharge to surface water	1,180,543	1,583,137	752,202	514,380
Discharge into the sewer system	105,278	567,985	702,042	5,540,678
<b>TOTAL</b>	<b>257,097,800</b>	<b>394,205,209</b>	<b>481,161,504</b>	<b>517,063,692</b>
<b>Transferred water (m<sup>3</sup>)</b>				
Surface water turbined in a hydraulic plant	28,096,964,103	20,993,303,451	30,742,510,000	22,811,220,000
Surface water for open-loop refrigeration	21,319,494	24,310,108	23,658,982	21,010,692
Other	6,731,882	950,217	0	1,130,191
<b>TOTAL</b>	<b>28,125,015,480</b>	<b>21,018,563,775</b>	<b>30,766,168,982</b>	<b>22,833,360,883</b>

## Evolution of the use of water

Water use at ACCIONA (In areas with water stress)

	2016	2017	2018	2019
<b>Water treatment for customers (m<sup>3</sup>)</b>				
Production at wastewater treatment plants discharged to surface water	0	0	90,000,000	0
Production at wastewater treatment plants discharged into the sea	0	0	0	128,052,494
Production at wastewater treatment plant for recycled water network	ND	ND	ND	0
Production of drinking water at drinking water treatment plants	0	0	320,000	82,086,123
Production of drinking water at desalination plant	76,284,434	159,612,002	204,411,609	308,963,858
Supply of drinking water from primary network and undergrounds water	ND	ND	ND	0
<b>TOTAL</b>	<b>76,284,434</b>	<b>159,612,002</b>	<b>294,731,609</b>	<b>519,102,474</b>
<b>Water for internal consumption (m<sup>3</sup>)</b>				
On-site recycled/reused water	1,616	1,433	0	552,990
Recycled water from networks	0	0	0	0
Rainwater	35	0	14	18
Municipal drinking water	142,735	188,559	142,250	76,771
Surface water	0	0	0	0
Groundwater	1,756	715	18,188	1,372
<b>TOTAL</b>	<b>146,142</b>	<b>190,707</b>	<b>160,452</b>	<b>631,150</b>
<b>Discharge (m<sup>3</sup>)</b>				
Discharge from desalination plants into the sea	115,106,968	233,854,200	343,059,693	317,310,367
Other discharge into the sea	0	0	0	0
Discharge to surface water	16	6	693	0
Discharge into the sewer system	25,774	223,682	283,451	4,788,562
<b>TOTAL</b>	<b>115,132,758</b>	<b>234,077,888</b>	<b>343,343,837</b>	<b>322,098,929</b>
<b>Transferred water (m<sup>3</sup>)</b>				
Surface water turbined in a hydraulic plant	0	0	0	0
Surface water for open-loop refrigeration	0	0	0	0
Other	0	2,308	0	0
<b>TOTAL</b>	<b>0</b>	<b>2,308</b>	<b>0</b>	<b>0</b>

## PRODUCTS AND SERVICES FOR PUBLIC AND PRIVATE-SECTOR CUSTOMERS

(102-6)

<b>Products and Services</b>	<b>Public customers and private business-to-consumer (B2C) and business-to-business (B2B) customers in 2018</b>
<b>ENERGY</b>	
<p><b>Energy</b> Sale of renewable energy, renewable technology EPC contracts, O&amp;M of renewable technology plants, and PPA.</p>	<p><b>Solar farms:</b> 2,789 customers. <b>Energy sales:</b> 21 public sector customers and 659 private sector B2B customers. <b>PPA:</b> 11 private B2B customers.</p>
<b>INFRASTRUCTURE</b>	
<p><b>Construction</b> Civil engineering, building, infrastructure maintenance, engineering, industrial plant O&amp;M, electrical installations and heating &amp; cooling.</p>	<p><b>Projects awarded in 2019:</b> 90.  <ul style="list-style-type: none"> <li>&gt; Public customers: 56.</li> <li>&gt; Private B2B customers: 32.</li> </ul> </p>
<p><b>Concessions</b> Social infrastructures and transport infrastructures.</p>	<p><b>Public sector:</b> 11 road concessions, 2 rail and 6 social infrastructure concessions.</p>
<p><b>Water</b> Management of water services, automation and control, construction and O&amp;M of drinking water, wastewater treatment and desalination plants.</p>	<p><b>Water services management:</b>  <ul style="list-style-type: none"> <li>&gt; 473,098 users of water services in Spain.</li> <li>&gt; 1,406,276 users of sewer service in Spain.</li> <li>&gt; 12 million users of comprehensive water services in Spain, Mexico and Peru.</li> </ul> <p><b>Construction:</b> 85% desalination and 15% treatment.  <b>Plant O&amp;M:</b>  <ul style="list-style-type: none"> <li>&gt; 138 WWTPs, equal to 20 million inhabitants service.</li> <li>&gt; 7 DWTPs, equal to 3 million inhabitants served.</li> <li>&gt; 23 SWROs, equal to 23 million inhabitants.</li> </ul> </p> </p>
<p><b>Services</b> Handling, cleaning, maintenance, forwarding, gardening, waste collection and treatment, events and museology, medical transport, motorbike sharing services, etc.</p>	<p><b>Public customer:</b> 23%.  <b>Private B2B customers:</b> 77%.  <b>Users:</b> 5 million inhabitants served in the urban and environmental services, 7 million users of airport ground services, 197,400 users of motosharing and 108,293 medical transport.</p>
<b>OTHER BUSINESSES</b>	
<p><b>Bestinver</b> Financial asset management services through investment funds, pension funds, and SICAVs. This activity is complemented by stock brokerage services.</p>	<p><b>Private B2C customers:</b> 51,705 investors.</p>
<p><b>Grupo Bodegas Palacio 1894</b> Production and marketing of wine.</p>	<p><b>Public Customers:</b> 2 public sector companies in Canada.  <b>Private B2B Customers:</b> 51 large retailers, 231 HORECA and 71 exporters.  <b>Private B2C customers:</b> more than 3,000 consumers in direct sales channel.</p>
<p><b>Real Estate</b> Real estate development, management of rental assets.</p>	<p><b>Private B2B customers:</b> 90% of turnover comes from residential assets for sale and 6% from property operations.  <b>Private B2C customers:</b> the 4% of remaining turnover, from 1,170 customers' house in university residences.</p>
<p><b>ACCIONA Producciones y Diseño (APD):</b> Museum projects, exhibitions, events and spaces.</p>	<p><b>Internal events:</b> 16 private B2B customers.  <b>External events:</b> 10 public customers and 8 private customers (2 B2B and 6 B2C).  <b>International and Middle East exhibitions and museums.</b></p>

235

# 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.

236

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
<b>GRI 101: Foundation 2016</b>				
<b>General disclosures</b>				
<b>GRI 102: General Disclosures 2016</b>				
1. Organizational profile				
102-01	Name of the organization		ACCIONA S.A.	✓
102-2	Activities, brands, products and services	15-17		✓
102-3	Location of headquarters	<i>Corporate Governance Report 2019 (p.1)</i>		✓
102-4	Location of operations	18-19		✓
102-5	Ownership and legal form	<i>Corporate Governance Report 2019 (p. 2-9)</i>		✓

Continues >

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
102-6	Markets served	15-19		✓
102-7	Scale of the organization	9, 15-19		✓
102-8	Information on employees and other workers	38-40, 224-228		✓
102-9	Supply chain	134-149		✓
102-10	Significant changes to the organisation and its supply chain	134-149, 152-157 <i>Consolidated Financial Statements 2019 (Annex IV)</i>		✓
102-11	Precautionary principle or approach	80		✓
102-12	External initiative	123-125, 161		✓
102-13	Membership of associations	123-125, 127-128		✓
2. Strategy				
102-14	Statement from senior decision-makers	4-7		✓
102-15	Key impacts, risks and opportunities	20-23, 32-35, 70-71		✓
3. Ethics and Integrity				
102-16	Values, principles, standards and norms of behaviour	8-9, 158-165		✓
102-17	Mechanisms for advice and concerns about ethics	158-165		✓
4. Governance				
102-18	Governance structure	152-157 <i>Corporate Governance Report 2019 (p. 12-14)</i>		✓
102-19	Delegating authority	24-26, 155		✓
102-20	Executive-level responsibility for economic, environmental and social topics	24, 155 <i>Corporate Governance Report 2019 (p. 15, 36-37)</i>		✓
102-21	Consulting stakeholders on economic, environmental and social topics	125-129, 216-220		✓
102-22	Composition of the highest governance body and its committees	155 <i>Corporate Governance Report 2019 (p. 12-14)</i>		✓
102-23	Chair of the highest governance body	152-157 <i>Corporate Governance Report 2019 (p. 12-14)</i>		✓

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
102-24	Nominating and selecting the highest governance body	<i>Corporate Governance Report 2019</i> (p. 25-26)		✓
102-25	Conflicts of interest	<i>Corporate Governance Report 2019</i> (p. 40)		✓
102-26	Role of highest governance body in setting purpose, values and strategy	<i>Corporate Governance Report 2019</i> (p. 36-37)		✓
102-27	Collective knowledge of highest governance body	24		✓
102-28	Evaluating the highest governance body's performance	<i>Corporate Governance Report 2019</i> (p. 26)		✓
102-29	Identifying and managing economic, environmental and social impacts	24, 32-35, 70-71, 132, 216-221		✓
102-30	Effectiveness of risk management processes	32-35		✓
102-31	Review of economic, environmental and social topics	<i>Corporate Governance Report 2019</i> (p. 42-45)		✓
102-32	Highest governance body's role in sustainability reporting	24 <i>Board of Directors Regulations</i> (p. 30-31)		✓
102-33	Communicating critical concerns	158-165		✓
102-34	Nature and total number of critical concerns	158-165		✓
102-35	Remuneration policies	157 <i>Annual Report on Directors' Remuneration 2019</i> (Section A)		✓
102-36	Process for determining remuneration	<i>Annual Report on Directors' Remuneration 2019</i> (Section A)		✓
102-37	Stakeholders' involvement in remuneration	<i>Annual Report on Directors' Remuneration 2019</i> (Section A)		✓
102-38	Annual total compensation Ratio	232		✓
102-39	Percentage increase in annual total compensation ratio	232		✓
<b>5. Stakeholder engagement</b>				
102-40	List of stakeholder groups	125, 217		✓

238



GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
102-41	Collective bargaining agreements	54		✓
102-42	Identifying and selecting stakeholders	125, 217		✓
102-43	Approach to stakeholder engagement	125, 217		✓
102-44	Key topics and concerns raised	125		✓
6. Reporting practice				
102-45	Entities included in the consolidated financial statements	<i>Consolidated Financial Statements 2019 (Annex I)</i>		✓
102-46	Defining report content and topic boundaries	221-223		✓
102-47	List of material topics	220		✓
102-48	Restatement of information		Historic CO <sub>2</sub> e data recalculated (as stipulated by the GHG Protocol), due to the fact that various 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		The definitions of material topics were standardized in this financial year so that they are the same for all businesses. There were no changes in scope	✓
102-50	Reporting period		2019 (calendar year ending on 31 December)	✓
102-51	Date of most recent report		2018	✓
102-52	Reporting cycle		Annual	✓
102-53	Contact point for questions regarding the report		responsabilidadcorporativa@acciona.es	✓
102-54	Declaration of reporting in accordance with GRI standards	223		✓
102-55	GRI table of contents	236-249		✓
102-56	External assurance	256	All of the information concerning the GRI Standards of this content index has been externally audited	✓

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
<b>Material topics</b>				
<b>Human capital</b> (Section of Law 11/2018: disclosures on social and staff-related matters)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	38-51		✓
103-3	Evaluation of the management approach	38		✓
<b>GRI 401: Employment 2016</b>				
401-1	New employee hires and employee turnover	51, 228		✓
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50		✓
401-3	Parental leave	230		✓
<b>GRI 404: Training and Education</b>				
404-1	Average hours of training per employee per year	44, 230		✓
240 404-2	Programmes for upgrading employee skills and transition assistance programmes	43-46		✓
404-3	Percentage of employees receiving regular performance and career development reviews	46-47		✓
<b>Diversity and equal opportunities</b> (Section of Law 11/2018: disclosures on social and staff-related matters)				
<b>GRI 103: Management approach 2016</b>				
103-1	Explanation of the material topic and boundary	218-219	<ul style="list-style-type: none"> <li>› Within the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	51-54		✓
103-3	Evaluation of the management approach	38		✓
<b>GRI 202: Market Presence 2016</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		ACCIONA's average minimum salary is higher than the official minimum wage. Applies to the entire group	✓

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
202-2	Proportion of senior management hired from the local community		In 2019, 94 % of the total number of company executives internationally (outside of Spain) are local executives with a local contract	✓
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
405-1	Diversity in governance bodies and employees	52-53, 154-155, 224-228		✓
405-2	Ratio of basic salary and remuneration of women to men	48-49, 231		✓
<b>Safety, health, and wellbeing</b> (Section of Law 11/2018: disclosure on social and staff-related matters)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	56-63		✓
103-3	Evaluation of the management approach	38		✓
<b>GRI 403: Occupational Health and Safety 2018</b>				
403-1	Occupational health and safety management system	56, 61		✓
403-2	Hazard identification, risk assessment, and incident investigation	56, 60		✓
403-3	Occupational health services	56, 60		✓
403-4	Worker participation, consultation, and communication on occupational health and safety	61-62		✓
403-5	Worker training on occupational health and safety	62		✓
403-6	Promotion of worker health	50, 60		✓
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	56, 179-183, 189-194		✓
403-8	Workers covered by an occupational health and safety management system	61		✓
403-9	Work-related injuries	56-58, 63		✓
403-10	Work-related ill health	60		✓

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
<b>Climate strategy</b> (Section of Law 11/2018: disclosures on environmental matters)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	64-72		✓
103-3	Evaluation of the management approach	64		✓
<b>GRI 302: Energy 2016</b>				
302-1	Energy consumption within the organization	77-78		✓
302-2	Energy consumption outside the organization	79		✓
302-3	Energy intensity	77		✓
302-4	Reduction of energy consumption	73-74		✓
302-5	Reductions in energy requirements of products and services	73-74		✓
<b>GRI 305: Emissions 2016</b>				
305-1	Direct (Scope 1) GHG Emissions	73-74		✓
305-2	Energy indirect (Scope 2) GHG Emissions	73-74		✓
305-3	Other indirect (Scope 3) GHG Emissions	75		✓
305-4	GHG emissions intensity	74		✓
305-5	Reduction of GHG emissions	73-74		✓
305-6	Emissions of ozone-depleting substances (SDG)		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	76		✓
<b>Environmental management and biodiversity</b> (Section of Law 11/2018: disclosures on environmental matters)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓

242

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
103-2	The management approach and its components	80-84, 88-93		✓
103-3	Evaluation of the management approach	80		✓
<b>GRI 304: Biodiversity 2016</b>				
304-1	Operational sites owned, leased, managed in or adjacent to, protected areas or areas of high biodiversity value outside protected areas	91		✓
304-2	Significant impacts of activities, products and services on biodiversity	91		✓
304-3	Habitats protected or restored	92		✓
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	92		✓
<b>Water usage</b> (GRI 303: Water and Effluents 2018)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	85-88		✓
103-3	Evaluation of the management approach	80		✓
<b>GRI 303: Water and Effluents 2018</b>				
303-1	Interactions with water as a shared resource	85-87, 202-204		✓
303-2	Management of water discharge-related impacts	85, 87-88, 92-93		✓
303-3	Water withdrawal	85-86, 233-234		✓
303-4	Water discharge	85-86, 233-234		✓
303-5	Water consumption	85-86, 233-234		✓
<b>Waste and the circular economy</b> (Section of Law 11/2018: disclosures on environmental matters)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance	
103-2	The management approach and its components	93-95		✓	
103-3	Evaluation of the management approach	80		✓	
<b>GRI 306: Effluents and Waste 2016</b>					
306-1	Water discharge by quality and destination	85-86, 233-234		✓	
306-2	Waste by type and disposal Method	93-95		✓	
306-3	Significant spills	84		✓	
306-4	Transport of hazardous waste	93-95		✓	
306-5	Water bodies affected by water discharges and/or runoff	92-93		✓	
<b>GRI 301: Materials 2016</b>					
301-1	Materials used by weight or volume	94-95, 202		✓	
301-2	Recycled input materials used	94-95, 202		✓	
301-3	Reclaimed products and their packaging materials	94-95, 202		✓	
<b>Innovation and digital transformation</b>					
<b>GRI 103: Management Approach 2016</b>					
244	103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
	103-2	The management approach and its components	96-103, 171-172, 194-197		✓
	103-3	Evaluation of the management approach	96		✓
<b>Quality, safety and costumer satisfaction</b> (Section of Law 11/2018: consumers)					
<b>GRI 103: Management Approach 2016</b>					
	103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
	103-2	The management approach and its components	104-111		✓
	103-3	Evaluation of the management approach	104		✓
<b>GRI 416: Customer Health and Safety 2016</b>					
	416-1	Assessment of the health and safety impacts of product and service categories	110-111, 176-178, 197-199, 209-212, 214-215		✓

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		In 2019, a total of 55 non-compliances (1.8% of the samples taken) were received in relation to certain water quality parameters in connection with the water treatment services of the Besós Consortium (Barcelona). A report was prepared for each non-compliance, pending the final decision of the Consortium. In the rest of ACCIONA's businesses, there is no evidence of any breach of regulations or voluntary codes relating to impacts on the health and safety of customers, consumers or users	✓
<b>GRI 417: Marketing and Labelling 2016</b>				
417-1	Requirements for product and service information and labelling	111		✓
417-2	Incidents of non-compliance concerning product and service information and labelling		In 2019, a breach of product information and labelling regulations was detected in the United States (the alcohol content on the label was outside the tolerances allowed by US law), which led to the labels being changed. There was no fine or warning	✓
417-3	Incidents of non-compliance concerning marketing communications		No notices were received in 2019 of incidents of non-compliance concerning voluntary marketing and communication codes or standards	✓
<b>GRI 418: Customer Privacy 2016</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		In 2019, ACCIONA received only one complaint related to customer privacy: a user of the motosharing service filed a privacy complaint with the Spanish Data Protection Agency. This case was closed without any consequences for the company	✓
<b>GRI 419: Socioeconomic Compliance 2016</b>				
419-1	Non-compliance with laws and regulations in the social and economic area		The company is not aware of any fines or penalties for non-compliance with social and economic laws or regulations. Furthermore, the products, projects and services provided by ACCIONA are not prohibited in any of the markets where it operates	✓
<b>Local communities</b> (Section of Law 11/2018: company's commitment to sustainable development)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within the organization</li> <li>› The organization is linked to the impact through its business relationships</li> </ul>	✓

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance	
103-2	The management approach and its components	112-116		✓	
103-3	Evaluation of the management approach	112		✓	
<b>GRI 203: Indirect Economic Impacts 2016</b>					
203-1	Infrastructure investments and services supported	116-118		✓	
203-2	Significant indirect economic impacts	116		✓	
<b>GRI 204: Procurement Practices 2016</b>					
204-1	Proportion of spending on local suppliers	137		✓	
<b>GRI 413: Local Communities 2016</b>					
413-1	Operations with local community engagement, impact assessments and development programmes	112-115		✓	
413-2	Operations with significant actual and potential negative impacts on local communities	112-115		✓	
<b>Human rights</b> (Section of Law 11/2018: disclosures on respect for Human Rights)					
<b>GRI 103: Management Approach 2016</b>					
246	103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
	103-2	The management approach and its components	130-133		✓
	103-3	Evaluation of the management approach	130		✓
<b>GRI 406: Non-discrimination 2016</b>					
	406-1	Incidents of discrimination and corrective actions taken		<p>The Ethical Channel received 5 complaints of discrimination, 14 of work harassment and 4 of sexual harassment. All complaints were processed. In two of the discrimination complaints, the investigator confirmed that there were well-founded indications that the alleged perpetrators had abused their management and control powers. Steps were taken to ensure the rotation of all employees working for the service in question under equal conditions along with regular supervision by middle managers or corporate staff not associated with the service in question.</p> <p>With regard to work harassment, in most of those cases no such harassment was accredited. However, the measures proposed by the investigator have been</p>	



GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance	
			<p>adopted. These included training courses, team meetings to encourage respect, awareness-raising plans and management changes.</p> <p>When allegations of sexual harassment have proven to be true, the perpetrator was removed from the company, support was provided to the victim and training and awareness courses in interpersonal relations were offered to employees</p>	✓	
<b>GRI 407: Freedom of association and collective bargaining 2016</b>					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	54, 130-133, 140-141, 147		✓	
<b>GRI 408: Child labour 2016</b>					
408-1	Operations with suppliers at significant risks for incidents of child labour	32-34, 130-133, 140-146		✓	
<b>GRI 409: Forced or compulsory labour 2016</b>					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour cases	32-34, 130-133, 140-146		✓	
<b>GRI 410: Security practices 2016</b>					
410-1	Security personnel training in human rights policies and procedures	130-133, 161-163		✓	247
<b>GRI 412: Human rights assessment 2016</b>					
412-1	Operations that have been subject to human rights reviews or impact assessment	32-34, 130-133, 140-146		✓	
412-2	Employee training in human rights policies and procedures	133		✓	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	130-133, 140-141		✓	
<b>Sustainable supply chain</b> (Section of Law 11/2018: subcontracting and suppliers)					
<b>GRI 103: Management Approach 2016</b>					
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization is linked to the impact through its business relationships</li> </ul>	✓	

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
103-2	The management approach and its components	134-149		✓
103-3	Evaluation of the management approach	134		✓
<b>GRI 308: Supplier environmental assessment 2016</b>				
308-1	New suppliers that were screened using environmental criteria	138-146		✓
308-2	Negative environmental impacts in the supply chain and actions taken	138-146		✓
<b>GRI 414: Supplier social assessment 2016</b>				
414-1	New suppliers that were screened using social criteria	138-146		✓
414-2	Negative social impacts in the supply chain and actions taken	138-146		✓
<b>Ethics and anti-corruption</b> (Section of Law 11/2018: disclosures regarding the fight against corruption, bribery and tax disclosures)				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its boundary	218-219	<ul style="list-style-type: none"> <li>› Within and outside the organization</li> <li>› The organization contributes to the impact directly</li> </ul>	✓
103-2	The management approach and its components	158-165		✓
103-3	Evaluation of the management Approach	158		✓
<b>GRI 205: Anti-corruption 2016</b>				
205-1	Operations assessed for risks related to corruption	158-165		✓
205-2	Communication and training about anti-corruption policies and procedures	162-163		✓
205-3	Confirmed incidents of corruption and actions taken		The World Bank fined Ingeniería Especializada de Obra Civil, a group company, barring it from participating in projects financed by the Bank and other multilateral entities for 28 months. The fine was due to fraudulent practices and corruption carried at the Bolivian branch between 2012 and 2013. The agreement signed with the Bank recognizes the company's extensive cooperation and the corrective actions that were taken voluntarily. These actions included	

GRI Standard	Contents	Pages of Report	Direct response or omission	External assurance
			<p>independent internal investigations, voluntary restrictions on tendering for new projects financed by the World Bank, and internal action against responsible employees.</p> <p>In recent years, there have been several investigations into cost overruns, settlements and claims arising from public contracts involving group employees. In some cases, they have been closed or are pending, while others are still under investigation or at an intermediate stage. In all cases, there are technical reports that support the correctness of the actions of the employees of the company that has been accused or is under investigation</p>	✓
<b>GRI 206: Anti-competitive behaviour 2016</b>				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		See footnote <sup>23</sup>	✓
<b>GRI 201: Economic performance 2016</b>				
201-1	Direct economic value generated and distributed	9, 19, 40, 122, 151 <i>Consolidated Financial Statements 2019 (p. 5)</i>		✓
201-2	Financial implications and other risks and opportunities due to climate change	70-72		✓
201-3	Defined benefit plan obligations and other retirement plans	<i>Consolidated Financial Statements 2019 (Note 4.2.M)</i>		✓
201-4	Financial assistance received from government	151		✓

<sup>23</sup> CNMC

The Comisión Nacional de los Mercados y de la Competencia (CNMC) has asked ACCIONA Construcción, S.A. to provide certain information and data in relation to possible anti-competitive practices in the market for comprehensive maintenance of state roads to determine if there was bid-rigging in relation to tenders put out by the Ministry of Development. This request for information was made as a preliminary step prior to the initiation of disciplinary proceedings and was answered by informing the CNMC that the company in charge of road maintenance tenders and works is ACCIONA Mantenimiento e Infraestructuras S.A. and not ACCIONA Construcción, S.A. Other maintenance companies received similar requests. ACCIONA is confident that once the non-existence of the anti-competitive conduct described by the CNMC has been demonstrated, the case will be closed. Pending a decision to dismiss the case or bring proceedings.

**G-7: Note on CNMC disciplinary proceedings against the seven leading Spanish construction companies:**

On 11 October 2018, the CNMC agreed to open disciplinary proceedings against the seven leading Spanish construction companies, including ACCIONA Construcción. Based on the documentation gathered during its inspections, the CNMC deduced that these companies had engaged in anticompetitive conduct consisting of "agreements and exchanges of information between those undertakings with the object and/or effect of restricting competition, in the field of tenders issued by the various public authorities in Spain, for the construction and refurbishment of infrastructure and buildings. These agreements and exchanges would have had a particular impact on the preparation of their technical bids for these tenders and would have been implemented, among other things, by setting up a stable and formal group made up of the companies involved, called the G7, in which they decided on a weekly basis whether to bid jointly on the various parcels of the technical bids for the abovementioned public tenders". It is the Company's understanding that such conduct, i.e., the joint procurement of technical, geotechnical and/or environmental reports in relation to joint tenders for public works, the sole purpose of which is to save on bid preparation costs, in no way constitutes anticompetitive conduct. The CNMC has initiated disciplinary proceedings by issuing a Statement of Facts, to which a response was submitted on 17-01-2020. Pending CNMC's Proposed Resolution.

# Law 11/2018 content index

Questions addressed by Spanish Law 11/2018 on the disclosure of non-financial and diversity information: material topics for ACCIONA and reporting criteria

250

	Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report
<b>General Topics</b>			
<b>Business Model</b>			
Brief description of the Group's business model	The First Company of a New Sector	GRI 102-2 GRI 102-7	9-11
Markets where it operates	The First Company of a New Sector	GRI 102-3 GRI 102-4 GRI 102-6	15-19
Organizational objectives and strategies	The First Company of a New Sector	GRI 102-14	11-15
Key factors and trends that could affect the future outlook	The First Company of a New Sector	GRI 102-14 GRI 102-15	8-9
<b>General</b>			
Reporting framework	About this Report	GRI 102-54	222-223

Continues >

	Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report
<b>Management Approach</b>			
Description of applied policies	Degree of fulfilment of commitments	GRI 103-2	24-25, 35
Results of these policies	Degree of fulfilment of commitments	GRI 103-2	25-31
Risks related to the aspects linked to the group's activities	Degree of fulfilment of commitments	GRI 102-15	32-35
<b>Environmental matters</b>			
<b>Environmental Management</b>			
Current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	Environmental impact	GRI 102-15	80-81
Environmental assessment or certification procedures	Environmental impact	GRI 103-2	83-84
Resources dedicated to the prevention of environmental risks	Environmental impact	GRI 103-2	81
Application of the precautionary principle	Environmental impact	GRI 102-11	80-81
Number of provisions and guarantees for environmental risks	Environmental impact	GRI 103-2	95
<b>Pollution</b>			
Measures to prevent, reduce or repair carbon emissions (includes noise and light pollution)	Risks and opportunities of the climate emergency	GRI 102-46	73-77
<b>Circular economy and waste prevention and management</b>			
Measures for prevention, recycling, reuse, other forms of recovery and disposal	Environmental impact	GRI 103-2 GRI 306-2	93-94
Actions to combat food waste	Environmental impact	GRI 103-2 GRI 306-2	See note <sup>24</sup>
<b>Sustainable use of resources</b>			
Water usage and water supply according to local constraints	Environmental impact and Annex of itemized indicators	GRI 303-5 (version 2018)	85-88, 233-234
Consumption of raw materials and measures taken for more efficient use	Environmental impact	GRI 102-46	93-95
Direct and indirect energy consumption	Risks and opportunities of the climate emergency	GRI 302-1	77-79
Measures taken to improve energy efficiency	Risks and opportunities of the climate emergency	GRI 103-2 GRI 302-4	73-77
Use of renewable energies	Risks and opportunities of the climate emergency	GRI 302-1	77-78

Continues &gt;

<sup>24</sup> Due to the nature of ACCIONA's business and based on the materiality study, the information on "food waste" is not considered relevant to this report.

	Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report
<b>Climate change</b>			
Important elements of greenhouse gas emissions generated as a result of the company's activities	Risks and opportunities of the climate emergency	GRI 305-1 GRI 305-2 GRI 305-3	64-70, 73-75
Measures taken to adapt to the consequences of climate change	Risks and opportunities of the climate emergency	GRI 103-2 TCFD y NBG <sup>25</sup>	70-72
Voluntary medium and long-term reduction targets set to reduce greenhouse gas emissions and the measures implemented to that end	Risks and opportunities of the climate emergency	GRI 305-4 GRI 305-5	68
<b>Protecting biodiversity</b>			
Steps taken to preserve or restore biodiversity	Environmental impact	GRI 102-46	88-92
Impacts caused by activities or operations in protected areas	Environmental impact	GRI 102-46	91-92
<b>Social and personnel-related questions</b>			
<b>Employment</b>			
Total number and breakdown of employees by country, gender, age, and professional category	People and Annex of Itemized Indicators	GRI 102-8 GRI 405-1	40, 224-228
Total number and breakdown of types of employment contracts	Annex of Itemized Indicators	GRI 102-8	224-228
Average by type of contract (indefinite, temporary and part-time) and by gender, age and professional category	Annex of Itemized Indicators	GRI 102-9	224-228
Number of terminations by gender, age and professional category	Annex of Itemized Indicators	GRI 103-2	228-229
Wage gap	People and Annex of Itemized Indicators	GRI 103-2 GRI 405-2	48-49, 231
Disaggregated average salaries and their evolution by gender, age, professional category or equal value	People and Annex of Itemized Indicators	GRI 103-2 GRI 405-2	48-49, 52-53, 231
The average compensation of directors and officers, including bonuses, allowances, indemnities, contributions to life insurance and pension plans, disaggregated by gender	Annex of Itemized Indicators	GRI 103-2 GRI 405-2	231
Implementation of workplace disconnection policies	People	GRI 103-2	50
Employees with disabilities	People	GRI 405-1	53-54

Continues &gt;

<sup>25</sup> TCFD and NBG: The information on climate change included in the report is consistent in all material aspects with the recommendations made in June 2017 by the "Task Force on Climate Financial Disclosures" (TCFD) and the non-binding guide (NBG) for reporting climate information of the European Commission: "Guidelines on non-financial reporting: Supplement on climate-related information".

	Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report
<b>Organization of work</b>			
Working hours organisation	People	GRI 103-1	50
Hours of absenteeism	People	GRI 403-9 (Versión 2018)	58
Measures intended to promote work-life balance and co-responsible parenting by both parents	People and Annex of Itemized Indicators	GRI 401-2	50, 230
<b>Health and safety</b>			
Health and safety conditions in the workplace	People	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7 (Versión 2018)	56-63
Workplace accidents, in particular frequency and severity, disaggregated by gender	People	GRI 403-9 GRI 403-10 (Versión 2018)	56-59, 63
Occupational diseases, disaggregated by gender	People	GRI 403-9 GRI 403-10 (Versión 2018)	60
<b>Labour relations</b>			
Dialogue in the workplace, including procedures to inform, consult and negotiate with employees.	People	GRI 103-1	54-56, 61-62
Percentage of employees covered under collective bargaining agreement, by country	People	GRI 102-40	54-55
The balance of collective bargaining agreements, particularly in the areas of occupational health and safety.	People	GRI 403-3	55, 61-62
<b>Training</b>			
Training policies implemented	People	GRI 103-2 GRI 404-2	43-46
Total hours of training per professional category	People and Annex of Itemized Indicators	GRI 404-1	44, 230
<b>Accessibility</b>			
Universal accessibility for people with disabilities	People	GRI 103-2	51-54
<b>Equality</b>			
Measures taken to promote equal treatment and opportunities for women and men	People	GRI 103-2	52
Equality plans (Chapter III of Organic Law 3/2007, of 22 March on effective equality of women and men)	People	GRI 103-2	52

	Section of the Sustainability Report	GRI Standards Reporting Criteria	Pages of the Report
Measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for persons with disabilities	People and Ethics and anti-corruption	GRI 103-3	51-54, 161
The policy against all types of discrimination and, where appropriate, diversity management.	People	GRI 103-4	51-52
<b>Information on respect for Human Rights</b>			
<b>Human rights</b>			
Application of due diligence procedures in the area of human rights, preventing the risk of human rights violations and measures to mitigate, manage and repair possible abuses	Respect for Human Rights and Supply chain	GRI 102-16 GRI 102-17 GRI 412-1	130-133, 140-141
Human rights violations reported	Respect for Human Rights	GRI 103-2 GRI 406-1	133
Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization regarding freedom of association and the right to collective bargaining, the elimination of job discrimination, the elimination of forced labour and the effective abolition of child labour.	People, Respect for Human Rights, Supply chain, Ethics and anti-corruption and GRI content index	GRI 103-2 GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1	54-55, 130-133, 140-141, 161, 246-247
<b>Disclosures on the fight against corruption and bribery</b>			
<b>Corruption and bribery</b>			
<b>254</b> Measures taken to combat corruption and bribery	Ethics and anti-corruption	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2	158-165
Measures for the prevention of money laundering	Ethics and anti-corruption and GRI content index	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2	158-161, 164-165, 248-249
Contributions to foundations and non-profit organizations	Ethics and anti-corruption	GRI 102-13 GRI 201-1	163-164
<b>Information about the society</b>			
<b>The company's commitment to sustainable development</b>			
The impact of the company's operations on local employment and development	Social impact, the Energy Business and the Infrastructure Business	GRI 103-2 GRI 203-2	112-118, 172-176, 204-207
The impact of the company's operations on local resident and the territory	Social impact, The Energy Business and The Infrastructure Business	GRI 413-1 GRI 413-2	112-118, 172-176, 204-207
Relations with key members of local communities and modes of dialogue with them	Social impact	GRI 102-43 GRI 413-1	113-115, 126



	<b>Section of the Sustainability Report</b>	<b>GRI Standards Reporting Criteria</b>	<b>Pages of the Report</b>
Partnership and sponsorships actions	Social impact	GRI 103-2 GRI 201-1	116-125
<b>Subcontracting and suppliers</b>			
Inclusion of social, gender equality and environmental issues in the procurement policy	Supply chain	GRI 103-2	134-149
Consideration of social and environmental responsibility in relations with suppliers and subcontractors	Supply chain	GRI 102-9 GRI 308-1	134-149
Supervision systems and audits and their results.	Supply chain	GRI 102-9 GRI 308-2	144-147
<b>Consumers</b>			
Measures to promote consumer health and safety	Customers	GRI 103-2	110-111
Complaint procedures, complaints received and complaint resolution.	Customers	GRI 103-2 GRI 418-1	106-110
<b>Tax information</b>			
Profits earned country-by-country.	Tax information	GRI 201-1	150-151
Corporate income tax paid	Tax information	GRI 201-1	150-151
Public grants received	Tax information	GRI 201-4	150-151

# Independent Assurance Report



KPMG Auditores, S.L.  
Pº de la Castellana, 259 C  
28046 Madrid

## **Independent Assurance Report on the Sustainability Report of ACCIONA, S.A. and subsidiaries for 2019**

((Free translation from the original in Spanish.  
In the event of discrepancy, the Spanish language version prevails.))

To the Shareholders of ACCIONA, S.A.:

In accordance with our engagement letter dated November 2019, we have reviewed the 2019 Sustainability Report of ACCIONA, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2019 (hereinafter the Report).

### **Scope of our review**

The scope of our review of the contents of the Report is as follows:

- a. We have performed a reasonable assurance review of the preparation and disclosure of the indicators included in the Report related to 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, and GRI 412-2, and of the quantitative information derived from these indicators regarding the degree of compliance with the objectives of the 2020 Sustainability Master Plan (hereinafter PDS 2020) and the qualitative information regarding the degree of compliance with the objectives of PDS 2020, in accordance with the Comprehensive option of the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the GRI Standards).
- b. We have conducted a limited assurance review of the preparation and disclosure of the remaining GRI indicators in the Report, which are not included in the list in the preceding point, and which are described in detail in the "GRI Content Index" of the Report, in accordance with the GRI Standards.
- c. Furthermore, pursuant to article 49 of the Spanish Code of Commerce, we have conducted a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of the Group for the year ended 31 December 2019, included in the Report, which in turn forms part of the Group's 2019 Consolidated Directors' Report.

The Report includes additional information to that required under the GRI Standards: Comprehensive option and under current commercial legislation on non-financial information, which we have not reviewed. Our work was limited exclusively to a review of the information identified in the "GRI Content Index" and "Law 11/2018 Content Index" tables included in this Report.

257



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258



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